

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 NT10BIX5570017	3. DUNS Number 188655898
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4. Recipient Organization

 Executive Office of the Commonwealth of Pennsylvania (Office of Administration) 225 Capitol Building, Harrisburg, PA 17120-0001

5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2012	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 Holly Caudill Administrative Officer	7c. Telephone (area code, number and extension) 7174257650
	7d. Email Address hcaudill@state.pa.us

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-08-2012
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 During the second quarter of 2012 our team completed an additional six microwave radio links for a total of 57 of 71 complete, resulting in 866 miles upgraded to date. We have six microwave radio links currently in progress accounting for an additional 98 miles soon to be completed.
 We have started the planning and testing phase prior to the deployment of our switching equipment and switching hub upgrades in anticipation of the roll out of this equipment to commence in the third quarter.
 We completed environmental assessments and submitted an award action request to program leadership requesting an adjustment to multiple sites within the broadband network. The proposed changes will make the network more sustainable and assist in reaching interested community anchor institutions and customers through a last mile provider.
 We have continued discussions with three last mile service providers and are working to resolve line of sight issues with one of them to kick off a pilot project proving the value of the network.

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	48	When measured by expenditures, the overall project percentage complete is only 48%; however, the project is actually on schedule. Due to the structure of our purchasing documents with the main vendor on the project, microwave radio installations as well as switching equipment installations were quoted together per site. As a result, our vendor is unable to invoice us for services rendered until both the microwave radio and the switching equipment have been installed at each site. According to the current project schedule, a majority of the switching equipment installations are scheduled to be completed within the second and early third quarters, as a result, we expect this percent complete to increase exponentially to show agreement with the baseline in the third quarter of 2012.
2b.	Environmental Assessment	100	This milestone is complete.
2c.	Network Design	73	Our network design milestone remains at 73% of completion for the second quarter. Multiple tasks within this indicator are currently in progress and will likely be completed and invoiced within the third quarter.
2d.	Rights of Way	0	N/A This milestone does not apply to our project.
2e.	Construction Permits and Other Approvals	0	N/A This milestone does not apply to our project.
2f.	Site Preparation	87	This milestone remains on schedule.
2g.	Equipment Procurement	49	Our equipment procurement milestone trails that of the baseline report submitted at the start of the project. Microwave radio equipment upgrades have been paid to date. We anticipate the receipt of invoices for the switching equipment following installation and configuration which is expected to continue into the third quarter of 2012. The payment of these invoices will bring this milestone into agreement with the baseline in Q3, 2012.
2h.	Network Build (all components - owned, leased, IRU, etc)	100	This milestone is complete.
2i.	Equipment Deployment	10	Our equipment deployment milestone trails the progress predicted in our baseline report. This milestone shows a lack of significant progress due to the quotation received from our equipment vendor. When quoted, the vendor listed the services for installation of microwave radio upgrades along with MPLS switching equipment installations/configurations on a site by site basis. Until both types of equipment are installed at each site, this vendor is unable to invoice the commonwealth.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			Testing for the deployment of the switching equipment was commenced during the second quarter and will continue into the third quarter. With the scheduled installations and configuration of this switching equipment in the third quarter, we expect to make significant progress on this milestone.
	2j. Network Testing	67	The network testing milestone progress trails that which is indicated on our baseline report. The network testing is being completed as elements of the project are finished. With the completion of the MPLS switching upgrades largely in the third quarter, it is anticipated that this indicator will catch up to the baseline at that time.
	2k. Other (please specify): Customer Acquisition, Support and Billing	39	The Customer Acquisition, Support and Billing milestone trails the progress of the baseline report. This milestone was largely completed near the end of the second quarter; however, the invoice was not received early enough to have been counted within the quarter, due to its receipt falling past the commonwealth's fiscal year end deadlines. It is expected that this milestone will catch up to the progress predicted in the baseline within the third quarter of 2012.

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).

Due to the mountainous terrain of the northern tier of Pennsylvania, we have encountered various line of sight challenges that have prevented quick connections to a last mile provider. Through various engineering attempts, we believe that we have found a solution to the problem with our Pilot Project partner and at the current time, this last mile provider is working out the details to connect to our network.

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	N/A for this project. No NEW network miles have been deployed.
New network miles leased	0	N/A for this project.
Existing network miles upgraded	866	57 of 71 microwave radio connections have been upgraded as of the close of Q2, 2012. An additional 6 links are currently in progress. The project remains on schedule.
Existing network miles leased	0	N/A for this project.
Number of miles of new fiber (aerial or underground)	0	N/A for this project.
Number of new wireless links	57	The project is on schedule with the deployment of upgraded microwave radio links. While we have completed 57 of the 71 links, an additional 6 are in progress as of the close of the second quarter and anticipated to be completed early in the third quarter.
Number of new towers	5	This indicator is complete.
Number of new and/or upgraded interconnection points	0	Interconnection points will be added to the network as new customers and last mile connection locations are determined. Negotiations are ongoing with community anchor institutions and last mile service providers. We anticipate the first connections to take place in the third quarter once the switching equipment is upgraded and last mile interconnection locations are finalized.

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	0
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	3
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: At this date, we have not signed any agreements with wholesale or last mile providers; however, we are working with multiple entities and anticipate the confirmation of our first agreements to coincide with the upgrade of our switching equipment which will occur largely in the third quarter.

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: While services and pricing models are still in development, the plan continues to be to offer Ethernet virtual circuits at 3, 6, 10, 20, and 50 Mbps. Pricing is expected to be based upon Network Interface Access and possibly the number of microwave connections between ports. Standard features will include Layer 2 MPLS Ethernet ports and best effort routing with route protection in backbone connections. Base price shall include burst capability of up to 25% of contracted bandwidth at no cost if excess capacity is available. Agreement is expected to include tower site compound access but not tower space.

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). At this point, the Commonwealth has not designated a third party to manage 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	Network infrastructure continues to be built. No services have been offered to providers to date; however, we have been finalizing plans on a pilot project. The pilot has taken longer than expected due to line of sight challenges at the originally selected locations.
	Providers with signed agreements receiving improved access	0	Network infrastructure continues to be built. No services have been offered to providers to date; however, we have been finalizing plans on a pilot project. The pilot has taken longer than expected due to line of sight challenges at the originally selected locations.
	Providers with signed agreements receiving access to dark fiber	0	N/A dark fiber is not a part of the Commonwealth of Pennsylvania project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The actual speed tiers available as well as the number of subscribers will be determined at the time of the first connections to the network; however, our baseline identified that we would offer our customers Ethernet virtual circuits at 10, 20, and 50 Mbps. We anticipate the first connections to be made once the MPLS switching upgrades have been completed within the third quarter.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Network infrastructure continues to be built, and no services have been provided to date. It is anticipated that most, if not all community anchor institutions that connect will be reached through a last mile service provider. We anticipate that the first community anchor institutions will be connected within the third quarter of 2012 as a result of our pilot project as well as the upgrade of the switching equipment.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving new access	0	Network infrastructure continues to be built, and no services have been provided to date. It is anticipated that most, if not all community anchor institutions that connect will be reached through a last mile service provider. We anticipate that the first community anchor institutions will be connected within the third quarter of 2012 as a result of our pilot project as well as the upgrade of the switching equipment.
	Subscribers receiving improved access	0	Network infrastructure continues to be built, and no services have been provided to date. It is anticipated that most, if not all community anchor institutions that connect will be reached through a last mile service provider. We anticipate that the first community anchor institutions will be connected within the third quarter of 2012 as a result of our pilot project as well as the upgrade of the switching equipment.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Network infrastructure continues to be built, and no services have been offered to providers to date; however, our baseline identified that we would offer our customers Ethernet virtual circuits at 10, 20, and 50 Mbps. We anticipate the first connections to coincide with the switching equipment upgrades in Q3.
Residential / Households	Entities passed	0	N/A. This middle mile infrastructure project does not and will not connect to any residence or households directly.
	Total subscribers served	0	N/A. This middle mile infrastructure project does not and will not connect to any residence or households directly.
	Subscribers receiving new access	0	N/A. This middle mile infrastructure project does not and will not connect to any residence or households directly.
	Subscribers receiving improved access	0	N/A. This middle mile infrastructure project does not and will not connect to any residence or households directly.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A. This middle mile infrastructure project does not and will not connect to any residence or households directly.
Businesses	Entities passed	0	N/A. This middle mile infrastructure project does not and will not connect to any businesses directly.
	Total subscribers served	0	N/A. This middle mile infrastructure project does not and will not connect to any businesses directly.
	Subscribers receiving new access	0	N/A. This middle mile infrastructure project does not and will not connect to any businesses directly.
	Subscribers receiving improved access	0	N/A. This middle mile infrastructure project does not and will not connect to any businesses directly.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A. This middle mile infrastructure project does not and will not connect to any businesses directly.

7. Please describe any special offerings you may provide (600 words or less).
We noted on our application that we plan to offer discounts to Government and Public Safety organizations.

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

8b. If so, please describe the changes (300 words or less).
Our network management practices have not changed. Additional information is publicly available on our website.

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?	Narrative description of how anchor institutions are using BTOP-funded infrastructure

			(Yes / No)	
To be determined	To be determined	To be determined	To be determined	To be determined

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 During the third quarter of 2012, our project team intends to finalize testing and begin implementation of the switching equipment upgrades allowing for invoicing of not only switching equipment but also the services to install microwave radio equipment on a site by site basis.
 We anticipate receiving word that our requested route changes, submitted as an Award Action Request in June, are approved by project leadership, allowing us to move forward in upgrading multiple sites with broadband equipment. This adjustment to the project will allow us to reach interested community anchor institutions through multiple wholesale or last mile providers as well as become more sustainable by eliminating sites where there was little to no possibility of serving customers.
 We believe that we will have completed 65 of the original 71 links as the remaining six connections are expected to be changed as part of the requested route change. This progress will provide us with 984 miles of microwave network upgraded.
 We anticipate that we will have completed negotiations with two wholesale/last mile service providers and will be working toward providing service to them by the close of the quarter. Our first direct connections to Community Anchor Institutions are currently scheduled to occur just beyond the close of the third quarter with 10 to 14 connections anticipated.

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	80	It is anticipated that our project will reach 80% of overall project completion during the third quarter of 2012 and drastically reduce the gap between the baseline's predicted progress and the actual project progress to date. Much of the gain in progress can be attributed to the roll out of switching equipment upgrades that are scheduled to commence in the third quarter. The completion of this work on a site by site basis will allow our equipment vendor to begin invoicing not only for the equipment that they have installed and configured, but also for the services for equipment installations.
2b.	Environmental Assessment	100	This milestone is complete.
2c.	Network Design	77	The network design milestone is expected to climb slightly to 77% complete during the third quarter. The remaining elements to complete within this milestone include the design of our connection to last mile and whole sale providers as well as tower analyses and documentation for sites included within a route change that is currently under review.
2d.	Rights of Way	0	N/A This milestone does not apply to our project.
2e.	Construction Permits and Other Approvals	0	N/A This milestone does not apply to our project.
2f.	Site Preparation	90	It is expected that all site preparation for the current project would be completed in the third quarter; however, due to the submission of an Award Action Request (AAR), we would have a small amount of site preparation to complete at the sites included within this request, which is currently under review.
2g.	Equipment Procurement	83	With the start of switching equipment installations to occur within the third quarter, it is expected that we will receive invoices for that switching equipment as well as the switching hubs. These expenditures will push the progress of this indicator closer to the baseline's predicted progress. We also expect that the invoices for this work will continue into the fourth quarter where progress for the milestone will come into compliance with the baseline report.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	This milestone is complete.
2i.	Equipment Deployment	60	We anticipate the equipment deployment milestone to see a large number of expenditures toward the end of the third quarter with the completion of many of the switching equipment upgrades. Completion of this work will allow our equipment vendor to invoice for the services of installing and configuring the microwave radios as well as the MPLS switching equipment on a site by site basis.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2j.	Network Testing	85	We anticipate this milestone to catch up to the baseline with the payment of invoices for much of the quality assurance work associated with the switching upgrades.
2k.	Other (please specify): Customer Acquisition, Support and Billing	100	We anticipate catching up to our baseline and completing this milestone during the third quarter of 2012 with the payment of invoices for the customer billing solution and provisioning tools.

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).

Provided that the switching equipment installations and configurations along with the switching hub upgrades are completed without issue, we will have a successful quarter. Should issues arrive in the testing and /or implementation of these upgrades, our expenditures for many of the milestones will fall short of what has been predicted.

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	\$2,881,250	\$0	\$2,881,250	\$1,316,890	\$0	\$1,316,890	\$2,582,870	\$0	\$2,582,871
b. Land, structures, right-of-ways, appraisals, etc.	\$5,497,900	\$5,303,410	\$194,490	\$5,270,367	\$5,125,890	\$144,477	\$5,270,367	\$5,125,890	\$144,477
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,997,474	\$0	\$2,997,474	\$1,422,728	\$0	\$1,422,728	\$2,054,925	\$0	\$2,054,925
e. Other architectural and engineering fees	\$495,125	\$0	\$495,125	\$374,670	\$0	\$374,670	\$414,345	\$0	\$414,345
f. Project inspection fees	\$1,763,200	\$0	\$1,763,200	\$1,026,623	\$0	\$1,026,623	\$1,329,960	\$0	\$1,329,960
g. Site work	\$7,603,022	\$0	\$7,603,022	\$84,520	\$0	\$84,520	\$4,841,608	\$0	\$4,841,608
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,414,984	\$560,077	\$1,854,907	\$1,527,339	\$498,463	\$1,028,876	\$2,276,011	\$498,463	\$1,777,548
j. Equipment	\$12,327,062	\$1,332,516	\$10,994,546	\$6,155,212	\$946,904	\$5,208,308	\$10,238,522	\$946,904	\$9,291,618
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$35,980,017	\$7,196,003	\$28,784,014	\$17,178,349	\$6,571,257	\$10,607,092	\$29,008,608	\$6,571,257	\$22,437,352
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$35,980,017	\$7,196,003	\$28,784,014	\$17,178,349	\$6,571,257	\$10,607,092	\$29,008,608	\$6,571,257	\$22,437,352

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: \$1,567,257 b. Program Income to Date: \$0