

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570119	<b>3. DUNS Number</b>  933581456
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**4. Recipient Organization**

Horizon Telecom, Inc. 68 E Main Street, Chillicothe, OH 45601-2503

<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  09-30-2012	<b>6. Is this the last Report of the Award Period?</b>  <input type="radio"/> Yes <input checked="" type="radio"/> No
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**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.

<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Chris A Glassburn  Exec GM, Strategy & Analytics	<b>7c. Telephone (area code, number and extension)</b>  7407728200 X8459
	<b>7d. Email Address</b>  chris.glassburn@horizontel.com

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  11-30-2012
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**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**

At the end of the third quarter of 2012, Horizon has built 708 miles of the fiber route. Over twenty percent of our Community Anchor Institutions (CAIs) are under contract. Twenty-six Community Anchor Institutions are online, receiving service. We have twelve contracts with Wireless Internet Service Providers (WISPs) with six of those online. Horizon successfully met the two-thirds milestone during the quarter. We have seen some success with our project coordination meetings, held with Ohio Department of Transportation (ODOT), Incumbent Local Exchange Carriers (ILECs)(local telephone companies), other utility providers, County and Municipal officials (like engineers or commissioners) in the counties included in the build-out of the network. Variance in budget categories from previous report due to spreadsheet issue (a column shifted). With resolution some numbers within the categories decline. These corrections also caused somewhat minor adjustments in milestone categories.

**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	76	Communications and power make-ready are the primary delays. Railroad permits, while slow, do arrive. An additional factor is the active hurricane season. Power make-ready crews were pulled and loaned to companies in the south in anticipation of storms like Hurricane Isaac. Those crews were gone for about a month.
2b.	Environmental Assessment	98	Continues as designed.
2c.	Network Design	92	Distribution laterals are in the network design phase at this time. *Negative variance from last quarter's report due to correction to budget spreadsheet.
2d.	Rights of Way	98	Continues as designed.
2e.	Construction Permits and Other Approvals	92	Included in Network Design. *Negative variance from last quarter's report due to correction to budget spreadsheet.
2f.	Site Preparation	92	Included in Network Design. *Negative variance from last quarter's report due to correction to budget spreadsheet.
2g.	Equipment Procurement	89	In line with baseline.
2h.	Network Build (all components - owned, leased, IRU, etc)	65	During this quarter delays were caused by permitting and make-ready issues. The loss of crews to assist with storms like Hurricane Isaac delayed power make-ready until they returned. Overall construction delays have been caused by a ten month delay for the Environmental Assessment. Costs are still incurred even with these delays. The primary one being the up-front cost of the fiber optic cable.
2i.	Equipment Deployment	58	Awaits backbone completion to bring online.
2j.	Network Testing	40	Awaits backbone completion to bring online.
2k.	Other (please specify): n/a	0	n/a

**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 progress continues to be hampered by permitting and make-ready. Project coordination meetings continue with Ohio Department of Transportation (ODOT), Incumbent Local Exchange Carriers (ILECs)(local telephone companies), other utility providers, County and Municipal officials (like engineers or commissioners) in the counties included in the build-out of the network to help move make-ready and permitting process to move along. Power make-ready was impacted by Hurricane Isaac and the loss of those crews to deploy to the affected region.

**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)
New network miles deployed	708	Slower than expected build rate this quarter due primarily to make-ready and permitting issues in addition to loss of crews to storm repair caused by Hurricane Isaac.
New network miles leased	0	n/a
Existing network miles upgraded	0	n/a
Existing network miles leased	0	n/a
Number of miles of new fiber (aerial or underground)	708	Slower than expected build rate this quarter due primarily to make-ready and permitting issues in addition to loss of crews to storm repair caused by Hurricane Isaac.
Number of new wireless links	0	n/a
Number of new towers	0	n/a
Number of new and/or upgraded interconnection points	23	All equipment is installed in all Points-of-Presence (PoPs). They cannot be turned up until the backbone reaches them from one direction or another.

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	12
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	12

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Avolve; Connectlink Inc; County Connection (2); Firewire; GMN Wireless Broadband; Intelliwave; JB-Nets LLC; New ERA Broadband; Rowe Wireless Networks; Smart Networks; SOCS.

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:

Horizon is offering wholesalers and last-mile providers speed tiers of 5 Megabytes per second (Mbps) to 10 Gigabytes per second (Gbps).

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 this third party operates (600 words or less).

none

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	2	none

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	4	none
	Providers with signed agreements receiving access to dark fiber	0	none
	Please identify the speed tiers that are available and the number of subscribers for each	6	We have speed tiers available from 5 Megabytes per second (Mbps) to 10 Gigabytes per second (Gbps). We have one at 10 Mbps; one at 20 Mbps; three at 100 Mbps; and one at 150 Mbps.
Community Anchor Institutions (including Government institutions)	Total subscribers served	26	Most Community Anchor Institutions (CAIs) are hesitant to sign a contract when the fiber has not reached them yet. As the network is build and CAIs can see the progress, more will be comfortable signing a contract.
	Subscribers receiving new access	14	none
	Subscribers receiving improved access	12	none
	Please identify the speed tiers that are available and the number or subscribers for each	26	We have speed tiers available from 5 Megabytes per second (Mbps) to 1 Gigabyte per second (Gbps) for CAIs. Seven have chosen 100 Mbps; one at 50 Mbps; two at 30 Mbps; one at 20 Mbps; fourteen at 10 Mbps; one at 5 Mbps.
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).  
none

8a. Have your network management practices changed over the last quarter?  Yes  No

8b. If so, please describe the changes (300 words or less).  
none

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	Type of Anchor	Are you also the	Narrative description of how anchor institutions are using BTOP-
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	Area (town or county)	Institution (as defined in your baseline)	broadband service provider for this institution? (Yes / No)	funded infrastructure
Ohio University - Proctorville	Lawrence	Higher Ed	Yes	100 Mbps
Lawrence Elementary	Washington	Schools (K-12)	Yes	100 Mbps
Warren High School	Washington	Schools (K-12)	Yes	100 Mbps
Coolville Elementary	Athens	Schools (K-12)	Yes	20 Mbps
Little Hocking Elementary	Washington	Schools (K-12)	Yes	10 Mbps
Hocking College - Main Campus	Athens	Higher Ed	Yes	30 Mbps
Hocking Valley Community Hospital	Hocking	Health Care	Yes	5 Mbps
Hocking College Energy Institute	Hocking	Higher Ed	Yes	30 Mbps
Licking Memorial Hospital	Licking	Health Care	Yes	100 Mbps
Alexander High School	Athens	Schools (K-12)	Yes	100 Mbps
Ross County Sheriff's Office	Ross	E-911	Yes	10/5 Mbps
Southern State Community College	Highland	Higher Ed	Yes	10/5 Mbps

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**

Horizon expects to have 900 miles of fiber built by the end of the quarter. We will continue to meet with all parties necessary to ensure make-ready and permitting continues to progress. A handful of Community Anchor Institutions (CAIs) will be connected this quarter. There are no additional broadband wholesaler/last mile provider/wireless internet service provider (WISP) agreements in the supply line, though we have had a lot of success in this area.

**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	87	Our largest hurdle this quarter will be the lack of crews available to do power make-ready due to Hurricane Sandy.
2b.	Environmental Assessment	98	Horizon will continue the ongoing assessments in coordination with our engineering and environmental assessment consultants.
2c.	Network Design	96	Finalizing distribution lateral design.
2d.	Rights of Way	98	Almost complete.
2e.	Construction Permits and Other Approvals	96	Included in Network Design.
2f.	Site Preparation	96	Included in Network Design.
2g.	Equipment Procurement	92	Payment occurs after they are tested and come online.
2h.	Network Build (all components - owned, leased, IRU, etc.)	70	We expect the build to reach 900 miles of fiber by the end of the quarter.
2i.	Equipment Deployment	70	Waits for fiber to come online.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2j.	Network Testing	55	Waits for fiber for the connections to test.
2k.	Other (please specify): n/a	0	n/a

**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).**

Permitting and make-ready are most likely to cause delay. We could see the loss of power make-ready crews again, to assist in the clean-up of Hurricane Sandy.

**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	\$1,485,174	\$445,552	\$1,039,622	\$1,861,428	\$558,428	\$1,303,000	\$1,891,428	\$567,428	\$1,324,000
b. Land, structures, right-of-ways, appraisals, etc.	\$0	\$0	\$0	\$101,300	\$30,390	\$70,910	\$101,300	\$30,390	\$70,910
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$7,785,028	\$2,335,508	\$5,449,520	\$8,691,121	\$2,607,336	\$6,083,785	\$8,741,121	\$2,622,336	\$6,118,785
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$66,228,948	\$19,868,684	\$46,360,264	\$45,980,808	\$13,794,242	\$32,186,566	\$54,980,808	\$16,494,242	\$38,486,566
j. Equipment	\$14,259,128	\$4,277,738	\$9,981,390	\$14,242,099	\$4,272,630	\$9,969,469	\$15,242,099	\$4,572,630	\$10,669,468
k. Miscellaneous	\$5,204,932	\$1,561,481	\$3,643,451	\$1,428,463	\$428,540	\$999,923	\$1,608,995	\$482,699	\$1,126,297
<b>l. SUBTOTAL (add a through k)</b>	\$94,963,210	\$28,488,963	\$66,474,247	\$72,305,219	\$21,691,566	\$50,613,653	\$82,565,751	\$24,769,725	\$57,796,026
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$94,963,210	\$28,488,963	\$66,474,247	\$72,305,219	\$21,691,566	\$50,613,653	\$82,565,751	\$24,769,725	\$57,796,026

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: \$0

b. Program Income to Date: \$0