

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570085	<b>3. DUNS Number</b>  878195239
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<b>4. Recipient Organization</b>  Vermont Telephone Company, Inc. 354 River Street, Springfield, VT 05156-2242
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<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  09-30-2011	<b>6. Is this the last Report of the Award Period?</b>  <input type="radio"/> Yes <input checked="" type="radio"/> No
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**7. Certification:** I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Justin Robinson  President	<b>7c. Telephone (area code, number and extension)</b>  8028857708
	<b>7d. Email Address</b>  jmrobins@vermontel.com

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  11-18-2011
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**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**

During this quarter the majority of the project field engineering was completed. Signed a equipment and services contract with DWDM vendor. Submitted purchase order for DWDM equipment. Released RFP for construction services. Hired a Project Accountant to help with organization and tracking of VTel ARRA projects. Project status calls with BTOP staff every two weeks. Focused contact on k-12 school CAI's.

**2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).**

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	4	Hurricane/Tropical Storm Irene impacted many areas of Vermont. Travel was difficult for some time, and other utility companies were scrambling to restore services for several weeks. This has caused a slight delay to engineering and permit requests. Baseline was 6%.
2b.	Environmental Assessment	100	Environmental Assessment has been completed, and the project received a Finding Of No Significant Impact in 2Q11.
2c.	Network Design	66	87.7 of 132 miles has been staked in the field by our engineering firm.
2d.	Rights of Way	2	The requests for rights are being submitted during Q411 instead of Q311 due to delays associated with Hurricane/Tropical Storm Irene. Baseline was 10%.
2e.	Construction Permits and Other Approvals	2	The requests for rights are being submitted during Q411 instead of Q311 due to delays associated with Hurricane/Tropical Storm Irene. Baseline was 10%
2f.	Site Preparation	10	No Variance.
2g.	Equipment Procurement	55	No Variance. DWDM equipment is ordered and has begun to arrive.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	No Variance.
2i.	Equipment Deployment	1	DWDM equipment for upgraded miles has started to arrive and is scheduled to begin deployment during Q411.
2j.	Network Testing	1	No Variance.
2k.	Other (please specify):	0	In working with the grants office it was determined that the vehicles were not an allowable expense. VTel is working with the grants office and NTIA staff to allocate the funding to other allowable, project-specific, costs.

**3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).**

The largest impact to our project schedule was the occurrence of Hurricane/Tropical Storm Irene. The storm caused widespread damage to Vermont utility infrastructure and roads. Travel to many areas became difficult as areas of the state were inaccessible. Working with other utilities was slow because of their need to respond and restore their infrastructure. This has caused a slight delay in progress on engineering and permit/make-ready requests. At this time we do not feel that it will impact the completion schedule of the project, and will continue to forecast progress. 67% completion is still considered to occur in Q4 of year 2, and 100% in Q4 of year 3.

**4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).**

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	No variance from baseline.

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles leased	0	No variance from baseline.
Existing network miles upgraded	0	No variance from baseline.
Existing network miles leased	0	No variance from baseline.
Number of miles of new fiber (aerial or underground)	0	No variance from baseline.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	No variance from baseline.

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your sub recipient, contractor or subcontractor is negotiating or entered into.

5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	7
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	0

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:

We have 7 existing agreements with broadband wholesale and last mile providers whose connection will be upgraded as a result of this project once the core optical network is installed. These customers are shown in the quarterly indicators of the baseline. The connections to these wholesale and last mile providers are expected to be upgraded in the 4th quarter of this year. At that point they will be shown as receiving upgraded service.

5c. What wholesale services are being provided by this project? Please describe below. As an attachment to this report, please provide pricing plans (in \$ per month) associated with each wholesale service provided by your product (100 words or less). Wholesale services description:

No new wholesale services have yet been provided by this project.

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this this third party operates (600 words or less).

We have not designated a third party to operate all or a portion of our network.

6. Please provide the data according to the type of subscriber. Write "0" in the Total column and "N/A" in the Narrative column if your project does not pass or serve a particular subscriber type. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (300 words or less).

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	No variance with baseline.
	Providers with signed agreements receiving improved access	0	No variance with baseline.
	Providers with signed agreements receiving access to dark fiber	0	No variance with baseline.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	<b>Please identify the speed tiers that are available and the number of subscribers for each</b>	0	For Broadband Wholesalers and Last Mile Providers, transport and Internet bandwidth are sold on a per-Megabit basis. Capacity is available from 1Mbps/Second to 10Gbps/Second. Higher speeds may also be available; however are provided on a individual case basis, where available.
<b>Community Anchor Institutions (including Government institutions)</b>	<b>Total subscribers served</b>	0	VTBell has 47 existing customers that were listed under the proposed CAI's. These customers connections will be upgraded with the network funded by NTIA which is in process.
	<b>Subscribers receiving new access</b>	0	No variance with baseline.
	<b>Subscribers receiving improved access</b>	0	No variance with baseline.
	<b>Please identify the speed tiers that are available and the number or subscribers for each</b>	0	Community Anchor institutions may also buy capacity on a per-Megabit/second basis; however we expect most of them will take advantage of one of our two tier pricing models. The first is 25Megabit/second of Internet capacity, burstable to 1000Megabit/second, including off site data storage. The second is 100Megabit/second of Internet capacity, burstable to 1000Megabit/second. Both packages include offsite data storage and savings on GigE "spoke" connections to nearby facilities.
<b>Residential / Households</b>	<b>Entities passed</b>	0	N/A
	<b>Total subscribers served</b>	0	N/A
	<b>Subscribers receiving new access</b>	0	N/A
	<b>Subscribers receiving improved access</b>	0	N/A
	<b>Please identify the speed tiers that are available and the number of subscribers for each</b>	0	N/A
<b>Businesses</b>	<b>Entities passed</b>	0	N/A
	<b>Total subscribers served</b>	0	N/A
	<b>Subscribers receiving new access</b>	0	N/A
	<b>Subscribers receiving improved access</b>	0	N/A
	<b>Please identify the speed tiers that are available and the number of subscribers for each</b>	0	N/A

**7. Please describe any special offerings you may provide (600 words or less).**  
 With all \$1,400 and \$2,500 packages we include off site data storage, access to Internet2 and access to a state wide WAN connection.

**8a. Have your network management practices changed over the last quarter?**     Yes     No

**8b. If so, please describe the changes (300 words or less).**  
 N/A

**9. Community Anchor Institutions:**  
 Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Figures should be reported for the most recent reporting quarter only (NOT cumulatively). Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (300 words or less).

Institution Name	Service	Type of Anchor	Are you also the	Narrative description of how anchor institutions are using BTOP-
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	Area (town or county)	Institution (as defined in your baseline)	broadband service provider for this institution? (Yes / No)	funded infrastructure
0	0	0	0	N/A

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**  
 In the coming quarter we plan to deploy a significant portion of the core electronics for the network. This will enable the new fiber being built to be aggregated and receive high speed data, and backhaul to core interconnection locations. This is one of the major steps for us in providing service under the BTOP project. We also plan to begin submitting permit requests for pole attachments, make ready, and obtaining easements based on the engineering work that has been done to date. We do not expect any new network miles deployed or network miles leased in the next quarter. We expect that 47 existing customers will have improved service in the next quarter and 5 new customers will have service. 90% of permit applications are expected to be filed in the next quarter.

**2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Planned Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the next reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).**

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	46	No variance with baseline.
2b.	Environmental Assessment	100	Our environmental assessment has been completed.
2c.	Network Design	90	We expect field engineering to be completed in January 2012, which is 30 days behind our original estimate of 4Q11. Work was delayed due to impact of Hurricane/Tropical Storm Irene.
2d.	Rights of Way	40	No variance with baseline.
2e.	Construction Permits and Other Approvals	40	No variance with baseline.
2f.	Site Preparation	19	No variance with baseline.
2g.	Equipment Procurement	75	No variance with baseline. The equipment has already started to arrive.
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	No variance with baseline.
2i.	Equipment Deployment	72	Site visits are now occurring, and we are scheduled to begin turn-up during this quarter. No variance from baseline.
2j.	Network Testing	72	The network will be tested as DWDM/Optical sites come online. No variance from baseline.
2k.	Other (please specify): Vehicles	0	Working with the grants office and BTOP staff we have determined that the vehicles are not an allowable expense. We are working with the staff to determine how these funds can be used/allocated appropriately.

**3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).**

Weather conditions and multiple holidays during the next quarter are two items that could threaten to delay progress on engineering, and deployment of electronics to the field. We are working closely with our engineering contractor and DWDM vendor to be sure of availability of personnel and timely delivery of equipment. As with any quarter leading up to the fiber construction, obtaining permits and completing make ready are always a risk for introduction of delay in the project schedule.

