

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) 03-31-2012	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): 05-21-2012
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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, engineering on the initial routes was completed, and any additional engineering will be for slight route changes. Construction has begun and a total of 9 miles were completed. Installation of the electronics continued this quarter. The majority of permit applications have been submitted, and we are now responding to numerous make ready payment requests. We continue to update the BTOP team on a biweekly basis and have submitted requests for some route removals, as well as route additions, as determined by our efforts to reach the CAI's in our project.

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	43	Fiber construction began in the 1st quarter of 2012. We are continuing to install the electronic equipment and are in the process of cutting it over. Although out electronics deployment is happening in a more methodical way than we originally anticipated in our baseline we do not believe it will negatively affect the project completion. This approach is necessary as we want to minimize any possible transition affects of the upgraded system to existing customers.
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 majority of mileage has been staked and routes are finalized. Next quarter we anticipate filing our final routes, including any adds/moves/changes.
2d.	Rights of Way	60	We have submitted a large number of applications at the beginning of the first quarter, and have been responding to make ready payment requests. Many of the make ready requests are scheduled to be complete during the next quarter. We continue to review make-ready status on a weekly basis to quickly address any areas of concern.
2e.	Construction Permits and Other Approvals	60	See 2d.
2f.	Site Preparation	21	As mentioned in 2a, the electronics deployment has been done at a more measured pace than originally anticipated and we continue to work closely with the vendor to complete this deployment.
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)	5	Network construction has begun and is progressing. We are slightly behind our baseline projections; however we feel confident that this will not negatively impact completion.
2i.	Equipment Deployment	55	See 2f. We expect to reach baseline by the end of 2012.
2j.	Network Testing	55	See 2f.
2k.	Other (please specify): N/A	90	No variance with baseline.

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 we continue to reach out to CAI's in our project, we have found it necessary to make some route additions and deletions. Make ready responses have also indicated some areas where the costs might outweigh the need in a certain area. Each of these situations require additional research and discussion to determine the best way to proceed. Our team is meeting on a weekly basis to discuss the timing of make ready, and construction, as it coincides with the needs of our existing and new customers.

The installation of the network electronics is not going as quickly as originally anticipated. On several parts of the network the new electronics are replacing older electronics, which are still proving service to live customers. This means we need to perform the transitions during scheduled maintenance windows in an attempt to cause as little disruption to existing customers as possible.

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	9	Construction equipment malfunctions caused a slight delay in construction for the 1st quarter. We have also submitted a large number of make ready payments; however the utility owners are within their allotted time to complete, and many of these are due to be completed in the 2nd quarter of this year.
New network miles leased	0	No variance with baseline
Existing network miles upgraded	0	The DWDM equipment that will upgrade the existing is still being installed. We expect to reach our baseline by the end of 2012.
Existing network miles leased	0	The DWDM equipment that will upgrade the existing leased miles is still being installed. We expect to reach our baseline by the end of 2012.
Number of miles of new fiber (aerial or underground)	9	This is six miles less than our baseline, due to pole make ready. We still expect to meet our baseline estimates for completion of the project.
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 will be 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.

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	The electronic equipment is not yet operational. We expect to meet the baseline by the end of 2012.
	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. We expect to meet the baseline by the end of 2012.
Community Anchor Institutions (including Government institutions)	Total subscribers served	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. This is expected to happen by the end of 2012.
	Subscribers receiving new access	0	We have had discussions with multiple schools who have submitted applications through the ERate process. We are prioritizing the routes to be constructed to coincide with the schools' funding years where possible. New access will be available to them by the end of 2012.
	Subscribers receiving improved access	0	Existing subscribers will receive improved once the DWDM is fully installed and operational. This is expected to be completed by the end of 2012.
	Please identify the speed tiers that are available and the number of 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
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).
During the next quarter, we expect that many make ready requests will have been completed, and that construction will meet the baseline of 55 miles. We anticipate completing fiber deployment by the end of 2012. We expect that the core electronics will continue to be installed with completion by year end. We expect to be at 67% completion in Q1 2013. We expect to be at 100% completion in Q2 2013. We look to connect at least 3 schools in the next quarter, however they will not be able to received the improved access until the core electronics are operational. Additionally the 6 agreements with broadband wholesaler/last mile providers will receive the improved access at that same time. Although make ready completion is not within our control, we believe that it will be completed in time for our contractor to complete construction, meeting our baseline completion date. We also have found that make ready pricing, electronic pricing, and construction pricing is favorably below budget to date.

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	60	Much of our progress will be dictated by the speed at which we are able to receive permits, and make-ready construction schedules. We are also working directly with state officials and the pole-owning utilities to get pole make ready completed in a timely fashion. We are expecting make ready work to take approximately 90 days after make ready payment has been made. We will continue to monitor the progress in this area and address areas of concern.
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	No variance with baseline
2e.	Construction Permits and Other Approvals	80	No variance with baseline.
2f.	Site Preparation	79	No variance with baseline.
2g.	Equipment Procurement	80	We expect additional deployment of electrical equipment through the end of 2012.
2h.	Network Build (all components - owned, leased, IRU, etc.)	42	No variance with baseline.
2i.	Equipment Deployment	75	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.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2j.	Network Testing	75	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): N/A	90	No variance with baseline.

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 may experience delays based on the ability of various utility companies ability to respond quickly to our make ready requests. We will monitor this closely and ask for additional support from local government officials if we see this starting to occur.

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	\$28,943	\$49,615	\$14,885	\$34,730
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	\$151,449	\$45,435	\$106,014	\$181,739	\$54,522	\$127,217
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	\$0	\$0	\$0	\$25,000	\$7,500	\$17,500
g. Site work	\$2,433,470	\$730,041	\$1,703,429	\$975,286	\$292,586	\$682,700	\$1,170,343	\$351,103	\$819,240
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$3,650,203	\$1,095,061	\$2,555,142	\$723,678	\$217,103	\$506,574	\$1,223,678	\$367,103	\$856,575
j. Equipment	\$6,400,083	\$1,920,025	\$4,480,058	\$3,523,924	\$1,057,176	\$2,466,748	\$5,023,924	\$1,507,177	\$3,516,747
k. Miscellaneous	\$92,000	\$27,600	\$64,400	\$72,639	\$21,793	\$50,847	\$82,639	\$24,792	\$57,847
l. SUBTOTAL (add a through k)	\$12,861,126	\$3,858,338	\$9,002,788	\$5,488,322	\$1,646,497	\$3,841,826	\$7,756,938	\$2,327,082	\$5,429,856
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	\$5,488,322	\$1,646,497	\$3,841,826	\$7,756,938	\$2,327,082	\$5,429,856

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