

LAW OFFICES
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A PROFESSIONAL CORPORATION

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October 31, 2011

(*ALSO ADMITTED IN N.Y.)

HAND DELIVERED

Susan M. Hudson, Clerk
Vermont Public Service Board
112 State Street – Drawer 20
Montpelier, VT 05620-2701

Re: Petition of City of Burlington d/b/a Burlington Telecom to amend Condition No. 17 of its Certificate of Public Good, enlarging the date by which it must complete its system build out
Docket No. 7044

Dear Sue:

Please consider the original and three (3) copies of this letter the seventh progress report of the City of Burlington ("City") d/b/a Burlington Telecom ("BT") as required by Paragraph 10 of the Board's Order in the above-referenced matter dated October 8, 2010. Reference should be made to BT's prior progress reports dated November 1, 2010, December 30, 2010, February 28, 2011, May 2, 2011, June 30, 2011 and August 31, 2011 for additional information.

Since the last status report the City has continued to negotiate with the out of state independent telephone company reported on previously. Presentations outlining the terms of the proposed transaction have been made by Dorman & Fawcett ("D&F") to both the Blue Ribbon Committee ("BRC") and the City Council in executive session. Negotiations with this entity have reached the point that financing opportunities are being explored. Because this proposed transaction envisions the purchase of replacement equipment, the filing of the CitiCapital lawsuit described below has not affected these negotiations. The City continues to keep the Department of Public Service ("Department") informed of the status of these negotiations.

As the Board is now aware, on September 2, 2011, Citibank, N.A., as assignee of CitiCapital Municipal Finance ("Citibank"), filed a complaint in the United States District Court for the District of Vermont against the City with respect to the Master State and Municipal Lease/Purchase Agreement dated August 15, 2007 (the "Lease"). The complaint seeks monetary damages, including punitive damages, and/or equitable relief, including the return of the equipment under the Lease. The City notified its insurance carrier of the receipt of the

complaint, which has agreed to cover the costs of defense of the City under a reservation of rights. The City's answer to the complaint is presently due November 8, 2011, although the parties are discussing a one-month extension of this filing date. The City believes many of the allegations made in Citibank's complaint are false or without merit, and the City expects to defend against the allegations vigorously. While Citibank's complaint seeks injunctive relief, there has been no request for immediate relief presented to the Court, and no precipitous action by Citibank is anticipated at this juncture. The City and the Department have been in communication concerning this lawsuit, and the City intends to keep the Department informed of any developments. The City understands that the Department may be communicating directly with Citibank.

As reported previously, BT has had discussions with the Department, the BRC and City Councilors about adopting a line extension policy consistent with Vermont Statutes and Board Rules as a potential cure for its non-compliance with Condition 17 of its Certificate of Public Good ("CPG"). At its meeting on October 17, 2011, the City Council unanimously adopted the attached Resolution that, *inter alia*, authorizes BT to proceed before the Board to amend Condition 17 by substituting the obligation to completely build-out the City with a line extension policy. The City anticipates that amending Condition 17 in this fashion will make BT more attractive to potential investors and business partners. The City anticipates filing a request for the Board to consider adopting the line-extension policy as a cure for the violation of Condition 17 as part of an overall cure proposal.

The Hearing Officer's *Procedural Order Re Pending Motions* dated June 17, 2011 directed BT "to provide as much financial information as possible, particularly with respect to monthly cash flow reports, in future progress reports." *Id.* at 3. Enclosed are financial reports dated September 13 and October 13, 2011, prepared by BT and provided to the plaintiffs in the civil action entitled *Osier, et al. v. City of Burlington, et al.*, Docket No. S1588-09 CnC, presently pending in Chittenden Superior Court, Civil Division.

Thank you for your assistance. If the Board needs anything further in this regard at this time, please let me know.

Very truly yours,



William F. Ellis

WFE/
Enclosures
cc: Docket 7044 Service List

1
2 **Resolution Relating to**
3

RESOLUTION 8.0

Sponsor(s) Councilors Keogh,
Shannon & Paul: Blue Ribbon Com.

4 ****revised version****
5

Introduced: 10/17/11

Referred to: _____

6
7 CITY OF BURLINGTON
8 BURLINGTON TELECOM PROPOSAL
9 CURE OF CONDITION 17 VIOLATION
10

Action: amended; adopted

Date: 10/17/11

Signed by Mayor: 10/18/11

11
12 **CITY OF BURLINGTON**
13

14 In the year Two Thousand Eleven.....

15 Resolved by the City Council of the City of Burlington, as follows:

16
17 That WHEREAS, the City of Burlington d/b/a Burlington Telecom ("BT") received a
18 Certificate of Public Good ("CPG") from the Vermont Public Service Board ("PSB") in
19 September 2005 to operate a cable television system; and

20 WHEREAS, Condition 17 of the CPG required BT to build its network to serve every
21 residence, building and institution in the City within 36 months of the issuance of the CPG; and

22 WHEREAS, BT did not build its network to serve the entire City by September 2008,
23 and the PSB has found BT in violation of Condition 17 by Order dated October 8, 2010; and

24 WHEREAS, the PSB also found BT in violation of Condition 60 of its CPG by incurring
25 a debit to the City's pooled cash management system of \$16.9 Million, which remains
26 outstanding; and

27 WHEREAS, the PSB's finding of violations of Conditions 17 and 60 has triggered BT's
28 statutory right to a reasonable opportunity to cure the violations; and

29 WHEREAS, since issuance of the CPG, economic realities have caused state law and
30 PSB rules to be changed so that a cable television company is not obligated to overbuild where
31 another cable company has previously built a cable television system; and

32 WHEREAS, BT's revenues are insufficient to both build out the remaining areas of the
33 City and repay the \$16.9 Million debt to the cash pool; and
34

36 **Resolution Relating to**

CITY OF BURLINGTON
BURLINGTON TELECOM PROPOSAL amended 10/17/11
CURE OF CONDITION 17 VIOLATION

37
38
39 is currently in the search process for
40 WHEREAS, BT and the City of Burlington have publicly stated that they need to find a
41 strategic and/or financial partner for BT; and

42 ~~WHEREAS, Condition 17 must be amended in accordance with current rules to attract a~~
43 ~~partner, and~~ amended 10/17/11

44 WHEREAS, BT proposes to cure its violation of Condition 17 by seeking PSB approval
45 of an amendment removing the obligation to build out the entire City and replacing it with a line
46 extension tariff consistent with PSB rules; and

47 WHEREAS, the City of Burlington will make commercially viable buildout a
48 requirement that a potential partner must address in any proposal;

49 NOW, THEREFORE, BE IT RESOLVED that the City Council hereby adopts a line
50 extension tariff consistent with PSB Rule 8.313 in the form attached hereto; and

51 BE IT FURTHER RESOLVED that BT is authorized to seek PSB approval of an
52 amendment to Condition 17 of its CPG to remove the obligation to build out the entire City and
53 replace that obligation with the line extension tariff.

54

55

56

57

58

* * * * *

ORIGINAL

DISTRIBUTION:

I hereby certify that this resolution
has been sent to the following
department(s) on

BT-Amber Thibeault
City Attorney's Office-Linda Blanchard

RESOLUTION RELATING TO

City of Burlington Burlington Telecom
Proposal Cure of Condition 17 Violation

as amended

Adopted by the City Council

October 17, 2011

Clerk

Attest:

Lori Orberg

Licensing, Voting and Records Coordinator

Approved: 10/18, 2011

Mayor

Vol. Page

* * * * *

CABLE SERVICE TARIFF

OF

CITY OF BURLINGTON D/B/A BURLINGTON TELECOM

This tariff contains the line extension policy of the City of Burlington d/b/a ("BT" or "Company") throughout its service territory.

This tariff is on file with the Vermont Public Service Board ("VPSB") and copies may be inspected during normal business hours at the VPSB and at the Company's principal place of business.

ISSUED: _____, 2011

EFFECTIVE: _____, 2011

BY: Stephen Barraclough – Interim General Manager

SECTION 1 – DEFINITIONS

CIAC: Contribution-in-aid-of-construction for video cable services, as outlined in VPSB Rule 8.313.

Company: City of Burlington d/b/a Burlington Telecom, the issuer of this tariff.

CPG: Certificate of Public Good, as issued by the Vermont Public Service Board.

Customer: A person receiving service from the Company and who is responsible for bill payment of such service.

Custom Installation: Any Customer requesting an installation other than as described in these definitions as a normal installation, including but not limited to an underground installation. A Customer requesting a custom installation shall be granted a credit equal to the cost of a 300' aerial drop.

Initial Subscriber: A person who contributes to the original CIAC line extension.

Installation: Normal installation is an overhead (aerial) cable requiring up to three hundred (300) feet of cable plant from the distribution line to the Customer's premises or ground block. Drops in excess of this length, any concealed wiring or other custom installation work, and all underground drops, shall be charged at the Company's Labor and Materials rates.

Labor and Materials: Invoice cost of all materials plus labor charges and overhead costs.

Line Extension: An addition to the existing distribution system into previously uncabled areas.

Materials Rate: The invoice plus overhead cost of the materials used to provide service.

New Subscriber: For purposes of this line extension tariff, a person who does not contribute to the original CIAC line extension.

Original Participant: See Initial Subscriber.

Point of Demarcation: Point located twelve (12) inches outside the Premises. The Customer is responsible for all wiring-related equipment and cable wiring from the Premises up to the point of demarcation.

Premises: The address to which the Company provides services.

Pre-wiring: Installing cable in a structure under construction prior to closing of walls. Charge includes outlet box and service cable to each outlet from a central distribution point.

Subscriber: See Customer.

Underground Installation: Refers to placing or burying of cable below ground level. Any underground installation is a custom installation.

Verified Customer: A person whose residence is in an unserved area who makes a binding commitment to purchase cable service from the Company for a minimum period of two (2) years, or a lesser period required by the Company, or pays an amount equivalent to one year of service in advance.

VPSB: Refers to the Vermont Public Service Board.

SECTION 2 - LINE EXTENSION POLICY

- 2.1 Cost-Sharing Formula:** The Company shall provide line extensions at no additional cost to potential customers if there is a density of 16 equivalent year-round residences of verified subscribers per mile, starting at the nearest serviceable end of the existing coaxial distribution system. The nearest serviceable end is defined as the location of the nearest coaxial plant where a tap can be cut to serve the customer. Applicants requesting a line extension for service into areas where "homes per mile" is less than 16 shall pay a contribution-in-aid-of-construction (CIAC) to be computed under the following formula:

$$A = \frac{C_T}{N} \left(1 - \frac{N}{16 * L} \right)$$

A = dollar contribution from each new customer;

C_T = actual cost of the line extension;

N = the number of verified Customers on the extension who will be participating in the CIAC;

L = the length of the extension in miles, via a pole line, from the nearest point on the existing system. The length of the extension shall be measured by determining the total amount of cable-bearing strand needed to serve an uncabled area.

- 2.2 Minimum Service Period:** The minimum service period required for an applicant requesting a line extension is two (2) years.
- 2.3 Site Surveys:** Upon request, the Company shall conduct a site survey to determine the cost of bringing cable service to a prospective subscriber or subscribers. The Company shall inform each of the prospective subscribers of the contribution-in-aid-of-construction that may be charged. If there is a designated community organizer, the Company shall provide the designated community organizer with appropriate information such as the cost of the extension, how the Company's line extension policies work, product information, and construction time frames.
- 2.4 Timeframe for Site Surveys and Estimates:** The Company shall provide a preliminary estimate within fifteen (15) business days from receipt of a request. If requested by the subscriber, the Company shall provide a final estimate within thirty (30) business days of receiving written approval of the preliminary estimates by all included subscribers. Where site surveys involve a non-conventional extension of more than three (3) ends of line and twenty (20) verified subscribers, the Company may have thirty (30) business days to provide an initial estimate and sixty (60) business days to provide a final estimate..
- 2.5 Standard Drop:** Unless otherwise requested, the cost estimate shall use a standard aerial drop of three hundred (300) feet from the pole for each dwelling serving each verified subscriber.

SECTION 2 – LINE EXTENSION POLICY, (CONT'D.)

- 2.6 Non-Standard Drops and Installations:** Each verified subscriber shall be responsible for its own additional costs for installation of any non-standard service drop unless participating verified subscribers and the Company agree to divide the cost of non-standard service drops among the group of verified subscribers requesting service.
- 2.7 Pole Licensure:** The Company shall apply for any necessary pole attachment agreements within thirty (30) days of receipt of the contribution-in-aid-of-construction from all verified subscribers. Cable service shall be made available within ninety (90) days from the receipt of pole attachment agreements and other necessary easements and subject to weather, Force Majeure, and the performance of make ready.
- 2.8 Expansion of Service:** Nothing in this tariff shall require the Company to expand service in the absence of a request from one or more verified subscribers.
- 2.9 Overbuilds:** Nothing in this tariff shall require the Company to overbuild another company, or provide cable service to locations where another cable company has already constructed facilities or to which another cable company is required by rule or order of the Board to construct facilities, or to locations where another cable company has made a binding commitment to construct facilities within the next eighteen (18) months.
- 2.10 Rebates:** For a period of seven (7) years from the completion of a line extension, contributions from new customers connecting to a customer-financed line extension shall be based upon an equal sharing of the full cost of construction of the line extension as if the new customers were original participants.

Contributions shall be calculated and reimbursed to the original participants based upon an equal sharing of the full cost of the CIAC as if the new customers were original participants, except that:

- (a) All line extension reimbursements shall be paid by the Company to the current owners of the dwellings or structures served by line extensions that are subject to reimbursement payments for new connections, and shall be paid as a cash rebate or, if to a current subscriber, cash or a credit, at the subscriber's choice.
- (b) Reimbursements may be made at any time, but a final reallocation and reimbursement shall be conducted at the end of a seven (7) year period.
- (c) No reimbursement shall be required if the computed amount is less than \$100.

When calculating contributions or reimbursements under this section, the original full cost of construction may be depreciated at a straight-line rate of up to fifty percent (50%) at the end of the seven (7) year period. Depreciation for these purposes, if any, shall be calculated similarly for both contributions and reimbursements and applied as of the date of connection of new customer(s).

Burlington Telecom

Balance Due to City

As of 9/13/11

| DESCRIPTION | Balance with City |
|---|----------------------|
| Due to City - GL 4383-33002 | 229,166.93 |
| Checks paid 9/9/11-not posted to GF-4383-21001 | 93,976.97 |
| Cash in Bank-per online statement | (561,739.88) |
| Net due City/(Excess Cash) | (238,595.98) |
| Scheduled Cash Outlay - Sep 2011 (9-15 through 9-30-11) | \$ 508,322.07 |
| Anticipated Cash collections - Aug Billings | (392,800.00) |
| Non-AR cash benefit | 0.00 |
| Due to City @ 9/30/11/(Excess cash @ 9/30/11) | (123,073.91) |
| A/R to be collected | \$ 538,010.87 |
| Taxes Payable out of Billings | \$ 39,274.79 |
| \$ available for expenses | \$ 498,736.08 |
| Collect within 30 days | \$ (392,800.00) |
| AR collect within 60 days | \$ 105,936.08 |

Burlington Telecom

All Rpt Areas
CO # : 196
OCN # : 086D

Aged Trial Balance Report Accounts only
All Accounts Suppressing Zero Balances Sorted By Account Name, Account
BURLINGTON TELECOM

| Account Name | Account Number | Inactive Date | Last Payment Date | Last Payment | Total Balance |
|-----------------|----------------|---------------|---------------------------|--------------|--------------------------|
| Company Totals: | | | | | 1,082,707.04 |
| | | | Inactive accounts | | (361,281.24) |
| | | | September collections MTD | | (126,700.00) |
| | | | Collected Interco | | <u>(56,714.93)</u> |
| | | | Available to collect | | <u><u>538,010.87</u></u> |

it Number

7/31/2011

| | | | | |
|---------------------------|--------------------------|-----------------------|-----------------------|------------------------|
| Unapplied Pre Payments | Balance Under 30 Days | Balance 30-59 Days | Balance 60-89 Days | Balance 90 and Over |
| | 563,109.53 | 143,037.25 | 60,795.58 | 315,764.68 |

BURLINGTON TELECOM

PROFIT & LOSS STATEMENT

ACTUAL

FY10/11

| | Actual | | | | | | | | | | | | Budget | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 | 10/3 | 11/3 | 12/3 | 01/4 | 02/4 | 03/4 | 04/4 | 05/4 | 06/4 | 07/4 | 08/4 | 09/4 | 10/4 | 11/4 | 12/4 | 01/5 | 02/5 | 03/5 | 04/5 | 05/5 | 06/5 | 07/5 | 08/5 | 09/5 | 10/5 | 11/5 | 12/5 | 01/6 | 02/6 | 03/6 | 04/6 | 05/6 | 06/6 | 07/6 | 08/6 | 09/6 | 10/6 | 11/6 | 12/6 | 01/7 | 02/7 | 03/7 | 04/7 | 05/7 | 06/7 | 07/7 | 08/7 | 09/7 | 10/7 | 11/7 | 12/7 | 01/8 | 02/8 | 03/8 | 04/8 | 05/8 | 06/8 | 07/8 | 08/8 | 09/8 | 10/8 | 11/8 | 12/8 | 01/9 | 02/9 | 03/9 | 04/9 | 05/9 | 06/9 | 07/9 | 08/9 | 09/9 | 10/9 | 11/9 | 12/9 | 01/0 | 02/0 | 03/0 | 04/0 | 05/0 | 06/0 | 07/0 | 08/0 | 09/0 | 10/0 | 11/0 | 12/0 | 01/1 | 02/1 | 03/1 | 04/1 | 05/1 | 06/1 | 07/1 | 08/1 | 09/1 | 10/1 | 11/1 | 12/1 | 01/2 | 02/2 | 03/2 | 04/2 | 05/2 | 06/2 | 07/2 | 08/2 | 09/2 | 10/2 | 11/2 | 12/2 | 01/3 | 02/3 | 03/3 | 04/3 | 05/3 | 06/3 | 07/3 | 08/3 | 09/3 |

* \$386,673.48 interest payment came from the executive account and \$281,100.20 was assigned to nonexecutives.

Burlington Telecom

Balance Due to City

As of 10/13/11

| DESCRIPTION | Balance with City |
|---|----------------------|
| Due to City - GL 4383-33002 | (356,997.57) |
| Checks paid 9/9/11-not posted to GF-4383-21001 | 120,845.96 |
| Cash in Bank-per online statement | (69,296.82) |
| Net due City/(Excess Cash) | <u>(305,448.43)</u> |
| Scheduled Cash Outlay - Oct 2011 (10-14 through 10-31-11) | \$ 504,883.00 |
| Anticipated Cash collections - Sep Billings | (388,000.00) |
| Non-AR cash benefit | <u>0.00</u> |
| Due to City @ 10/31/11/(Excess cash @ 10/31/11) | (188,565.43) |
| A/R to be collected | \$ 572,997.67 |
| Taxes Payable out of Billings | \$ 41,828.83 |
| \$ available for expenses | \$ 531,168.84 |
| Collect within 30 days | \$ (388,000.00) |
| AR collect within 60 days | \$ 143,168.84 |

Burlington Telecom

Source & Use of Cash - FY

| | 1Q Actual | Actual Oct-10 | Actual Nov-10 | Dec-10 | Jan-11 | Actual Feb-11 | Actual Mar-11 | Actual Apr-11 | Actual May-11 | Actual Jun-11 | Actual Jul-11 | Actual Aug-11 | Actual Sep-11 | Actual Oct-11 | 10/31/2011 | 10/27/11 | 10/26/11 | 11/4/11 | 11/11/11 | 11/18/11 | 11/25/11 | 12/2/11 | 12/9/11 | 12/16/11 | 12/23/11 | 12/30/11 | 1/6/12 |
|---|-----------|---------------|---------------|-----------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|----------|----------|---------|----------|----------|----------|---------|---------|----------|----------|----------|---------|
| Sources of Cash: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Royalties | 1,302,193 | 644,630 | 605,724 | 613,044 | 659,047 | 627,003 | 644,398 | 573,911 | 547,613 | 556,243 | 557,185 | 552,079 | 582,543 | 180,290 | 200,000 | 184,000 | 184,000 | 126,000 | 148,000 | 148,000 | 145,357 | 125,000 | 148,000 | 148,000 | 148,000 | 148,000 | 125,000 |
| Revenue sharing | 1,304 | 10,328 | 7,476 | 10,328 | 10,249 | 9,131 | 9,183 | 9,948 | 7,683 | 8,102 | 9,820 | 8,845 | 9,333 | 5,310 | 2,000 | 2,000 | 2,000 | 5,800 | 1,500 | 1,500 | 1,500 | 5,800 | 1,500 | 1,500 | 5,800 | 1,500 | |
| Other/True Up/RPS Access Fees | 1,934,097 | 654,959 | 613,200 | 642,374 | 582,286 | 630,134 | 633,471 | 543,859 | 555,476 | 594,343 | 593,105 | 557,923 | 598,476 | 185,900 | 202,000 | 185,000 | 185,000 | 130,600 | 149,500 | 149,500 | 146,857 | 130,800 | 149,500 | 149,500 | 149,500 | 136,300 | |
| Total Sources of Cash | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Uses: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| COGS | 538,049 | 184,603 | 192,206 | 180,365 | 185,000 | 216,353 | 218,000 | 171,273 | 170,686 | 155,483 | 153,614 | 166,959 | 176,103 | 28,516 | 75,000 | 75,000 | 75,000 | 50,000 | 40,000 | 40,000 | 40,000 | 43,000 | 40,000 | 43,000 | 43,000 | 40,000 | |
| Operating Expenses | 1,021,629 | 289,705 | 372,365 | 291,759 | 144,184 | 768,085 | 406,826 | 107,101 | 429,542 | 407,234 | 245,107 | 351,858 | 409,347 | 35,171 | 130,238 | 172,200 | 172,200 | 83,000 | 86,000 | 86,000 | 86,000 | 86,000 | 82,500 | 82,500 | 82,500 | 82,500 | |
| Net Cash from Ops before Int and CapX | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest Expense - City of Burlington | 130,540 | 34,898 | 35,497 | 36,380 | 36,680 | 31,947 | 0 | 51,947 | 67,815 | 0 | 120,000 | 65,449 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,000 | 0 | 0 | 22,000 | 0 | 0 | 0 |
| Interest Expense - Cell Leasing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Expenditures | 171,789 | 70,405 | 66,480 | 2,878 | 0 | 370 | 0 | 0 | 2,659 | 3,600 | 9,969 | 15,590 | 32,090 | 0 | 30,365 | 0 | 30,365 | 3,605 | 3,605 | 3,605 | 3,605 | 3,605 | 3,605 | 3,605 | 3,605 | 3,605 | 3,605 |
| Total Uses of Cash | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Cash from Operations | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash Balance per GL & Bank | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash per Bank | 546,383 | 33,088 | 152,732 | 527,705 | 100,977 | 102,320 | 596,769 | 590,055 | 23,563 | 214,418 | 35,213 | 437,042 | 390,201 | 69,287 | | | | | | | | | | | | | |
| Due from/(Due to) GF | (474,293) | (114,350) | (58,642) | (302,624) | (320,626) | (69,428) | (69,428) | (488,525) | (267,695) | (198,785) | (1,175) | 199,100 | (233,606) | (246,501) | 236,152 | | | | | | | | | | | | |
| 72,090 147,438 94,090 225,081 421,503 32,892 108,265 322,391 223,348 13,243 234,313 183,436 143,700 305,448 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 147,438 84,090 225,081 421,503 32,892 108,265 322,391 223,348 13,243 234,313 183,436 143,700 305,448 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | |

All Rpt Areas
CO # : 196
OCN # : 086D

Aged Trial Balance Report Accounts only
All Accounts Suppressing Zero Balances Sorted By Account Name, Account
BURLINGTON TELECOM

| Account Name | Account Number | Inactive Date | Last Payment Date | Last Payment | Total Balance |
|-----------------|----------------|---------------|-------------------------|--------------|--------------------------|
| Company Totals: | | | | | 946,698.56 |
| | | | Inactive accounts | | (193,410.63) |
| | | | October collections MTD | | (180,290.26) |
| | | | Collected Interco | | <u>0.00</u> |
| | | | Available to collect | | <u><u>572,997.67</u></u> |

at Number

7/31/2011

| | | | | |
|---------------|---------------|------------|------------|-------------|
| Unapplied Pre | Balance | Balance | Balance | Balance |
| Payments | Under 30 Days | 30-59 Days | 60-89 Days | 90 and Over |
| | 563,109.53 | 143,037.25 | 60,795.58 | 315,764.68 |

PROFIT & LOSS STATEMENT

11/01/11

11/01/11

[illegible]

* \$386,673.45 interest
on money came from the
business account and
\$1281,180.26 are accrued
interests.