

**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
<b>4. Recipient Organization</b>  Vermont Telecommunications Authority One National Life Drive, Montpelier, VT 05602-3377		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  06-30-2012	<b>6. Is this the last Report of the Award Period?</b>  <input type="radio"/> Yes <input checked="" type="radio"/> No	
<b>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>		
<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>  08-24-2012	

**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 1.2 million feet of fiber-optic cable, bringing receipts to date to 3.8 million feet, roughly 720 miles. 2) Of the estimated number of poles the project encompasses, at end of quarter, SFC had design surveyed and applied for attachments to 94%, requested make-ready work on 78%, and received pole licenses needed for 52%. 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 requested bids selected contractors for two additional outside plant construction packages. SFC has now selected contractors for construction of the entire network. 5) Roughly 101 miles of strand and 101 miles of cable were attached to poles during the quarter, bringing the totals at end of quarter to 138 and 118 miles respectively. 6) SFC entered a contract with a provider of packet optical equipment and placed an initial \$2.4 million purchase order. As of June 30, proposals for fiber tracking software were under review, as were proposals for router equipment. 7) SFC submitted all remaining collocation applications; four additional locations were released to SFC during the quarter. 8) VTA and SFC staff hosted a site visit by NTIA and NOAA program 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	28	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. Design is complete for 94% of network routes. Make-ready has been requested on 93% of poles. Licenses have been obtained on 52% of poles. Cable has been placed on 118 route miles. Service commitments have been obtained for 186 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	65	As measured by expenditures, network design increased from 49% to 65% 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 exceeded the 60% 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.
2e.	Construction Permits and Other Approvals	100	Expenses in this category are principally make-ready survey application fees. During the quarter, surveys were requested for approximately 3,600 poles. Through the quarter, surveys have been requested for approximately 94% 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.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	2f. Site Preparation	40	Expenses in this category are principally for make-ready work by pole owners and third party attachees. Cumulative expenditures in this category increased from 32% to 40% of budget during the quarter, as compared to 46% projected in the previous PPR. Make-ready work has been authorized on roughly 78% of the poles encompassed by the project. Pole attachment licenses were issued during the quarter for 3,150 poles -- approximately 13% 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.
	2g. Equipment Procurement	2	Expenditures on equipment procurement trail the baseline projection of 55% and previous PPR projection of 28% for end of the quarter, as SFC has not yet paid for the principal electronic equipment -- packet optical and routers -- needed for the project. However, during the quarter, SFC completed contract negotiations with a packet optical equipment vendor and placed an initial purchase order for \$2.4 million - roughly a third of the project budget for equipment. SFC continued to negotiate with 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.
	2h. Network Build (all components - owned, leased, IRU, etc)	24	Outside plant construction expenditures, which were projected in the original baseline plan to be 70% of budget at 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 was 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. Currently, outside plant construction is constrained by locations of make-ready work completed by pole owners; portions of the make-ready completed to date has not been geographically contiguous, limiting the ability to deploy construction crews to hang strand and cable in an economic manner and without excessive cable splices. Nonetheless, 101 miles of strand and cable were installed during the quarter, bringing the cumulative total at end of quarter to 138 and 118 miles of strand and cable respectively. Over 3,100 additional poles were licensed during the quarter, for total of 12,000 (roughly 52% of the total needed). During the quarter, SFC selected outside plant construction contractors for three additional packages, which will total over \$11 million in spending. SFC has now awarded contracts for all outside plant construction. Also, during the quarter, SFC purchased 1.2 million feet of fiber-optic cable, bringing the project to date receipts to 3.8 million feet.
	2i. Equipment Deployment	12	SFC's spending in this budget category trails the 39% projected in the previous PPR as well as the original, baseline projection of 50%. The primary activity in this category is preparation of conditioned collocation space to house network equipment. During the quarter, SFC applied for the last of collocation permits needed, four additional collocations facilities were released to SFC, bringing the total released to 14.
	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 being released to construction contractors. Network testing will follow completion of network segments.
	2k. Other (please specify): Admin & Misc. Expenses	78	Cumulative expenses at end of quarter slightly exceeded the 75% projected 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 12,300 released to SFC by end of 2Q2012. While that number represents over half of total network miles, many of the licenses are for non-contiguous runs, limiting SFC's ability to hang cable. Requests for make-ready work on an additional 6,000 poles were pending at the end of 2Q2012. SFC continues to conduct make-ready coordination calls each week with pole owners to resolve issues and prioritize pending make-ready requests. 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	118	Outside Plant Construction is complete for 118 miles of network as of the end of quarter. The baseline plan was to have 500 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. Gaps in pole licenses issued by pole owners are also constraining SFC's ability to deploy new network miles.
New network miles leased	0	During the quarter, SFC reached an agreement in principle for procurement of the fiber rights it intends to use along this 17 mile network segment. A final agreement should be reached in 3Q2012.
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	118	Baseline plan was to have 500 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. Gaps in pole licenses issued by pole owners are also constraining SFC's ability to deploy new network miles. SFC nonetheless installed 101 miles of fiber during the quarter.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	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

Indicators	
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 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)
<b>Broadband Wholesalers or Last Mile Providers</b>	Providers with signed agreements receiving new access	0	Project is not presently providing service.
	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.
<b>Community Anchor Institutions (including Government institutions)</b>	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.
<b>Residential / Households</b>	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

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	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 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
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 substantially all remaining fiber-optic cable necessary for project completion.
- 2) Design survey for substantially all of the network, including most anchor institutions, will be completed by end of the quarter.
- 3) SFC estimates, by end of quarter, make-ready work will have been authorized for approximately 20,800 (87%) of the poles required for the project. Make-ready work will be complete and licenses issued for an additional 4,000 poles -- bringing the total to roughly 16,500 poles (70% of the project's route miles), though not entirely in contiguous segments.
- 4) SFC's staff and right of way contractor will continue to research easements, obtain landowner consents, secure rail crossing, interstate highway crossing and municipal highway work permits.
- 5) Construction will start on all remaining outside plant work orders.
- 6) By end of quarter, roughly 300 miles of cable will be attached to poles or in conduit.
- 7) Entrance facilities for 230 CAI locations will be designed and released for construction, and 30 locations will be completed.
- 8) A contract for routers will be entered and purchase orders placed.
- 9) Packet optical gear installation, tuning and testing will begin during the quarter. Core network routes connecting ten network nodes will be lit during the quarter.
- 10) Service may be initiated during the quarter to select CAI locations, as facility completion allows.
- 11) An AAR for community anchor institution changes will be drafted and 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	44	Additional purchase orders for packet optical network equipment 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 43% of the award by the end of the quarter. Construction should be complete on roughly 300 miles of outside plant, with contracts in place for all network segments. Design and fit-up of collocation facilities will continue. Packet electronic equipment, ordered late in 2Q2012, with a cost of \$2.4 million, will be installed. Additional equipment orders will be placed. Packet electronic equipment will be installed and turned-up on several core network routes. 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	78	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 route surveys for the entire project are substantially complete at the start 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 substantially all remaining utility poles during the quarter.
2f.	Site Preparation	53	SFC anticipates authorizing, during the quarter, make-ready work on roughly 2,500 utility poles. By end of quarter, make-ready work will have been authorized for approximately 20,800 (87%) (another 2,400 during quarter) of poles required for the project. SFC estimates pole-owners will have completed make-ready work and issued attachment licenses for roughly 16,500 (70%) by the end of the quarter, though not entirely in contiguous segments.
2g.	Equipment Procurement	36	Equipment Procurement expenditures are expected to increase substantially in 3Q2012. The contract for packet optical equipment, the largest dollar equipment contract, was executed late in 2Q2012. The initial \$2.4 million service order will be received during the quarter. A contract for router equipment will be entered during the quarter, and purchase orders placed.
2h.	Network Build (all components - owned, leased, IRU, etc.)	36	Overall, SFC estimates approximately 200 route miles of cable will be placed during the quarter, depending primarily on the extent to which make-ready is completed on contiguous runs, bringing the cumulative total to approximately 300 route miles.
2i.	Equipment Deployment	43	SFC anticipates three additional collocations -- all but one -- required for the project -- will be released to SFC by the end of the quarter.
2j.	Network Testing	20	Select core network routes will be tested during the quarter, once core electronic equipment is installed and continuous network routes are place.
2k.	Other (please specify): Admin & Legal Expenses	95	Other expenses are expected to be roughly in line with budget.
<p><b>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).</b></p>			
<p>The overall volume and locations of pole attachment licenses issued by pole owners will continue to constrain outside plant construction, although with 52% of poles licensed at the start of the quarter and 70% anticipated by end of quarter, the quantity of contiguous segments of fully licensed poles will increase significantly. In addition, with construction contracts now in place for all network segments, SFC will be better positioned to start construction where and when licenses are released. There exists some risk that construction will be delayed on short network segments while easements and permits are obtained or alternate routes designed. However, SFC expects all such situations can be resolved through negotiations or work-arounds.</p>			
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**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	\$1,162,212	\$349,607	\$812,605	\$1,291,711	\$388,457	\$903,254
b. Land, structures, right-of-ways, appraisals, etc.	\$1,151,500	\$345,450	\$806,050	\$174,380	\$52,314	\$122,066	\$476,380	\$142,914	\$333,466
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	\$519,542	\$155,863	\$363,679	\$933,542	\$280,063	\$653,479
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	\$2,224,380	\$667,314	\$1,557,066	\$2,649,380	\$794,814	\$1,854,566
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	\$9,026,026	\$2,777,808	\$6,248,218	\$13,016,027	\$4,114,808	\$8,901,219
j. Equipment	\$7,522,996	\$2,584,499	\$4,938,497	\$125,961	\$37,788	\$88,173	\$2,525,960	\$757,788	\$1,768,172
k. Miscellaneous	\$410,000	\$123,000	\$287,000	\$365,069	\$109,521	\$255,548	\$540,069	\$162,021	\$378,048
<b>l. SUBTOTAL (add a through k)</b>	\$48,177,760	\$14,784,358	\$33,393,402	\$13,597,570	\$4,150,215	\$9,447,355	\$21,433,069	\$6,640,865	\$14,792,204
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	\$13,597,570	\$4,150,215	\$9,447,355	\$21,433,069	\$6,640,865	\$14,792,204

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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