

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration	2. Award Identification Number NT10BIX5570085	3. DUNS Number 878195239
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4. Recipient Organization Vermont Telephone Company, Inc. 354 River Street, Springfield, VT 05156-2242
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5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2012	6. Is this the last Report of the Award Period? <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.

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

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-29-2012
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 During 3Q12 we turned up two major segments of our DWDM network, with testing. We constructed 21 miles of new fiber facilities, and connected 8 new CAI's. We also submitted a completed Award Action Request for potential route changes and additions, which is under review by NTIA staff.

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	56	Fiber construction continued in the third quarter. There has been a delay with make ready, requiring our outside engineer to conduct a detailed pole survey. There are many segments that have been partially made ready, but now that the on site survey has been completed, we will be able to make specific requests based on our construction plan.
2b.	Environmental Assessment	100	Environmental Assessment has been completed, and the project received a finding of No Significant Impact in 2Q11. We will be addressing any additional environmental assessments for route changes as they occur.
2c.	Network Design	100	The mileage has been staked and routes are finalized. We have submitted a request to make some additions, removals, and changes in the original routes, which will require additional work here.
2d.	Rights of Way	60	100% of permits have been submitted, and make ready payments on the majority of those have been paid. We are monitoring the make ready deadlines, and are addressing concerns as they arise.
2e.	Construction Permits and Other Approvals	60	See 2d.
2f.	Site Preparation	65	We continue to deploy our electronics. This methodical approach to deployment was not originally in our baseline, but progress is being made.
2g.	Equipment Procurement	75	Our contract with the equipment manufacturer contains a retainer clause. Until the deployment is fully complete and tested, final payments will not be made.
2h.	Network Build (all components - owned, leased, IRU, etc)	30	Network construction is progressing. We are behind our baseline projections; however we feel confident that this will not negatively impact completion.
2i.	Equipment Deployment	65	See 2f.
2j.	Network Testing	65	See 2f.
2k.	Other (please specify):	90	Testing equipment has been purchased.

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).
 As the project progresses, our team meets on a weekly basis to discuss issues related to CAI's, make ready responses, make ready deadlines, construction, and any other topics that are affecting the success of the project. We are compiling a request that will have additions, removals, and possible changes to the routes originally applied for. These changes will utilize the NTIA funding to reach the largest number of CAI's that are currently under served and would benefit from fiber construction.

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	36	Utility pole owners have been behind with our make ready requests. Our outside engineering company has done a physical survey of the remaining poles, and is contacting the major owner to expedite the process.
New network miles leased	0	No variance with baseline.
Existing network miles upgraded	0	The DWDM equipment that is needed to upgrade existing network miles in not yet operational.
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	36	We have constructed 61 miles less than our baseline, mainly due to timing of make ready completion. We expect to meet baseline estimates by the 1st quarter of 2013.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	The DWDM equipment that is needed to add new or upgraded interconnection points is not yet operational.

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	6
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	1
Average term of signed agreements (in quarters)	20

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 6 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. We expect to be on schedule by the end of 2012. Business Confidential Information -- Redacted

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 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	The electronic equipment is not yet operational.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving improved access	0	The electronic equipment is not yet operational.
	Providers with signed agreements receiving access to dark fiber	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	The electronic equipment is not yet operational.
Community Anchor Institutions (including Government institutions)	Total subscribers served	8	VTel 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.
	Subscribers receiving new access	8	VTel has connected five schools, and 3 health care facilities.
	Subscribers receiving improved access	0	Existing subscribers will receive improved once the DWDM is fully installed and operational.
	Please identify the speed tiers that are available and the number or subscribers for each	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.
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Businesses	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	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, transport to Internet2 and access to 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 Area (town or county)	Type of Anchor Institution (as defined in your baseline)	Are you also the broadband service provider for this institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
Copley Hospital	Morrisville	Healthcare Facility	Yes, Redundancy	Fiber infrastructure connecting Vermont hospitals is improving the quality and delivery of patient care throughout Vermont. With a major shift toward electronic medical records, hospitals have a growing need for more bandwidth. Fiber connectivity enables more hospitals to seamlessly integrate electronic medical records. Such a record system, improve patient healthcare delivery and minimize the inefficiencies within the medical system. In one instance, fiber connectivity has enabled a hospital in rural Vermont to send high resolution images for physician analysis across the state. Such an application reduces time and resources that were once required in transferring this type of data.
Dartmouth Etna Road	Lebanon	Healthcare Facility	Yes	See Copley Hospital
Veteran's Administration Hospital	White River Junction	Healthcare Facility	Yes	See Copley Hospital
Stowe Elementary School	Stowe	Education	Yes	Fiber infrastructure connecting Vermont schools is improving the quality and delivery of education in classrooms throughout the state. The exponential increase in bandwidth is enabling more data intensive applications and we hear of endless examples of this in the classroom. More schools have the ability to share smart board instructions in the classroom which has proven to be an engaging tool for all learners. Schools are now more than ever better positioned to utilize every budget dollar by way of integrating the live streaming applications into the classroom. In some cases, budgets have been cut for foreign languages, but the integration of live streaming enables a rural Vermont student to participate in Chinese language class, 150 miles away. Schools with access to fiber infrastructure are shifting educational activities to a 1:1 computing model, which equips students in the class room with their own computing devise. The model is touted for increases in student achievements. Fiber connectivity in Vermont schools has also enabled more students to benefit from Internet as a valuable research tool.
Stowe High School	Stowe	Education	Yes	See Stowe Elementary
Lamoille South Supervisory Union	Stowe	Education	Yes	See Stowe Elementary
People's Academy	Morrisville	Education	Yes	See Stowe Elementary
Morrisville Elementary School	Morrisville	Education	Yes	See Stowe Elementary

Project Indicators (Next Quarter)

- Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**
 During the next quarter, we expect that numerous make ready segments will be complete, allowing construction to increase to an estimate of 60-70 miles. We expect the the core electronics will continue to be installed. We expect to have fifteen CAI's connected by the end of the quarter, and possibly one new agreement with a broadband wholesaler/ last mile provider Overall construction is expected to be 67% by the 4th quarter of 2012 and 100% by the second quarter of 2013. We have submitted a request to review additions and deletions to our CAI list, as well as modifications to the original planned routes. We expect that a determination on this request will be made in the 4th quarter 2012.
- 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	67	Progress continues to be dictated by make-ready construction schedules. We will continue to monitor this and work with pole owners as well as state officials to assure that positive progress continues.
2b.	Environmental Assessment	100	Our environmental assessment has been completed. If there are approved route changes additional environmental assessments will be completed.
2c.	Network Design	100	Our outside engineer has staked the major routes in our original project. They will continue to stake any route changes that occur.
2d.	Rights of Way	80	There have been delays in make-ready progress, however our team is actively managing the process, and progress has improved in the 3rd quarter of 2012 and we expect that to continue in the fourth quarter 2012.
2e.	Construction Permits and Other Approvals	80	Federal, state, and local permits have been monitored by the outside engineering firm, and any delays have been addressed.
2f.	Site Preparation	80	This category is 25% under baseline, but is expected to meet it by the end of 2012.
2g.	Equipment Procurement	90	We expect additional deployment of electrical equipment through the end of 2012 and into the first quarter of 2013.
2h.	Network Build (all components - owned, leased, IRU, etc.)	40	Network construction is progressing. We are behind our baseline projections; however we feel confident that this will not negatively impact completion.
2i.	Equipment Deployment	80	Equipment deployment has had some delays due to coordination efforts between utility companies, landowners, and equipment vendor. It is not felt that this will delay the completion of the project.
2j.	Network Testing	80	Equipment deployment has had some delays due to coordination efforts between utility companies, landowners, and equipment vendor. It is not felt that this will delay the completion of the project.
2k.	Other (please specify): Testing Equipment	90	Testing equipment has been purchased and any remaining funds within this category may be used for other construction costs if needed.

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).

We have experienced delays from various utility companies, however we have reached out to them and our local government officials to assist us with overcoming them. There has been significant progress which we expect to continue. Equipment deployment has experienced delays, however, progress is being made.

Infrastructure Budget Execution Details

Activity Based Expenditures (Infrastructure)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Budget for Entire Project				Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
Cost Classification	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$100,000	\$30,000	\$70,000	\$41,346	\$12,404	\$28,942	\$50,000	\$15,000	\$35,000
b. Land, structures, right-of-ways, appraisals, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$105,370	\$31,611	\$73,759	\$197,005	\$59,102	\$137,903	\$200,000	\$60,000	\$140,000
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$80,000	\$24,000	\$56,000	\$30,000	\$9,000	\$21,000	\$60,000	\$18,000	\$42,000
g. Site work	\$2,433,470	\$730,041	\$1,703,429	\$1,580,057	\$474,017	\$1,106,040	\$1,896,068	\$568,820	\$1,327,248
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$3,650,203	\$1,095,061	\$2,555,142	\$1,171,734	\$351,520	\$820,214	\$1,406,082	\$421,825	\$984,257
j. Equipment	\$6,400,083	\$1,920,025	\$4,480,058	\$4,135,909	\$1,240,772	\$2,895,137	\$4,963,091	\$1,488,927	\$3,474,163
k. Miscellaneous	\$92,000	\$27,600	\$64,400	\$52,791	\$15,837	\$36,954	\$52,791	\$15,839	\$36,954
l. SUBTOTAL (add a through k)	\$12,861,126	\$3,858,338	\$9,002,788	\$7,208,842	\$2,162,652	\$5,046,190	\$8,628,032	\$2,588,411	\$6,039,622
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$12,861,126	\$3,858,338	\$9,002,788	\$7,208,842	\$2,162,652	\$5,046,190	\$8,628,032	\$2,588,411	\$6,039,622

2. Program Income: Please provide the program income you listed in your application budget and actuals to date through the end of the reporting period.

a. Application Budget Program Income: \$0	b. Program Income to Date: \$0
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