

RECIPIENT NAME:Horizon Telecom, Inc.

AWARD NUMBER: NT10BIX5570119

DATE: 11/17/2011

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

QUARTERLY 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 NT10BIX5570119	3. DUNS Number 933581456
4. Recipient Organization Horizon Telecom, Inc. 68 E Main Street, Chillicothe, OH 45601-2503		
5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2011	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> 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 Chris A Glassburn Exec GM, Strategy & Analytics	7c. Telephone (area code, number and extension) 7407728200 X8459	
	7d. Email Address chris.glassburn@horizontel.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-17-2011	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 We completed our first BTOP audit. We broke ground for the first Point-of-Presence (PoP) in Muskingham County (Zanesville) Ohio. Construction continues in various areas of the state. With three different construction vendors each with multiple crews, we are making progress toward our accelerated build rate. We continue to negotiate/finalize our sub-recipient agreement with The Ohio Academic Resources Network (OARnet). In addition to signed agreements with five wireless internet service providers, community outreach has been educating businesses the different counties on our plans, timing and capabilities.

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	11	This number would have been what we planned were it not for the delayed electronics invoices. The discrepancy with the baseline is due to the delay caused by the Finding of No Significant Impact (FONSI). We will be at least 67% complete by the end of year 2 and 100% by the end of year 3.
2b.	Environmental Assessment	98	Assessment will continue as routes are finalized.
2c.	Network Design	42	Significant progress was made this quarter.
2d.	Rights of Way	98	We have an agreement with an electric provider which has provided permission for us to use their utility Rights of Way (ROWs) and this has allowed for us to be significantly ahead of baseline projections.
2e.	Construction Permits and Other Approvals	42	Included in Network Design budget.
2f.	Site Preparation	42	Included in Network Design budget.
2g.	Equipment Procurement	6	This is a matter of timing. We received major invoices just after the end of the quarter. Vendor negotiations and subsequent Master Services Agreement (MSA) were primarily responsible for variance from baseline. Equipment Procurement is making significant progress.
2h.	Network Build (all components - owned, leased, IRU, etc)	8	The variance here is a result of the delayed FONSI and a slower ramp-up in construction than was expected. With our accelerated build schedule we should catch and pass baseline projections during the next six months.
2i.	Equipment Deployment	0	Equipment deployment will run roughly concurrent with the network build.
2j.	Network Testing	0	Network testing will run fairly concurrent with equipment deployment.
2k.	Other (please specify):	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).
 We struggled with permitting this quarter. One of the Ohio Department of Transportation's districts has not been as cooperative as the other districts. They have more reaching requirements than the other districts. We have held a meeting with district personnel and are hopeful the permitting in this area will speed up. We do not have any experience with them to know if this will really be the case. We continue to work through the environmental assessment process in our programmatic agreement. We did lose twenty-five Community Anchor Institutions (CAIs) (with one company) primarily due to the delay in receiving our FONSI. We feel the delay in construction from the FONSI is approximately five months. This seems extreme to us since virtually our entire project is aerial. The lost CAIs had a hard conversion date for which they needed fiber and could not wait. This conversion was required for transition to electronic records. the date was September, 2011. Replacement of these CAIs is an everyday objective. We have a opportunity which, should it come to fruition, has over 80 sites that would qualify as CAIs.

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	135	Variance is a result of delayed FONSI and slightly slower ramp-up than was expected. With our accelerated build schedule we should catch and pass baseline projections during the next six months.
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)	135	Variance is a result of delayed FONSI and slightly slower ramp-up than was expected. With our accelerated build schedule we should catch and pass baseline projections during the next six months.
Number of new wireless links	0	n/s
Number of new towers	0	n/a
Number of new and/or upgraded interconnection points	9	Near baseline.

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	5
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	2
Average term of signed agreements (in quarters)	9

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Intelliwave, Country Connections, Southern Ohio Communications Services, New ERA Broadband, Hocking Internet

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). Pricing plan redacted.

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)

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	0	Variance due to delay in FONSI. Our largest hurdle was the unknown duration of the FONSI process. We could not give them any idea of when we would arrive.
	Providers with signed agreements receiving improved access	0	Variance due to delay in FONSI. Our largest hurdle was the unknown duration of the FONSI process. We could not give them any idea of when we would arrive.
	Providers with signed agreements receiving access to dark fiber	0	n/a
	Please identify the speed tiers that are available and the number of subscribers for each	0	n/a
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Variance due to delay in FONSI. Our largest hurdle was the unknown duration of the FONSI process. We could not give them any idea of when we would arrive. Customers were unable and unwilling to sign contracts with a firm order commitment. Customers who were under contracts that were expiring could not risk not having service available renewed their existing agreements.
	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 or subscribers for each	0	n/a
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	Variance due to delay in FONSI. Our largest hurdle was the unknown duration of the FONSI process. We could not give them any idea of when we would arrive. Customers were unable and unwilling to sign contracts with a firm order commitment. Customers who were under contracts that were expiring could not risk not having service available renewed their existing agreements.
	Total subscribers served	0	Variance due to delay in FONSI. Our largest hurdle was the unknown duration of the FONSI process. We could not give them any idea of when we would arrive. Customers were unable and unwilling to sign contracts with a firm order commitment. Customers who were under contracts that were expiring could not risk not having service available renewed their existing agreements.
	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).

n/a

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

8b. If so, please describe the changes (300 words or less).
n/a

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 Area (town or county)	Type of Anchor Institution (as defined in your baseline)	Are you also the broadband service provider for this institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
n/a	n/a	n/a	n/a	n/a

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
With our planned accelerated build, the backbone will show significant progress in the 4th quarter. We are taking steps to increase our build rate to meet our projections. These steps include pushing more routes through our programmatic agreement to be cleared for construction and allow more crews to be working at the same time. Community Outreach programs will continue. PoP site ground-breakings will ramp-up in construction and subsequent equipment deployment this quarter. For the next quarter: we expect to build 200 new miles in this quarter; we do not expect any new network mile leases; we expect to have a couple (less than five) CAIs connected; we expect to have six signed agreements with last mile providers.

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	37	Significant progress will be made this quarter to catch baseline projections.
2b.	Environmental Assessment	98	Continued assessment with engineers and Environmental Assessment (EA) consultant as routes are finalized.
2c.	Network Design	72	As final backbone routes are completed, engineering will turn toward the lateral build to begin to reach CAIs.
2d.	Rights of Way	98	We continue to be ahead of projections due to our relationship with electric provider.
2e.	Construction Permits and Other Approvals	72	Included in network design.
2f.	Site Preparation	72	Included in network design.
2g.	Equipment Procurement	81	Procurement will see the largest jump in percentage as we receive and approve significant invoices from vendor.
2h.	Network Build (all components - owned, leased, IRU, etc.)	25	While our accelerated build schedule will bring us closer to baseline, we will probably have some weather issues keeping us slightly behind..
2i.	Equipment Deployment	20	As we have just broken ground on our first PoP the equipment deployment is behind and will pick up.
2j.	Network Testing	20	Testing will run roughly concurrent with the network build.
2k.	Other (please specify):	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).
Our biggest challenge is expected to be the weather. As we are aerial frozen ground will have little if any impact. Rain and snow

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provide a factor of unknown impact.

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	\$1,217,025	\$365,108	\$851,917	\$1,365,542	\$409,663	\$955,879
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	\$3,281,594	\$984,478	\$2,297,116	\$5,617,102	\$1,685,130	\$3,931,972
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	\$5,368,691	\$1,610,607	\$3,758,084	\$16,627,612	\$4,988,283	\$11,639,329
j. Equipment	\$14,259,128	\$4,277,738	\$9,981,390	\$882,486	\$264,746	\$617,740	\$11,587,719	\$3,476,316	\$8,111,403
k. Miscellaneous	\$5,204,932	\$1,561,481	\$3,643,451	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$94,963,210	\$28,488,963	\$66,474,247	\$10,851,096	\$3,255,329	\$7,595,767	\$35,299,275	\$10,589,782	\$24,709,493
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$94,963,210	\$28,488,963	\$66,474,247	\$10,851,096	\$3,255,329	\$7,595,767	\$35,299,275	\$10,589,782	\$24,709,493

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
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