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** NT10BIX5570050	**3. DUNS Number** 831414755

4. Recipient Organization

Zito Media Communications II, LLC 106 Steerbrook Road, Coudersport, PA 16915-8440

5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2013	**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 Colin Higgin Vice President	**7c. Telephone (area code, number and extension)** 8142609588
	7d. Email Address colin.higgin@zitomedia.com
7b. Signature of Certifying Official Submitted Electronically	**7e. Date Report Submitted (MM/DD/YYYY):** 05-20-2014

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)	$19,852	Based off of miles constructed divided by amount of funds expended pertaining to middle mile construction.
Average cost per household passed (Last Mile)	$17	Based off of the cost of overlashing fiber in the last mile areas divided by the number of households passed.
Average cost per subscriber (Last Mile)	$240	Based off of the cost of constructing the network in last mile areas divided by the number of subscribers.
Maximum broadband speed advertised (Middle Mile)	1 Gbps	No variance from baseline.
Maximum broadband speed advertised (Last Mile)	20 Mbps	20 Mbps are currently being advertised in the Last Mile areas. Due to upgraded electronics Zito is able to provide faster speeds to last mile areas.
Average broadband speed provided (Middle Mile)	10-100 Mbps	Average broadband speed depends on the services used by the location. Middle Mile customers receive a range of services from internet to point to point circuits.
Average broadband speed provided (Last Mile)	10-20	Average broadband speed in our last mile varies between 10Mbps to 20 Mbps.

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
North Kingsville	Collocation/Hub Site	Ashtabula	390070001200
Ashtabula	Collocation/Hub Site	Ashtabula	390070000601
Geneva	Collocation/Hub Site	Ashtabula	390070000900
Thompson	Collocation/Hub Site	Geauga	390550003102
Rock Creek	Collocation/Hub Site	Ashtabula	390070001001
Roaming Shores	Collocation/Hub Site	Ashtabula	390070001101
Denmark	Collocation/Hub Site	Ashtabula	390070001302
West Farmington	Collocation/Hub Site	Trumbull	391550930500
Warren	Collocation/Hub Site	Trumbull	391550933800
Cortland	Collocation/Hub Site	Trumbull	391550930900

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)

No agreements were entered into or denied in 2013.

Peering and Transit Agreements (600 words or less)

No agreements were entered into or denied in 2013.

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)	41	Public Housing	0
Libraries	20	Other Institutions of Higher Education	3
Medical and Healthcare Providers	13	Other Community Support Organizations	3
Public Safety Entities	57	Other Government Facilities	9
Community Colleges	0	Total Community Anchor Institutions	146

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).

The average increase varies on the services provided to the anchor institutions. The average speed previous to our services varied from 1.5Mbps to 3Mbps with the Zito services these anchor institutions now receive at a minimum 10Mbps with a few receiving 100Mbps. The increase then is between 7Mbps to 97Mbps for the anchor institutions.

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:

The retail services Zito Media Communications II, LLC offers are attached as an attachment. The general services Zito offers include the following: local point to point ethernet circuits, internet service, SIP trunks (inbound/outbound), voice services, and dark fiber leases.

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)?
7a)   Zito does not apply restrictions to residential or commercial internet traffic. Zito does employ business practices or technical mechanisms for reasonable network management including application-neutral allocation of capacity, caching, differentiation among applications, providers and sources in order to limit usage and to manage illegal or harmful content and compliance with the needs of law enforcement. For residential and commercial traffic, at times, traffic is restricted on certain ports to address issues with spam, worms, denial of service attacks and viruses to maintain reasonable customer service levels. Zito offers managed services, such as telemedicine, public safety communications, and distance learning, which use private network connections for enhanced quality of service and adherence to HIPAA standards and other legal requirements. Reasonable congestion management tactics is used based upon whether the traffic is time sensitive or non-time sensitive. Examples of time sensitive applications are voice (VoIP), Web Surfing, IM, tunneling & remote connectivity, streaming, and on-line games. Examples of non-time sensitive applications are file access, network storage, and software updates. Zito does not use congestion management tactics to impair or degrade applications or services.
7b) Zito has not 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.

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).

One subscriber was lost in our last mile area the reasoning was the customer was moving from the area.

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**
16,066	15,898	168	0	386	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:

None

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
1,080	684	648	396

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).

Customers can interconnect to our network through fiber that will be built to their location. Network providers can interconnect with our network at the following hub sites: Denmark,OH; Rock Creek, OH; Thompson, OH; Roaming Shores, OH; West Farmington, OH; Warren, OH; Cortland, OH; Geneva, OH; Ashtabula, OH; North Kingsville, OH; Conneaut, OH; Girard, PA; Fairview, PA; Erie, PA; Greenville, PA; Meadville, PA; Mercer, PA; Hermitage PA; Edinboro, PA. Under the lease agreements with facilities other network providers and/or customers interconnect with our network at these locations not owned by us.

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).

Zito has hired one SDB to work on the project. Stell Environmental Enterprises, Inc. was chosen as our environmental engineering firm to aide us in drafting and submitting the environmental assessment.

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

Have scheduled meetings to discuss the grant project and its progression . In addition, be preemptive in any possible problems that could arise in the future by noting possible areas of concern. Weekly quality control checks by project manager ensure that project is progressing and work completed is accurate. Interface often with utility companies to ensure make ready work progresses in a timely manner. We engaged with outside consultants to improve our accounting management and internal controls. Lastly, for critical anchor institutions, interfacing with local development groups or a chamber of commerce help facilitate discussions with local institutions. Utilizing these groups allows conversations to begin and bring positive advertising for your project as you can gain the community's support for the project.

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).