

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 NT10BIX5570026	3. DUNS Number 831415570
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4. Recipient Organization

Keystone Initiative For Network Based Education and Research 624 North Front St, Wormleysburg, PA 17043-1022

5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2011	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 Patricia Campbell Compliance Officer	7c. Telephone (area code, number and extension) 5704227954
	7d. Email Address pcampbell@kinber.org

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-15-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 During Quarter 2 of 2011; KINBER took receipt of 1,030 miles of fiber. So, far 60 aerial miles of fiber have been strung. All of the approved project engineering has been completed, 58 site surveys and building entrance drawings have been completed of the 62 identified community access institutions on the PennREN network. Construction on these sites is scheduled to begin in late July. Of the anticipated 1,480 pole permit applications that are needed to build the network; 80% of the make ready applications have been submitted. It is anticipated that coordinating the total 43,842 poles into 1,480 grouped permits will reduce the processing and approval time.
 KINBER submitted a minimally revised environmental assessment for review due to minor route changes that occurred during the construction process and expects to receive approval early in Q3, 2011. Construction has been halted on the network until the revised EA can be approved. KINBER also requested Davis Bacon Wage rates from the Department of Labor and is awaiting their approval.
 The RFP process to procure hardware, equipment and related services was released. Vendor selection will be made in Q3, 2011. KINBER received their Certificate of Public Convenience, certifying KINBER as a Competitive Access Provider in Pennsylvania. The KINBER staff participated in an on-site desk audit program review with Federal program office staff. Candidates for the lead engineer position were interviewed. It is anticipated that this new position will be filled in Q3, 2011.

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	22	The project is slightly behind schedule due to changing the construction vendor (3-6 month time loss) and the required submission of a revised environmental assessment due to route changes. It is expected that the project will be back on schedule in 11Q4.
2b.	Environmental Assessment	100	FONSI was received on initial EA submission. Due to vendor and slight route changes, a revised EA was submitted and is awaiting approval. (See #3 below)
2c.	Network Design	80	80% of the pole and conduit application have been submitted. This milestone is slightly behind schedule due to the lengthy approval process necessary to finalize the design and the need to submit a revised EA for areas of the network that had to be altered. It is anticipated that this milestone will be complete in 11Q3.
2d.	Rights of Way	23	The ROW for 400 miles of fiber overlash have been approved. 295 additional ROW requests have been submitted. This milestone is behind projections due to the lengthy process to receive approvals. Currently there are three dedicated ROW agents working full-time on rights of way permitting and related issues.
2e.	Construction Permits and Other Approvals	40	80% of all make ready requests have been submitted and await approvals. Although KINBER has no control over the approval process, it is anticipated that this milestone will catch up to projects in 11Q4.
2f.	Site Preparation	0	This milestone is behind due to the lag in construction realized with changing vendors in December 2010. Site preparation activities will begin in Q3, 2011.
2g.	Equipment Procurement	0	RFP for equipment and related professional services was released in Q2 2011. Selection will be made in Q3, 2011
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Project is on schedule.
2i.	Equipment Deployment	0	Project is on schedule.
2j.	Network Testing	0	Project is on schedule.
2k.	Other (please specify):Fiber procurement	100	KINBER has received 1,030 miles of fiber and has dedicated factory time and delivery dates for the remaining fiber necessary to construct the PennREN project.

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).

KINBER has proposed slight route changes due to conditions that presented themselves during final route mapping (bridge crossing permits that were denied, previously existing poles that have been removed, etc.) that require a revised environmental assessment. KINBER is also waiting for the Department of Labor to approve new Davis Bacon Wage rates.

KINBER entered into a fixed-price contract with its construction vendor and only makes payments based on completed activities tied to a progress and payment schedule. There has been a lot more progress on the construction of the network than can not yet be reported here because KINBER has not yet been invoiced for the work.

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	60	60 miles over aerial fiber (via overlash) have been hung
New network miles leased	0	n/a for this project
Existing network miles upgraded	0	n/a for this project
Existing network miles leased	0	n/a for this project
Number of miles of new fiber (aerial or underground)	60	60 miles over aerial fiber (via overlash) have been hung.
Number of new wireless links	0	n/a for this project
Number of new towers	0	n/a for this project
Number of new and/or upgraded interconnection points	0	None at this time, project is on schedule.

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	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:
None at this time.

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:

Services and pricing models are currently under development. KINBER has hired an outside firm to complete a current market analysis of price and service offerings.

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).

KINBER will operate the PennREN network.

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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 construction in-on-going. There are no services offered or subscribers at this time.
	Providers with signed agreements receiving improved access	0	Network construction in-on-going. There are no services offered or subscribers at this time.
	Providers with signed agreements receiving access to dark fiber	0	Network construction in-on-going. There are no services offered or subscribers at this time.
	Please identify the speed tiers that are available and the number of subscribers for each	0	100M to 10G
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Network construction in-on-going. There are no services offered or subscribers at this time.
	Subscribers receiving new access	0	Network construction in-on-going. There are no services offered or subscribers at this time.
	Subscribers receiving improved access	0	Network construction in-on-going. There are no services offered or subscribers at this time.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Network construction in-on-going. There are no services offered or subscribers at this time.
Residential / Households	Entities passed	0	n/a. KINBER is not providing last mile or residential services.
	Total subscribers served	0	n/a. KINBER is not providing last mile or residential services.
	Subscribers receiving new access	0	n/a. KINBER is not providing last mile or residential services.
	Subscribers receiving improved access	0	n/a. KINBER is not providing last mile or residential services.
	Please identify the speed tiers that are available and the number of subscribers for each	0	n/a. KINBER is not providing last mile or residential services.
Businesses	Entities passed	0	n/a. KINBER is not providing services to businesses.
	Total subscribers served	0	n/a. KINBER is not providing services to businesses.
	Subscribers receiving new access	0	n/a. KINBER is not providing services to businesses.
	Subscribers receiving improved access	0	n/a. KINBER is not providing services to businesses.
	Please identify the speed tiers that are available and the number of subscribers for each	0	n/a. KINBER is not providing services to businesses.

7. Please describe any special offerings you may provide (600 words or less).
None.

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
n/a	n/a	n/a	n/a	None to report. The network is currently under construction.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

Award and negotiate contract with equipment and design services vendor; release NOC services RFP; hire lead network engineer, speak at community outreach events, and engage replacement marketing and communications director.

KINBER anticipates the network design to be 100% complete and an additional 200 miles of overlashed fiber to be hung. New aerial fiber construction will begin in 11Q4. All site surveys and building entrance drawings will be completed for the 62 identified community access institutions on the PennREN network. Node site construction will begin and cabinets will be installed in 50% of node sites.

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	29	Project is slightly behind proposed baseline scheduling due to the realignment of the deliverable schedule when KINBER entered into a revised construction agreement with their replacement vendor (Sunesys). The construction completion schedule and payment schedule shifted but is expected to catch up to projected baseline in Q4, 2011. The slower than anticipated response for ROW and make ready permits from local utilities has also impacted the completion schedule of the project.
2b.	Environmental Assessment	100	Completed, except for unanticipated changes that may be made to the route.
2c.	Network Design	100	Project on schedule.
2d.	Rights of Way	95	Progress may be impacted by ROW approvals and/or route changes that arise during the construction process.
2e.	Construction Permits and Other Approvals	50	All permits will be submitted, KINBER may be subject to delays in the approval process of the various utilities.
2f.	Site Preparation	30	Project on schedule.
2g.	Equipment Procurement	10	Contract will be awarded to equipment vendor; purchase agreement will be executed and some equipment may be ordered.
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	Project on schedule.
2i.	Equipment Deployment	0	Project is on time for equipment deployment in Q4, 2011.
2j.	Network Testing	0	Project is on-time for a portion of the network to begin testing in Q4, 2011.
2k.	Other (please specify): Fiber Procurement	100	KINBER has received 1,030 miles of fiber and has dedicated factory time and delivery dates for the remaining fiber necessary to construct the PennREN project.

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).

Right of way acquisition and pole make ready work delays are possible due to the response of the local utilities. Ultimate and timely resolution of the possible overlap with the Zito Media project in Northwestern PA.

KINBER had anticipated a large invoice from its construction vendor in late September 2011; but funds through ASAP will be unavailable from September 15 - October 1, 2011 and may push those payments into 11Q4.

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	\$3,513,083	\$3,513,083	\$0	\$645,159	\$645,159	\$0	\$895,159	\$895,159	\$0
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	\$512,500	\$292,500	\$220,000	\$339,059	\$202,254	\$136,805	\$425,994	\$259,254	\$166,740
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$190,000	\$190,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$118,892,448	\$23,691,770	\$95,200,678	\$27,455,436	\$5,487,237	\$21,968,199	\$37,093,597	\$7,093,597	\$30,000,000
j. Equipment	\$5,850,000	\$1,610,000	\$4,240,000	\$0	\$0	\$0	\$0	\$0	\$0
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$128,958,031	\$29,297,353	\$99,660,678	\$28,439,654	\$6,334,650	\$22,105,004	\$38,414,750	\$8,248,010	\$30,166,740
m. Contingencies	\$0	\$0	\$0						
n. TOTALS (sum of l and m)	\$128,958,031	\$29,297,353	\$99,660,678	\$28,439,654	\$6,334,650	\$22,105,004	\$38,414,750	\$8,248,010	\$30,166,740

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