QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Award Identification Number	3. DUNS Number
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570119	933581456

4. Recipient Organization

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

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
06-30-2012	◯ 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	7c. Telephone (area code, number and extension)
Chris A Glassburn	7407728200 X8459
	7d. Email Address
Exec GM, Strategy & Analytics	chris.glassburn@horizontel.com

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	08-17-2012

Project Indicators (This Quarter)

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

All points-of-presence (POPs) have been installed and are waiting on the fiber to reach them. We had built 600 miles of the fiber network at the end of the quarter, this is primarily backbone with a small amount of distribution fiber. 110 of Community Anchor Institutions (CAIs) are under contract. Fourteen of those are connected and receiving service.

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**	60	Horizon is working diligently to overcome the make-ready and permitting difficulties it is facing. Horizon has completed the two-thirds milestone as of the writing of this report as was required by July 31, 2012.
2b.	**Environmental Assessment**	98	Environmental Assessment continues as routes are finalized.
2c.	**Network Design**	98	Network Design of distribution laterals has gotten underway.
2d.	**Rights of Way**	98	Horizon's agreement with an electric provider has been very beneficial to the project. We still face issues with other utilities regarding make-ready and permitting.
2e.	**Construction Permits and Other Approvals**	98	Included in Network Design budget.
2f.	**Site Preparation**	98	Included in Network Design budget.
2g.	**Equipment Procurement**	87	All electronics have been received and installed. Points-of-presence (POPs) have been installed in all county seats. We pay when the electronics have been turned up and tested. Nineteen POPs have been turned up and tested.
2h.	**Network Build (all components - owned, leased, IRU, etc)**	52	Construction lags baseline projections for a couple of reasons. The first being the delays caused by the Environmental Assessment, as it was not part of the project plan submitted with the application. This delay amounted to virtually ten months. Permitting and make-ready issues have caused a serious slow-down in our build rate.
2i.	**Equipment Deployment**	48	Electronics have been installed but are not paid until tested and audited for all pieces of equipment. They cannot be tested until fiber reaches them, so this falls behind due to the delay in the build caused by permitting and make-ready issues.
2j.	**Network Testing**	25	The network cannot be tested until fiber is installed, so this falls behind due to the delay in the build caused by permitting and make-ready issues. Processes and procedures have been developed to ensure timely completion of testing as soon as the fiber is available.
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).

The project's progress faced delays this past quarter from issues surrounding make-ready and permitting.   We have seen some progress with railroads, however crossing permits continue to take an inordinate amount of time. Make-ready consumes a lot of time and dollars. While we had overcome a large hurdle in the previous quarter with make-ready, more issues have arisen which continue to delay our build, including other utility providers and railroad permits. We continue to work on these issues from all foreseeable directions. Project coordination meetings were 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.

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	600	Horizon lags baseline projections for a couple of reasons. The first being the delays caused by the Environmental Assessment, as it was not part of the project plan submitted with the application. This delay amounted to virtually ten months. Permitting and make-ready issues have caused a serious slow-down in our build rate.
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)	600	Horizon lags baseline projections for a couple of reasons. The first being the delays caused by the Environmental Assessment, as it was not part of the project plan submitted with the application. This delay amounted to virtually ten months. Permitting and make-ready issues have caused a serious slow-down in our build rate.
Number of new wireless links	0	n/a
Number of new towers	0	n/a
Number of new and/or upgraded interconnection points	19	While we appear to be behind our baseline of 29, all equipment has been installed and some awaits fiber.

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	8
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:
Country Connections, Hocking Internet, Intelliwave, JB Nets, New ERA Broadband, Southern Ohio Communications Services, Rowe Wireless Networks, GMN Wireless Broadband

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
	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 two at 10 Mbps; one at 20 Mbps; two at 50 Mbps and one at 100 Mbps.
Community Anchor Institutions (including Government institutions)	**Total subscribers served**	14	Many Community Anchor Institutions (CAIs) hesitate to commit to a contract without the network being available in their area. Horizon lags baseline projections for a couple of reasons. The first being the delays caused by the Environmental Assessment, as it was not part of the project plan submitted with the application. This delay amounted to virtually ten months. Permitting and make-ready issues have caused a serious slow-down in our build rate.
	Subscribers receiving new access	10	none
	Subscribers receiving improved access	4	none
	Please identify the speed tiers that are available and the number or subscribers for each	14	We have speed tiers available from 5 Megabytes per second (Mbps) to 1 Gigabyte per second (Gbps) for CAIs. Eleven have chosen 10 Mbps tier; one has 50 Mbps tier and two have 100 Mbps tier.
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).

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

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

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).
Horizon expects to build approximately 200 miles of backbone and another 100 miles of distribution fiber in the next quarter. We will continue to work with an expeditor on our problems with make-ready and permitting. We expect to have the two new wireless internet service providers (WISPs) online.

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	76	Horizon reaches the two-thirds milestone during the first month of this quarter as is required by July 31.
2b.	Environmental Assessment	98	Horizon continues the ongoing assessments in coordination with our engineering and environmental assessment consultants.
2c.	Network Design	98	Distribution laterals are in the final stages of design and engineering.
2d.	Rights of Way	98	Rights-of-way are virtually complete with very few issues remaining.
2e.	Construction Permits and Other Approvals	98	Included in Network Design.
2f.	Site Preparation	98	Included in Network Design.
2g.	Equipment Procurement	92	All electronics have been received and installed, we will pay for them as they are tested and come online.
2h.	Network Build (all components - owned, leased, IRU, etc.)	60	Horizon expects to build approximately 200 miles of backbone and another 100 miles of distribution fiber.
2i.	Equipment Deployment	62	Is jumping ahead of Network Build, but waits for fiber to come online.
2j.	Network Testing	45	Testing waits for fiber to connect the electronics.
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).
Horizon expects to continue to fight the battle against time on make-ready and permitting.

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.

Cost Classification	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		
	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	$2,086,676	$626,003	$1,460,673	$2,236,676	$671,003	$1,565,673
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	$8,141,090	$2,442,327	$5,698,763	$8,641,090	$2,592,327	$6,048,763
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	$34,395,988	$10,318,796	$24,077,192	$44,395,988	$13,318,796	$31,077,192
j. Equipment	$14,259,128	$4,277,738	$9,981,390	$12,367,552	$3,710,266	$8,657,286	$14,867,552	$4,460,266	$10,407,286
k. Miscellaneous	$5,204,932	$1,561,481	$3,643,451	$0	$0	$0	$1,608,995	$482,698	$1,126,297
l. SUBTOTAL (add a through k)	$94,963,210	$28,488,963	$66,474,247	$57,092,606	$17,127,782	$39,964,824	$71,851,601	$21,555,480	$50,296,121
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	$57,092,606	$17,127,782	$39,964,824	$71,851,601	$21,555,480	$50,296,121

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