QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Award Identification Number	3. DUNS Number
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570085	878195239

4. Recipient Organization

Vermont Telephone Company, Inc. 354 River Street, Springfield, VT 05156-2242

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
06-30-2014	◯ Yes ⦿ No

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

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

Project Indicators (This Quarter)

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

Our AAR GOL#2482645 was approved in May of 2014 which increases our projected mileage to 165.22 from a previous projection of 142.14.

Route miles are projected at 165.22 and we have completed 136 route miles to date.
All 410 of our existing network miles in our baseline have been upgraded.
All of our 38 existing leased miles in our baseline are complete.
Our Total CAI's have been reduced (via AAR GOL #2482645) by four to a new projection of 132 - 109 currently connected and 23 planned but not yet connected.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	86	Our recently approved AAR (AAR GOL #2482645) puts our total route miles at 165.22 of which we have built 136 route miles. Our baseline remains t $12,861,126
2b.	Environmental Assessment	97	Environmental Assessment has been completed, and the project received a Finding Of No Significant Impact (FONSI) in 2Q11. We will be addressing any additional environmental assessments for route changes should they occur.
2c.	Network Design	75	The AAR (AAR GOL#2482645) called for a addition of of 23.08 route miles. We are in the final phase of engineering these route changes
2d.	Rights of Way	93	We obtained the final 3 easements for pre-AAR GOL#2482645 and will now focus on the post AAR GOL#2482645 and insure that they are all in hand
2e.	Construction Permits and Other Approvals	92	We have applied for all make ready licenses; however, we await final true up and invoicing from the utility companies. Final licenses may not be issued until October of 2014
2f.	Site Preparation	97	The majority of work is complete for this activity and we expect one or two more bills from contractors related to the AAR.
2g.	Equipment Procurement	90	Our contract with Alcatel has a retainage clause in it and we will not be billed for the entire equipment purchase until closeout. There are still some optics left to purchase in order for us to be fully operational
2h.	Network Build (all components - owned, leased, IRU, etc)	90	The additional miles in the AAR that was approved in late May of 2014 are all that is left to construct. We have a contract in place with a SDB (small disadvantaged business) for the AAR build out.
2i.	Equipment Deployment	0	The cost of deployment is bundled with the purchase of equipment. We do not have a breakout from the vendor.
2j.	Network Testing	85	Equipment to test the network was purchased. The AAR calls for additional route miles so once those miles are built we will spend the rest of these funds.
2k.	Other (please specify): admin & consulting	86	Application consulting, NTIA workshops, surveys

3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

The biggest challenge that we face is related to the completion of Make Ready and issuance of licenses to attach from the pole owners. AAR GOL#2482645 was approved with only 13 weeks remaining for us to complete the project.   Our utility companies have up to 90 days from application to schedule Make Ready work and then they have a rather liberal time table to actually perform the necessary work. We are applying for an extension request that would enable us to complete our project by December 31, 2014.

4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	136	We were able to make progress of approximately 7 new miles to bring our total to 136 against our new projection of 165.22 route miles from AAR GOL #2482645.
New network miles leased	0	We are in active negotiations of a 91-mile dark fiber IRU.
Existing network miles upgraded	410	As construction continued throughout the network in May & June we were able to upgrade the optics on our existing miles. Some minor cleanup work still exists that will be taken care of in 3Q14.
Existing network miles leased	38	Optics on the miles we lease were upgraded during the last quarter.
Number of miles of new fiber (aerial or underground)	136	Our AAR was approved in May and we now project a total of 165.22 miles to be fully constructed by December 31 of 2014
Number of new wireless links	0	n/a
Number of new towers	0	n/a
Number of new and/or upgraded interconnection points	27	We have reached 27 interconnection points, which are receiving new or improved access as a results of the BTOP project. Our revised projection for the project-completion is a total of 40 interconnection points.

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your sub recipient, contractor or subcontractor is negotiating or entered into.

5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	6
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	20

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
We have agreements with 6 wholesale and last mile providers and need 1 more to hit our baseline target of 7 improved. Our baseline for new agreements is 3 and to date we have no new agreements in place.

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

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

5c. What wholesale services are being provided by this project? Please describe below. As an attachment to this report, please provide pricing plans (in $ per month) associated with each wholesale service provided by your product (100 words or less). Wholesale services description:
Internet Bandwidth in 8 speed tiers ranging from 1 - 10,000+ Mbps
Transport services including Ethernet transport with 8 speed tiers ranging from 1 - 10,000+ Mbps; TDM, SONET and Wavelength transport services with circuits including but not limited to DS3, OC3, OC12, OC48, 2.5 Gig, and 10 Gig..

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this this third party operates (600 words or less).
We have not designated a third party to operate any or all of our network.

6. Please provide the data according to the type of subscriber. Write "0" in the Total column and "N/A" in the Narrative column if your project does not pass or serve a particular subscriber type. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (300 words or less).

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

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Total subscribers served	0	n/a
	Subscribers receiving new access	0	n/a
	Subscribers receiving improved access	0	n/a
	Please identify the speed tiers that are available and the number of subscribers for each	0	n/a

7. Please describe any special offerings you may provide (600 words or less).
With all $1,400 and $2,500 packages we include off site data storage, transport to Internet2 and access to state-wide WAN connections.

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

8b. If so, please describe the changes (300 words or less).
n/a

9. Community Anchor Institutions:
Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Figures should be reported for the most recent reporting quarter only (NOT cumulatively). Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (300 words or less).

Institution Name	Service Area (town or county)	Type of Anchor Institution (as defined in your baseline)	Are you also the broadband service provider for this institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
No new CAI's added	**No new CAI's**	**No new CAI's**	**No new CAI's**	**No new CAI's**

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
During the next quarter we will focus all of our attention on completing as much of our recently approved AAR as we are licensed by the pole owners to complete.   We have filed an extension request to mitigate the negative impact that any late Make Ready licensing from area utility companies may cause.

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**	95	If we are to receive all of the Make Ready licenses related to our AAR that was approved in May we feel that there will be 14 miles to construct during October of 2014
2b.	**Environmental Assessment**	97	All spending should be complete; however, a de minimis amount may remain unspent with construction ongoing.
2c.	**Network Design**	95	We anticipate additional spending for route changes from our AAR
2d.	**Rights of Way**	95	The majority of spending will be done; however, there is a small amount of money left in the budget should we need it for route changes brought on by the AAR

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2e.	Construction Permits and Other Approvals	95	The majority of spending will be done; however, there is a small amount of money left in the budget should we need it for route changes brought on by the AAR
2f.	Site Preparation	99	The majority of work is complete for this activity
2g.	Equipment Procurement	97	With 29 miles left to construct there may be a few components not fully paid at the end of the third quarter
2h.	Network Build (all components - owned, leased, IRU, etc.)	89	we expect to construct an additional 12 miles during the third quarter which will leave 14 more left to complete in October and early November - the 14 miles remaining relate to Make Ready licenses that may not be issued in the third quarter. We are requesting an extension until December 31, 2014 to complete this project.
2i.	Equipment Deployment	0	The cost of deployment is bundled with the purchase of equipment. We do not have a breakout from the vendor.
2j.	Network Testing	91	Testing will be 100% spent once all construction is completed
2k.	Other (please specify):	86	All administrative costs will be fully spent once construction ceases.

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).

AAR GOL 248645 brought our total project new construction to a total of 165.22 We have applied for all required licenses at this juncture; however the utility companies still have several weeks left to schedule the work before they issue a license. We have submitted an extension request for an additional 120 days of construction. We will be submitting a Rebudget AAR to realign our expense categories during the month of September.

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.

Cost Classification	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		
	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	$100,000	$30,000	$70,000	$41,346	$12,404	$28,942	$43,030	$12,909	$30,121
b. Land, structures, right-of-ways, appraisals, etc.	$0	$0	$0	$0	$0	$0	$0	$0	$0
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$105,370	$31,611	$73,759	$1,075,399	$322,619	$752,779	$1,236,801	$371,040	$865,761
e. Other architectural and engineering fees	$0	$0	$0	$0	$0	$0	$0	$0	$0
f. Project inspection fees	$80,000	$24,000	$56,000	$75,673	$22,702	$52,971	$75,673	$22,702	$52,971
g. Site work	$2,433,470	$730,041	$1,703,429	$2,616,530	$784,959	$1,831,571	$2,829,750	$848,925	$1,980,825
h. Demolition and removal	$0	$0	$0	$0	$0	$0	$0	$0	$0
i. Construction	$3,650,203	$1,095,061	$2,555,142	$2,792,041	$837,611	$1,954,429	$3,399,030	$1,019,709	$2,379,321
j. Equipment	$6,400,083	$1,920,025	$4,480,058	$4,442,645	$1,332,794	$3,109,852	$4,536,213	$1,360,864	$3,175,349
k. Miscellaneous	$92,000	$27,600	$64,400	$52,793	$15,839	$36,955	$52,793	$15,838	$36,955
l. SUBTOTAL (add a through k)	$12,861,126	$3,858,338	$9,002,788	$11,096,427	$3,328,928	$7,767,499	$12,173,290	$3,651,987	$8,521,303
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$12,861,126	$3,858,338	$9,002,788	$11,096,427	$3,328,928	$7,767,499	$12,173,290	$3,651,987	$8,521,303

2. Program Income: Please provide the program income you listed in your application budget and actuals to date through the end of the reporting period.

a. Application Budget Program Income: $938,470	b. Program Income to Date: $0