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February 15, 2012

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 tenth 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, as amended by Paragraphs 3 and 4 of the Board's Order dated November 23, 2011. 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, August 31, 2011, October 31, 2011, December 15, 2011 and January 17, 2012 for additional background information.

There have been several developments in the lawsuit commenced by Citibank, N.A. ("Citibank") against the City pending in the United States District Court for the District of Vermont since the date of the last status report. On January 25, 2012, the parties filed a Joint Motion to Continue the hearing on CitiBank's Motion for Mandatory Preliminary Injunction and/or Preliminary Injunction, which was then scheduled to be heard on February 1 and 2, 2012, so the parties could attempt to settle the matter through negotiation. On January 26th, the Court granted the Joint Motion to Continue, and the hearing on CitiBank's motion has subsequently been rescheduled to be heard on March 15 and 16, 2012. The parties met on February 2, 2012, and while these discussions are necessarily confidential, the parties have agreed to continue settlement discussions through the date of the hearing on CitiBank's motion. The City has and

Susan M. Hudson, Clerk
February 15, 2012
Page 2

will continue to keep the Department of Public Service ("Department" or "DPS") informed of developments concerning the lawsuit.

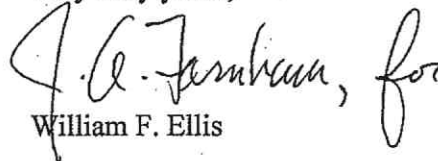
The City's financial advisors, Dorman & Fawcett ("D&F"), have indicated that discussions with the out of state independent telephone company reported on previously have reached a standstill in light of the issues presented by the CitiBank lawsuit. There is nothing new to report on the other group of potential investors in BT reported on in the City's last two status reports. D&F has also contacted two other parties that have expressed interest but had been reluctant to proceed due to the uncertainty of the Citicapital litigation. These parties may have renewed interest based on the possibility of a settlement with Citicapital.

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 is a financial report dated February 13, 2012, 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.

Paragraph 4 of the Board's Order of November 23, 2011 requires BT's monthly reports to include a description and an accounting of any expenses related to BT that are made from the City's General Fund and not charged to BT, as well as the receipt and disposition of any funds the City receives related to exclusivity periods and cost reimbursements from potential investors and partners in BT. Enclosed herewith is an accounting of expenses related to BT paid from the City's General Fund from May 19, 2011 through February 10, 2012. As you will see, there have been no payments from the General Fund since the date of the last status report. The City has not received any funds related to exclusivity periods or cost reimbursements as of the date of this report.

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
231052-67

SERVICE LIST
Docket No. 7044

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BURLINGTON TELECOM

ACTUAL

FY10/11

PROFIT & LOSS STATEMENT

[illegible]

Burlington Telecom

Balance Due to City

2/13/2012

DESCRIPTION	Balance with City
Due to City - GL 4383-33002	(716,123.22)
Checks paid 1/1/12-2/13/12-not posted to GF-4383-21001	251,093.58
Cash in Bank-per online statement	(148,651.18)
Net due City/(Excess Cash)	(613,680.82)
Scheduled Cash Outlay - Feb 2012 (2-13-12 through 2-29-12)	\$ 262,209.50
Anticipated Cash collections - Feb Billings	(307,300.00)
Non-AR cash benefit	0.00
Due to City @ 02/28/12/(Excess cash @ 02/28/12)	(658,771.32)
A/R to be collected	\$ 545,653.02
Taxes Payable out of Billings	\$ 39,832.67
\$ available for expenses	\$ 505,820.35
Collect within 30 days	\$ (307,300.00)
AR collect within 60 days	\$ 198,520.35

Burlington Telecom

Fund 4383

Sources & Use of Cash - FY 2011

[illegible]

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:					1,011,997.96
				Inactive accounts	(235,371.71)
				Billing cycle collections MTD	(230,973.23)
				Collected Interco	<u>0.00</u>
				Available to collect	<u><u>545,653.02</u></u>

it Number

1/31/2012

Unapplied Pre Payments	Balance Under 30 Days	Balance 30-59 Days	Balance 60-89 Days	Balance 90 and Over
	570,142.27	178,036.76	46,720.94	217,097.99

CITY OF BURLINGTON
Legal, Consulting & Regulatory Expenses related to Burlington Telecom
May 19, 2011 - February 10, 2012

Firm Name	Purpose	Fund	Prior Balance	Additions	Total
Burak Anderson & Melloni	Consultation with Clerk Treasurer's Office	GF	\$264.00	\$0.00	\$264.00
Dorman & Fawcett	Investor/Partner Work	GF	\$147,800.00	\$0.00	\$147,800.00
Langrock, Sperry & Wool	City of Burlington Criminal Defense	GF	\$2,645	\$0.00	\$2,645.00
Primmer Piper	City of Burlington Insurance Review	GF	\$11,337	\$0.00	\$11,337.00
Total					\$162,046.00