

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) 03-31-2014	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 Catherine Euchre	7c. Telephone (area code, number and extension) X
	7d. Email Address ceuchre@vermontel.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 09-10-2014
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Project Indicators (This Quarter)

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

Due to weather conditions we did not build any additional miles. This was a quarter filled with preparation to hit the April - August construction season fully armed with the necessary permits/licenses in hand.

We remain at 129 route miles of the 142.14 projected route miles.
 We upgraded a total of 260 existing miles vs. a total baseline of 410.
 We upgraded a total of 24 existing leased miles vs. a total baseline of 38.
 CAI total remains at 136 with 109 currently connected and 27 planned but not yet connected.

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	81	Fiber construction virtually stopped in the 1st quarter due to winter weather. We continue to use an outside contractor to handle all permitting for our project and to follow up with the local utility/pole owners to overcome any permitting/easement issues. Our baseline remains at \$12,861,126
2b.	Environmental Assessment	97	Environmental Assessment has been completed, and the project received a Finding Of No Significant Impact (FONSI) in 2Q11. We will be addressing any additional environmental assessments for route changes should they occur.
2c.	Network Design	66	The mileage has been staked and routes are finalized. Our engineering firm has a retainage clause in its contract so we will not fully spend on this line item until the project is completed.
2d.	Rights of Way	86	We were able to obtain 3 more easements during the quarter and we now only have 3 left until we are at 100% of what we need to complete construction
2e.	Construction Permits and Other Approvals	90	We made additional make ready payments to utility companies during the quarter to prep us for a busy construction season. The remaining dollars will be spent in Q2 2014 so that we are poised to have all construction done by mid July 2014
2f.	Site Preparation	73	We continue to deploy our electronics. This methodical approach to deployment was not originally in our baseline, but progress is being made. There have been no changes to this approach and we expect to be on target at project end.
2g.	Equipment Procurement	81	Our contract with the equipment manufacturer contains a retainer clause. Until the deployment is fully completed and tested, final payments will not be made.
2h.	Network Build (all components - owned, leased, IRU, etc)	88	We have a 13 miles remaining to be built and will hit our projected target of 142.14 route miles.
2i.	Equipment Deployment	0	The costs associated with the deployment of our DWDM equipment is bundled with the procurement costs above. We have no break out from the vendor.
2j.	Network Testing	85	Equipment to test the network was purchased. If additional items are required we have enough money in the budget to cover costs as the remainder of the network is built.
2k.	Other (please specify): admin & consulting	86	Application consulting, NTIA workshops, surveys

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).

Our team continues to hold weekly meetings to discuss make ready delays, construction progress, electronic installation progress,

community anchor connections, and any other topics that needs to be addressed. Due to the weather we were unable to construct any miles during 1Q14; however, we fully expect to complete our remaining miles by the project end date. Partially completed segments were addressed individually with the pole owners so that we could progress along toward completion . We have only 3 easements left to obtain to finalize a segment in the northern portion of the state. Our biggest hurdle continues to be whether make ready licenses are issued in a timely manner so that we can construct in the time remaining. At this point we are optimistic that this will happen.

We have submitted an AAR (GOL#2482645) for route changes that will affect mileage totals and CAI coverage; however, that has not been at the end of Q1 2014.

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	129	Weather has effectively stalled construction. We remain at 129 route miles vs. our projected total of 142.14.
New network miles leased	0	We continue to negotiate for a North-Link IRU. The baseline for this indicator was zero and we added the new leased miles in AAR GOL#2407329
Existing network miles upgraded	260	The DWDM equipment that is needed to upgrade existing network miles is not yet operational. We were able in 1Q14 to deploy some optics that increased our miles to 260 of the baseline 410. We will be at our baseline figure by the end of July 2014.
Existing network miles leased	24	Optics were deployed at additional points along our leased fiber with Fairpoint and we have 14 miles of fiber remaining to upgrade to reach our baseline of 38 miles.
Number of miles of new fiber (aerial or underground)	129	weather has stalled construction and we have no new miles to report. We remain at 129 of our projected 142.14 route miles.
Number of new wireless links	0	n/a
Number of new towers	0	n/a
Number of new and/or upgraded interconnection points	25	We have been able to exceed our baseline of 3 interconnection points and expect this figure to increase by project end.

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	0
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 pre-existing agreements with wholesale and last mile providers and need 1 more to hit our baseline target of 7 improved. Negotiations for an new agreement started in 4Q13 did not bear fruit.

Wholesale and last mile providers include: Earthlink, Topsham Telephone, Burlington Telecom, Wavecomm, Great Awk (formerly Finowen), and Light Tower (formerly Sidera) and it is important to note that all of these agreements were in place prior to the BTOP project.

While we continue to negotiate we have been unable to sign any new agreements at this juncture. Our baseline for new agreements is 3 and we do not expect to bring on any new providers.

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:

Internet Bandwidth in 8 speed tiers ranging from 1 - 10,000+ Mbps
 Transport services including Ethernet transport with 8 speed tiers ranging from 1 - 10,000+ Mbps; TDM, SONET and Wavelength transport services with circuits including but not limited to DS3, OC3, OC12, OC48, 2.5 Gig, and 10 Gig.

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 any or all 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	Our baseline for arrangements receiving new access was 3 and we do not expect to reach this target - two of the three expected providers will not be taking our service.
	Providers with signed agreements receiving improved access	6	Our baseline for improved access is 7. We have reached agreements with 6 providers. A pre-existing provider is no longer under contract with us.
	Providers with signed agreements receiving access to dark fiber	0	At this point in the project we do not expect to offer dark fiber.
	Please identify the speed tiers that are available and the number of subscribers for each	8	Mbps #1 1 - 99 - 3 subscribers (2 Internet & 1 TDM transport) #2 100 - 199 - 0 subscribers #3 200 - 299 - 1 subscriber (1 Internet) #4 500 - 999 - 1 subscriber (1 SONET Transport) #5 1,000 - 1,999 - 1 subscriber (1 Ethernet Transport) #6 2,000 - 4,999 - 2 subscribers (1 Internet & 1 Wavelength) #7 5,000 - 9,999 - 0 subscribers #8 10,000 + - 0 subscribers
Community Anchor Institutions (including Government institutions)	Total subscribers served	109	No CAI's were added in this quarter.
	Subscribers receiving new access	62	No CAI's were added in this quarter.
	Subscribers receiving improved access	47	No CAI's were added in this quarter.
	Please identify the speed tiers that are available and the number or subscribers for each	7	We have 7 pricing options available. We currently have the following number of CAI's served for each tier: #1 - 1 10 to 25 Mbps #2 - 9 25 to 50 Mbps #3 - 0 50 to 100 Mbps #4 - 3 100Mbps to GigE #5 - 0 300 Mbps to GigE #6 - 18 GigE Spokek to any 25+ Mbps Hub #7 - 3 100 Mbps to GigE dedicated access Spoke to 25+ Mbps Hub
Residential / Households	Entities passed	0	n/a
	Total subscribers served	0	n/a
	Subscribers receiving new access	0	n/a

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	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
No CAI's added	No CAI's added	No CAI's added	No CAI's added	No CAI's added

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
Next quarter we plan to turn-up of additional DWDM network segments, and make significant progress on the remaining fiber miles to be constructed in the project. We expect to build approximately 8-10 routes miles in Q2 will as we enter the start of the construction season in Vermont. We expect to "connect" additional CAI's during the quarter which will bring us closer to the total 136 that we are projecting.

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	86	We expect to come out of the winter season and construct 8-10 additional route miles.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2b.	Environmental Assessment	97	Environmental Assessment has been completed, and the project received a Finding Of No Significant Impact (FONSI) in 2Q11. We will be addressing any additional environmental assessments for route changes should they occur
2c.	Network Design	75	We are in the final phase of engineering route changes.
2d.	Rights of Way	93	All of the Rights of Way for the initial submission have to obtained and we have a small amount of spending left
2e.	Construction Permits and Other Approvals	95	We have applied for all make ready licenses; however, we await final true up and invoicing from the utility companies. Final licenses may not be issued until October of 2014
2f.	Site Preparation	97	The majority of work is complete for this activity
2g.	Equipment Procurement	94	Our contract with Alcatel has a retainage clause in it and we will not be billed for the entire equipment purchase until closeout. There are still some optics left to purchase in order for us to be fully operational
2h.	Network Build (all components - owned, leased, IRU, etc.)	90	The additional miles in the AAR that was approved in late May of 2014 are all that is left to construct. We have a contract in place with a SDB (small disadvantaged business)
2i.	Equipment Deployment	0	The costs associated with the deployment of our DWDM equipment is bundled with the procurement costs above. We have no break out from the vendor.
2j.	Network Testing	85	The final costs for this activity will be spent when the network is fully built.
2k.	Other (please specify): admin & consulting	86	At this point we do not expect much of anything in this line item other than our final audit.

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).

The granting of our AAR GOL#2482645 will enable us to complete our project in the most meaningful manner for all previously underserved Vermonters

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	\$15,050	\$34,950
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	\$1,053,041	\$315,912	\$737,129	\$1,200,000	\$360,000	\$840,000
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	\$75,673	\$22,702	\$52,971	\$77,500	\$23,327	\$54,173
g. Site work	\$2,433,470	\$730,041	\$1,703,429	\$2,416,966	\$725,090	\$1,691,876	\$2,433,470	\$730,041	\$1,703,429
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$3,650,203	\$1,095,061	\$2,555,142	\$2,322,825	\$696,847	\$1,625,978	\$3,000,000	\$900,000	\$2,100,000
j. Equipment	\$6,400,083	\$1,920,025	\$4,480,058	\$4,438,990	\$1,331,697	\$3,107,293	\$4,893,612	\$1,468,084	\$3,425,528
k. Miscellaneous	\$92,000	\$27,600	\$64,400	\$52,793	\$15,839	\$36,954	\$77,500	\$23,327	\$54,173
l. SUBTOTAL (add a through k)	\$12,861,126	\$3,858,338	\$9,002,788	\$10,401,634	\$3,120,491	\$7,281,143	\$11,732,082	\$3,519,829	\$8,212,253
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	\$10,401,634	\$3,120,491	\$7,281,143	\$11,732,082	\$3,519,829	\$8,212,253

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: \$938,470	b. Program Income to Date: \$0
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