

RECIPIENT NAME:Vermont Telephone Company, Inc.

AWARD NUMBER: NT10BIX5570085

DATE: 03/26/2012

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

ANNUAL 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)

12-31-2011

6. Is this the last Annual 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

Justin Robinson

President

7c. Telephone (area code, number and extension)

8028857708

7d. Email Address

jmrobins@vermontel.com

7b. Signature of Certifying Official

Submitted Electronically

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

03-26-2012

OVERALL PROJECT PERFORMANCE INDICATORS

1. Please provide the following average cost figures for your project. Please review the instructions to determine how to calculate these figures. Write "0" in the second column and "N/A" in the third column if your project does not yet have this information. Depending on whether your project contains Middle Mile and/or Last Mile components, some metrics may not apply. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Cost Indicator	Average Cost / Speed	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Average cost per new mile (Middle Mile)	0	N/A
Average cost per household passed (Last Mile)	0	N/A
Average cost per subscriber (Last Mile)	0	N/A
Maximum broadband speed advertised (Middle Mile)	0	N/A
Maximum broadband speed advertised (Last Mile)	0	N/A
Average broadband speed provided (Middle Mile)	0	N/A
Average broadband speed provided (Last Mile)	0	N/A

2. Please provide each facility name and type, the county where the facility is located, and census tract information for any facilities funded by your project during this annual reporting period. Report only facilities for which construction has been completed.

Facility Identifier / Name	Facility Type	County	Census Tracts
N/A	N/A	N/A	N/A

Add Facility

Remove Facility

3. Please identify (1) the total number of interconnection, peering, and/or transit agreements entered into during this annual reporting period; (2) the total number of agreements of each type that you are currently negotiating; and (3) whether you have denied any request for interconnection and if so, why. If you have not entered into any agreements, please write "N/A."

Interconnection Agreements (600 words or less)

0 Interconnection agreements entered.
 0 Interconnection agreements being negotiated.
 0 Interconnection agreements denied.

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.

Peering and Transit Agreements (600 words or less)

7 Peering Relationship entered into.
 0 Peering or Transit Agreements being negotiated.
 0 Peering or Transit Agreements denied.

CAPACITY, UTILIZATION, AND CAPABILITY INDICATORS

4. Community Anchor Institutions: In the chart below, please provide information on the types of community anchor institutions capable of receiving service (i.e., anchor institutions connected to your network plus those passed by your network) as a result of BTOP funds.

Type of Community Anchor Institution	Total Number Within Service Area	Type of Community Anchor Institution	Total Number Within Service Area
Schools (K-12)	46	Public Housing	0
Libraries	0	Other Institutions of Higher Education	12
Medical and Healthcare Providers	22	Other Community Support Organizations	12
Public Safety Entities	4	Other Government Facilities	9
Community Colleges	3	Total Community Anchor Institutions	108

5. Please indicate the average increase in broadband speed provided to the community anchor institution customers as a result of your project, including a description of how this increase was calculated (600 words or less).

No increase in broadband speed provided to community anchor institutions has been achieved. Construction will begin in the 1st quarter of 2012.

6. What retail services are being provided by this project? Please describe below. (600 words or less). As an attachment to this report, please provide pricing plans (in \$ per month) associated with each retail service. Retail services description:

N/A

7a. What network management policies (e.g., bandwidth limitations, traffic prioritization) are in place for the services provided by your project? 7b. Have you ever limited or blocked consumers from accessing any lawful content, service, service provider, or application, or prevented any consumers from attaching any legal device to the network? If so, please explain why (300 words or less)?

VTel posts our terms of service and network management policies on our website where customers can access them. We do not prevent customers any lawful content, service, service provider, or application or prevent any consumers from attaching any legal device to the network. We are committed to the spirit of the NOFA.

8. If applicable, please provide the total number and the percentage of subscribers who have dropped the broadband service provided through this project (total number of households and/or businesses and the "churn rate") and the subscribers' reasons for discontinuing their service (600 words or less).

N/A

9. Please provide the following information regarding the number of fiber strand-miles:

Total Number of Strand-miles	Total Number of Active Fiber Strand-miles Used by Recipient	Total Number of Leased Fiber Strand-miles	Total Number of Dark Fiber Strand-miles	Total Number of Strand-miles Being Built		
				Active	Leased	Dark
18,504	0	0	0	18,504	0	0

10. If you wholesale dark fiber, please list your wholesale customers and the number of fiber miles you currently are leasing to those customers:

N/A

11. Please provide the following information regarding the facility collocation capacity:

Total Facility (total square feet for all facilities)	Number of Square Feet Used by Recipient	Number of Square Feet Leased	Number of Square Feet Available
544	27	27	490

12. If you do not own collocation space, please describe how and where other network providers and/or customers interconnect with your network (600 words or less).

Network providers and/or customers can interconnect with VTel at the interconnection points listed in our BTOP Application. These locations include primarily third party collocation facilities/Central Offices.

13. To the extent that you have made any subcontracts or sub grants, please provide the number of subcontracts or sub grants that have been made to socially and economically disadvantaged small business (SDB) concerns as defined by section 8(a) of the Small Business Act, 15 U.S.C. 647, as modified by NTIA's adoption of an alternative small business size standard for use in BTOP. Please also provide the names of these SDB entities (150 words or less).

No subcontracts or sub grants have been made to socially and economically disadvantaged small businesses.

We are entering into a construction contract with a socially and economically disadvantaged small business.

14. Please describe any best practices/lessons learned that can be shared with other similar BTOP projects (900 words or less).

As a result of our BTOP site visit in October, we have learned that in order to remain compliant with the final award agreement, it was necessary to make a few changes.

Although construction is not scheduled to begin until the first quarter of 2012, it was necessary to increase the rate in which we were reaching out to community anchors. By doing that, we quickly became aware that there might be changes to the list proposed originally, and determined through the overlap process, based on many different factors including economic conditions, market competition from other providers, changes in location due to tropical storm Irene, etc.

VTel also needed to adopt and document procedures to adequately comply with the financial management guidelines for the BTOP project. Processes are in place to identify allowable costs, however the policies needed to be clearly outlined, to ensure that BTOP guidelines are being followed.

The last performance improvement plan that was identified concerned identifying that all BTOP terms and conditions be included in any contracts entered into during the NTIA grant period. We have made corrections to all existing contracts, and any new contracts are being reviewed by VTel's attorneys to make sure that they include all the necessary terms and conditions required.

Several CAI's listed on the attached "Annual PPR CCI Addendum" have been stricken at the request of NTIA. Our understanding is that another BTOP funded project has included these and despite Vtel having built fiber prior to BTOP, these CAI's remain in the other BTOP project's scope. While VTel will not expend any grant funds to overbuild the fiber we've already placed, VTel's grant is also upgrading our network's overall speed and capacity. These pre-existing customers will receive improved service from VTel if they choose to remain our customers.

15. Using the Excel spreadsheet template titled "Annual PPR CCI Addendum", please provide an updated list of Community Anchor Institutions (CAIs) that you have connected and plan to connect to your network.

16. Using the Excel spreadsheet template titled "Annual PPR CCI Addendum", please provide a list of community pairs that are receiving new or improved broadband service as a result of BTOP grant funds.

17. Please provide up-to-date network route maps in a single file, in a Google Earth compatible format (e.g., KMZ file).