

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570076	<b>3. DUNS Number</b>  829946784
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<b>4. Recipient Organization</b>  Vermont Telecommunications Authority One National Life Drive, Montpelier, VT 05602-3377
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<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  03-31-2012	<b>6. Is this the last Report of the Award Period?</b>  <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.

<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Jennine Poulin	<b>7c. Telephone (area code, number and extension)</b>  802 828 17
	<b>7d. Email Address</b>  jpoulin@telecomvt.org

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  05-10-2012
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**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**  
 1) During the quarter, Sovernet Fiber Corp (SFC) purchased 1.4 million feet of fiber-optic cable, bringing receipts to date to 2.6 million feet, almost 500 miles. 2) Of the estimated number of poles the project encompasses, at end of quarter, SFC had design surveyed and applied for attachments to 78%, requested make-ready work on 68%, and received all licenses needed for 38%. 3) SFC's right of way contractor continued to research easements, obtain landowner consents, secure rail crossing, interstate highway crossing and municipal highway work permits. 4) SFC issued bid packages and signed an additional three contracts for outside plant construction. SFC has now contracted for construction of 270 route miles, and as of end of quarter was evaluating bids for a fifth bid package covering 275 route miles. 5) By end of quarter, roughly 37 miles of strand and 19 miles of cable were attached to poles. 6) At quarter end, SFC was negotiating a contract with a provider of packet optical equipment based on the results of an RFQ/RFP process. During the quarter, an RFP for Network Monitoring and Service Level Agreement Reporting software was issued and a contract entered, an RFP for fiber tracking software was issued, and RFQ as well as RFP for router equipment were issued. 7) SFC applied for collocation permits for 6 additional locations owned by third parties, bringing the total to date to 16. 8) An Award Action Request (AAR) was submitted and approved by NTIA for route revisions intended primarily to address differences in field conditions (e.g. presence or lack of existing utility poles along planned routes) identified during detailed route surveys. The AAR increased the total network length by 54 miles. 9) VTA and SFC staff participated in bi-weekly calls with NTIA, and prepared and submitted various standard reports.

**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	20	Most of the variance between actual spending to date and the baseline spending is due to delays in electronic equipment purchases and outside plant construction. OSP construction in turn, has been constrained by the limited number and locations of make-ready licenses issues. Overall, however, SFC has made significant progress on parallel fronts to assure that the network can be constructed within the schedule required by NTIA. SFC has a substantial stock of fiber optic cable. All pole and route design survey work has been released to contractors. Make-ready has been requested on 68% of poles. Licenses have been obtained on 38% of poles. Service commitments have been obtained for 183 community anchor locations.
2b.	Environmental Assessment	49	No expenses were incurred during the quarter for environmental assessment work. Environmental Assessment activities for the project are complete, except to the extent necessary for review and approval of route revisions, and archeological site assessments required under the Programmatic Agreement. Archeological staff have been contracted and the process was implemented for review of proposed construction activities in non-exempt areas.
2c.	Network Design	49	As measured by expenditures, network design increased from 34% to 49% during the quarter as engineering firms continued to assist SFC with network design, route surveys and overall project management. Cumulative spending on Network Design through the quarter is consistent with the 49% that was projected in the previous PPR.
2d.	Rights of Way	0	Expenditures for rights of way are budgeted under Network Design, consistent with NTIA project accounting guidance. However, SFC's right of way contractor continued during the quarter to identify parcels for which rights of way must be obtained, and where necessary contacted property owners to obtain easements or other consents.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	<b>2e. Construction Permits and Other Approvals</b>	96	Expenses in this category are principally make-ready survey application fees. During the quarter, surveys were requested for approximately 1,500 poles. Through the quarter, surveys have been requested for approximately 77% of the utility poles involved in the project. In addition, numerous permits were received during the quarter for railroad crossings, interstate highway crossings, municipal and state roadways. Additional permits applications were submitted during the quarter for the same.
	<b>2f. Site Preparation</b>	32	Expenses in this category are principally for make-ready work by pole owners and third party attachees. Cumulative expenditures in this category increased from 24% to 32% of budget during the quarter, on target with the 32% projected in the previous PPR. Make-ready work has been authorized on roughly 68% of the poles encompassed by the project. Pole attachment licenses were issued during the quarter for 9,100 poles -- approximately 39% of the poles encompassed by the project. Delayed make-ready billing by third parties and lower-than-budgeted unit costs for make-ready are the primary reasons for the variance between indicators of spending and activity completion.
	<b>2g. Equipment Procurement</b>	2	Expenditures on equipment procurement trail the baseline projection of 50% and previous PPR projection of 16% budget spent by end of the quarter, as SFC has not yet started to purchase the principal electronic equipment -- packet optical and routers -- needed for the project. During the quarter, SFC issued an RFQ and RFP for routers, obtained proposals from vendors, and exchanged technical specifications with vendors. As of end of quarter, SFC was negotiating contract terms with a packet optical equipment vendor, and awaiting revised pricing from router vendors. Although equipment procurement trails the original milestone in terms of overall spending, the additional time taken to select vendors will not delay completion of the project.
	<b>2h. Network Build (all components - owned, leased, IRU, etc)</b>	16	Outside plant construction expenditures, which were projected in the original baseline plan to be 55% of budget the end of this quarter have been constrained by several factors. Those initially included project delays associated with Special Award Condition 10 and issuance of a FONSI following the environmental assessment. Subsequently, the overall volume of make-ready completion has been less than projected due to diversion of utility crews, as well as pole inventory, to restore plant damaged by severe weather in Vermont and nearby states. Last, outside plant construction has been constrained by locations of make-ready work completed by pole owners; much of the make-ready completed to date has not been geographically contiguous, limiting the ability to deploy construction crews to hang strand and cable. By end of quarter, roughly 37 miles of strand and 19 miles of cable had been installed. In spite of these challenges, progress during the quarter on make-ready and outside plant construction contracted by the end of the quarter has set the stage for accelerating plant construction. Over 9,100 poles had been released by pole owners for attachments (roughly 39% of the total needed), with the additional poles being completed at a pace of between 1,000 and 1,500 per month. During the quarter, SFC signed additional contracts for construction of outside plant: Package 2 for 61 miles; Package 3, 58 miles; and Package 4, 75 miles. SFC has now contracted for over 270 miles of construction. Also, as of the end of the quarter, SFC was evaluating bids on a fifth package, covering 275 miles, for which an RFP had been issued. Also, during the quarter, SFC purchased 1.4 million feet of fiber-optic cable, bringing the project to date receipts to 2.6 million feet.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	2i. Equipment Deployment	6	SFC's spending in this budget category is in line with the 6% projected in the previous PPR, although it trails the 40% baseline projection. The primary activity in this category is preparation of conditioned collocation space to house network equipment. During the quarter, SFC applied for collocation permits for 6 additional locations owned by third parties, bringing the total to date to 16. Preparation of the spaces by location owners were in varying stages of completion as of the end of quarter, with 10 locations having been released to SFC.
	2j. Network Testing	10	Although no budgeted expenses fall within this reporting category, a baseline project for Network Testing has been made to reflect anticipated fiber testing and network verification. Fiber delivered to vendors has been tested before delivered to construction contractors. Network testing will follow completion of network segments.
	2k. Other (please specify): Admin & Legal Expenses	57	Expenses are roughly in line with the 58% projected for the quarter in the previous PPR.

**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).**

The overall volume and locations for which pole make-ready have been completed and poles released to SFC to attachments has constrained SFC's ability to construct outside plant. Utility plant damage in Vermont by Tropical Storm Irene as well as by severe weather elsewhere in New England during 2011 caused a diversion of pole stock and construction crews away from pole make-ready jobs for the project. Few poles had been fully licensed until late in 4Q2011. However, the number of licenses issued started to pick up in 1Q2012, with 6,000 to 7,000 poles released to SFC during the quarter. While that number represents roughly 39% of total network miles, many of the licenses are for non-contiguous runs, limiting SFC's ability to hang cable. Protracted coordination and contract negotiations with property owners over easements for building entrances contributed to a much lesser extent to delays in outside plant 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	19	Outside Plant Construction is complete for 19 miles of network as of the end of quarter. The baseline plan was to have 450 route miles deployed by the end of the quarter. Tasks prerequisite to construction were postponed until Special Award Condition 10 was lifted and the EA FONSI issued. In addition, starting in 2Q2011 and continuing through 2Q2012, redeployment of utility crews in to areas of Vermont and southern New England to repair storm damage delayed make-ready for the project.
New network miles leased	0	SFC is negotiating for procurement of the fiber rights it intends to use along this network segment.
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of miles of new fiber (aerial or underground)	19	Baseline plan was to have 450 route miles deployed by end of the quarter. Tasks prerequisite to construction were postponed until Special Award Condition 10 was lifted and the EA FONSI issued. In addition, starting in 2Q2011 and continuing through 2Q2012, redeployment of utility crews in to areas of Vermont and southern New England to repair storm damage delayed make-ready for 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	Tasks prerequisite to construction were postponed until Special Award Condition 10 was lifted and the EA FONSI issued. Interconnection points will be activated as construction is completed along related network segments.

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	1
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	4
Average term of signed agreements (in quarters)	12

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Educational Networks of America, Inc.

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:

The project is not yet providing services.

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).

Sovernet Fiber Corp. (SFC), 5 Canal Street, Bellows Falls, VT 05101

Subrecipient

SFC will operate the entire network when completed.

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	Project is not presently providing service.

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	Project is not presently providing service.
	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	Project is not presently providing service.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Project is not presently providing service.
	Subscribers receiving new access	0	Project is not presently providing service.
	Subscribers receiving improved access	0	Project is not presently providing service.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Project is not presently providing service.
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).

N/A

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	Type of Anchor	Are you also the	Narrative description of how anchor institutions are using BTOP-
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	Area (town or county)	Institution (as defined in your baseline)	broadband service provider for this institution? (Yes / No)	funded infrastructure
None at this time	N/A	N/A	N/A	N/A

**Project Indicators (Next Quarter)**

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

1) Sovernet Fiber Corp (SFC) will purchase an additional million feet of fiber-optic cable. 2) SFC will finish design survey for 95% of the network, including most anchor institutions. 3) SFC estimates, by end of quarter, make-ready work will have been authorized for approximately 19,500 (83)% of poles required for the project, make-ready work will be complete and licenses issued for roughly 12,000 poles (51% of the project's route miles), though not entirely in contiguous segments. 3) SFC's right of way contractor will continue to research easements, obtain landowner consents, secure rail crossing, interstate highway crossing and municipal highway work permits. 4) During the quarter, SFC will execute contracts for the fifth bid package (270 miles), issue two bid packages for all remaining OSP construction, and enter a contract and start construction on one of those packages. 5) By end of quarter, roughly 200 miles of cable will be attached to poles or in conduit. 6) Contracts for packet optical and router equipment will be entered and purchase orders placed. Installation, tuning and testing of packet optical gear should begin in the quarter. 7) An AAR for community anchor institution changes will be drafted and possibly submitted during the quarter.

**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	39	Initial purchase orders for packet optical network equipment and routers will result in a significant pick-up in spending during the quarter, as will the start of construction for several more bid packages. Overall spending should reach 38% of the award by the end of the quarter. Construction should be complete on roughly 200 miles of outside plant. Contracts will have been released for six bid packages, comprising about 750 miles of outside plant. Design and fit-up of collocation facilities will continue. SFC anticipates obtaining additional CAI service commitments.
2b.	Environmental Assessment	49	Additional expenses may be incurred as necessary if required for NTIA review of possible route modifications, or for archeological site assessments. The extent of such work is not known at this time.
2c.	Network Design	60	Engineering firms will continue to assist SFC with network design, route surveys and overall project management. Other than for any future route changes that may be proposed to NTIA, SFC expects that route surveys for the entire project will be substantially complete by the end of the quarter.
2d.	Rights of Way	0	Expenditures for rights of way are budgeted under Network Design, consistent with NTIA project accounting guidance. However, SFC's right of way contractor will continue during the quarter to identify parcels for which rights of way must be obtained, and where necessary contacted property owners to obtain easements or other consents.
2e.	Construction Permits and Other Approvals	100	Make-ready surveys will be requested for an additional 1,500 utility poles during the quarter, bringing the total requested to roughly 84% of those required for completion of project.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2f.	Site Preparation	46	"Given mild Spring weather conditions and a substantial queue of pole make-ready requests pending with pole owners, SFC anticipates pole owners will complete make-ready and issue pole attachment licenses for a substantial number of poles during the quarter. SFC anticipates authorizing, during the quarter, make-ready work on roughly 3,600 utility poles – slightly over 15% of those required for the project. By end of quarter, make-ready work will have been authorized for approximately 19,500 (83)% of poles required for the project. SFC estimates pole-owners will have completed make-ready work and issued attachment licenses for roughly 12,000 poles (51%) by the end of the quarter, though not entirely in contiguous segments."
2g.	Equipment Procurement	28	Equipment Procurement expenditures are expected to increase substantially in 2Q2012 and 3Q2012. Contracts for both packet optical and router equipment, which comprise substantially all of the budget for this category, should be executed in the quarter, with equipment purchase orders to follow shortly thereafter.
2h.	Network Build (all components - owned, leased, IRU, etc.)	34	Overall, SFC estimates outside plant construction will be completed during the quarter on approximately 175 route miles, depending primarily on the extent to which make-ready is completed on contiguous runs, bringing the cumulative total to approximately 200 miles. Two additional bid packages for all remaining outside plant construction should be released during the quarter, with the goal of starting construction on one before the end of the quarter and on the other early in 3Q2012.
2i.	Equipment Deployment	39	SFC anticipates three additional collocations will be released to SFC by the end of the quarter.
2j.	Network Testing	20	Network testing will follow completion of OSP construction. An initial network segment will likely be ready for testing during this quarter.
2k.	Other (please specify): Admin & Legal Expenses	75	Other expenses are expected to be roughly in line with budget.

**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 overall volume and locations of pole attachment licenses issued by pole owners will continue to constrain outside plant construction, although with 39% of poles licensed at the start of the quarter and 51% anticipated by end of quarter, the quantity of contiguous segments of fully licensed poles will increase significantly. In addition, with construction contracts issued for all or nearly all of the network by end of the quarter, SFC will be better positioned to start construction where and when licenses are released. As mentioned in previous PPR's, there exists some risk that construction will be delayed on short network segments while easements are obtained or alternate routes designed, permitted and constructed. However, SFC expects all such situations can be resolved through negotiations or work-arounds.



### 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	\$1,956,141	\$590,272	\$1,365,869	\$983,419	\$301,632	\$681,787	\$1,125,387	\$344,222	\$781,165
b. Land, structures, right-of-ways, appraisals, etc.	\$1,151,500	\$345,450	\$806,050	\$84,914	\$25,474	\$59,440	\$491,311	\$147,393	\$343,918
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$3,017,040	\$905,112	\$2,111,928	\$368,693	\$110,608	\$258,085	\$747,893	\$224,368	\$523,525
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$3,400,000	\$1,020,000	\$2,380,000	\$1,668,283	\$500,485	\$1,167,798	\$2,043,283	\$612,985	\$1,430,298
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$30,720,083	\$9,216,025	\$21,504,058	\$6,242,527	\$1,942,758	\$4,299,769	\$12,133,859	\$3,850,158	\$8,283,701
j. Equipment	\$7,522,996	\$2,584,499	\$4,938,497	\$125,961	\$37,788	\$88,173	\$1,949,993	\$584,998	\$1,364,995
k. Miscellaneous	\$410,000	\$123,000	\$287,000	\$175,531	\$52,659	\$122,872	\$350,531	\$105,159	\$245,372
<b>l. SUBTOTAL (add a through k)</b>	\$48,177,760	\$14,784,358	\$33,393,402	\$9,649,328	\$2,971,404	\$6,677,924	\$18,842,257	\$5,869,283	\$12,972,974
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$48,177,760	\$14,784,358	\$33,393,402	\$9,649,328	\$2,971,404	\$6,677,924	\$18,842,257	\$5,869,283	\$12,972,974

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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