

RECIPIENT NAME: Vermont Telephone Company, Inc.

AWARD NUMBER: NT10BIX5570085

DATE: 06/18/2013

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

### 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

NT10BIX5570085

3. DUNS Number

878195239

4. Recipient Organization

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

5. Current Reporting Period End Date (MM/DD/YYYY)

03-31-2013

6. Is this the last Report of the Award Period?

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)

7d. Email Address

7b. Signature of Certifying Official

7e. Date Report Submitted (MM/DD/YYYY):

Redacted 6/17/13

**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**  
 During 1Q13 we turned up six additional major segments of our DWDM network. We constructed almost 30 miles of new fiber. We placed three new Points of Presence. We continued working with NTIA staff on our Award Action Request that was submitted late in 4Q12. KPI's for the first quarter of 2013 were 2 CAI's connected and 21.4 miles of fiber deployed.

**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	65	Fiber construction continued in the fourth quarter. Due to our difficulties and delays in make ready, we contracted with an individual to inspect segments that had not been licensed and to follow up with the local utility/pole owner to overcome delays.
2b.	Environmental Assessment	100	Environmental Assessment has been completed, and the project received a finding of No Significant Impact in 2Q11. We will be addressing any additional environmental assessments for route changes as they occur.
2c.	Network Design	100	The mileage has been staked and routes are finalized. We have submitted a request to make some additions, removals, and changes in the original routes, which will require additional engineering.
2d.	Rights of Way	75	100% of permits have been submitted, and make ready payments on the majority have been paid. We are monitoring make ready deadlines, and are aggressively addressing any problems or road blocks.
2e.	Construction Permits and Other Approvals	75	see 2d
2f.	Site Preparation	83	We continue to deploy our electronics. This methodical approach to deployment was not originally in our baseline, but progress is being made.
2g.	Equipment Procurement	80	Our contract with the equipment manufacturer contains a retainer clause. Until the deployment is fully completed and tested, final payments will not be made.
2h.	Network Build (all components - owned, leased, IRU, etc)	34	Network construction is progressing. We are behind our baseline projections, but are pushing all involved hard to reach completion.
2i.	Equipment Deployment	83	see 2f
2j.	Network Testing	83	see 2f
2k.	Other (please specify): Testing Equip	95	Testing equipment has been purchased

**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).**

Our team continues to hold weekly meetings to discuss make ready delays, construction progress, electronic installation progress, community anchor connections, and any other topics that need to be addressed for the timely completion of the project. Make ready delays have occurred on segments where a partial number of poles have been completed, due to availability of crews, difficulty in level of make ready. These partial segments needed to be addressed individually with the pole owners, so that attention, and completion could be accomplished.

**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)
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Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	76	Some make ready and permits are still pending, but we have made significant progress in the last quarter. We are continuing to work closely with pole owners.
New network miles leased	0	No variance with baseline
Existing network miles upgraded	241	The DWDM equipment that is needed to upgrade existing network miles is not yet operational.
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	76	Some make ready and permits are still pending, but we have made significant progress in the last quarter. We are continuing to work closely with pole owners.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	13	The DWDM equipment that is needed to add new or upgraded interconnection points is not yet operational.

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	7
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 6 existing agreements with broadband wholesale and last mile providers whose connection will be upgraded as a result of this project once the core optical network is installed. These customers are shown in the quarterly indicators of the baseline. We expect to be on schedule by the end of 2012. 

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:**

No new wholesale service have been provided by this project at this point in time.

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 (300 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	The electronic equipment is not yet operational

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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	The electronic equipment is not yet operational
	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	The electronic equipment is not yet operational
Community Anchor Institutions (including Government institutions)	Total subscribers served	38	N/A
	Subscribers receiving new access	38	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number or subscribers for each	0	Community Anchor institutions may also buy capacity on a per-Megabit/second basis; however we expect most of them will take advantage of one of our two tier pricing models. The first is 25Megabit/second of Internet capacity, burstable to 1000Megabit/second, including off site data storage. The second is 100Megabit/second of Internet capacity, burstable to 1000Megabit/second. Both packages include offsite data stora
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).

With all \$1,400 and \$2,500 packages we include off site data storage, transport to Internet2 and access to state wide WAN connection.

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

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**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
Northwest Elementary School	Rutland	School (K-12)	yes	Fiber infrastructure connecting Vermont schools is improving the quality and delivery of education in classrooms throughout the state. The exponential increase in bandwidth is enabling more data intensive applications and we hear of endless examples of this in the classroom. More schools have the ability to share smart board instructions in the classroom which has proven to be an engaging tool for all learners. Schools are now more than ever better positioned to utilize every budget dollar by way of integrating the live streaming applications into the classroom. In some cases, budgets have been cut for foreign languages, but the integration of live streaming enables a rural Vermont student to participate in Chinese language class, 150 miles away. Schools with access to fiber infrastructure are shifting educational activities to a 1:1 computing model, which equips students in the class room with their own computing device. The model is touted for increases in student achievements. Fiber connectivity in Vermont schools has also enabled more students to benefit from internet as a valuable research tool.
Rutland Middle School	Rutland	School (K-12)	yes	see Northwest Elementary School

**Project Indicators (Next Quarter)**

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).  
 Next quarter we plan to complete turn-up of all the major DWDM network segments, and make significant progress on the remaining fiber miles to be constructed in the project.  
 Mileage in Q2 will be approximately 30 miles which will get us to 76% of the project. We expect to "connect" another 20 CAI's during the quarter which brings us to 50% of the total and we do not expect to sign any broadband wholesaler/last mile provider agreements before June 30, 2013.

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	74	Extension AAR Filed
2b.	Environmental Assessment	100	Extension AAR Filed
2c.	Network Design	75	Extension AAR Filed
2d.	Rights of Way	75	Extension AAR Filed
2e.	Construction Permits and Other Approvals	60	Extension AAR Filed
2f.	Site Preparation	96	Extension AAR Filed
2g.	Equipment Procurement	75	Extension AAR Filed
2h.	Network Build (all components - owned, leased, IRU, etc.)	50	Extension AAR Filed
2i.	Equipment Deployment	85	Extension AAR Filed

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	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2j.	Network Testing	85	Extension AAR Filed
2k.	Other (please specify):	95	Extension AAR Filed

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).

Make ready and permit approvals continue to be our largest challenge. We will be submitting an extension request as these delays are hindering our ability to complete the project within the initial term. By the end of the 2nd quarter we will have spent 75% of the total project's budget. An extension request AAR was submitted.

**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	\$100,000	\$30,000	\$70,000	\$41,346	\$12,404	\$28,942	\$51,346	\$15,404	\$35,942
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	\$539,443	\$161,834	\$377,610	\$839,443	\$251,834	\$587,609
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	\$1,958,310	\$587,793	\$1,371,517	\$2,000,000	\$600,000	\$1,400,000
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$3,850,203	\$1,095,061	\$2,555,142	\$1,433,266	\$429,980	\$1,003,287	\$1,800,000	\$540,000	\$1,260,000
j. Equipment	\$6,400,083	\$1,920,025	\$4,480,058	\$4,309,252	\$1,292,775	\$3,016,477	\$4,800,000	\$1,440,000	\$3,360,000
k. Miscellaneous	\$92,000	\$27,600	\$64,400	\$52,793	\$15,838	\$36,954	\$70,000	\$21,000	\$49,000
l. SUBTOTAL (add a through k)	\$12,861,126	\$3,858,338	\$9,002,788	\$8,411,083	\$2,523,326	\$5,887,758	\$9,636,462	\$2,890,940	\$6,755,522
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	\$8,411,083	\$2,523,326	\$5,887,758	\$9,636,462	\$2,890,940	\$6,755,522

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: \$31,868