

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) 06-30-2013	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): 08-30-2013	

Project Indicators (This Quarter)

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

Horizon met with NTIA and NOAA officials in Washington DC in May to review strategies to accomplish project scope. Horizon presented a proposal and NTIA agreed with a plan to move forward. Horizon is working its way through this plan and will be submitting Award Action Requests (AARs) for Community Anchor Institutions (CAIs), distribution route modifications for CAIs and a new budget to include cost overruns. An extension request from 7/31/2013 to 12/31/2013 was requested and approved. This was necessary for final make-ready (MR), permitting and easements to be resolved. This will also allow Horizon to complete more miles of backbone and distribution and connect additional CAIs.

Points of Presence (POPs) - Four additional POPs came online as fiber reached them for a total of thirty-three.

Community Anchor Institutions (CAIs) - Sixteen new CAIs were connected for a total of eighty.

Community Involvement - Over the course of the quarter Horizon attended numerous Chamber of Commerce Business After Hours events. Also attend the Port Authority Meeting in Wintersville and Connect Ohio Technology Meeting in Byesville. Participated in networking events in Guernsey, Jefferson, Tuscarawas and Washington Counties. We attended and staffed an information booth on the Connecting Appalachia Project during the Ohio Association of School Business Official Trade Show in Columbus. We attend the monthly meetings of the Connect Ohio - Connect Appalachia Broadband Initiative team as a member, as well as quarterly meetings for OMEGA and EODA.

Average broadband speed is over 106 Mbps - this is up from 97 Mbps at the end of last quarter and 16 Mbps at the end of 2012.

Construction - 1100 miles of backbone and distribution have been built. Cost per mile has been much higher than anticipated due primarily to make-ready.

Wireless Internet Service Providers (WISPs) - We have thirteen contracts with WISPs with eight of those online.

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	100	As previously instructed, milestones are calculated on dollars spent. Horizon has drawn all of the grant dollars as of this quarter. This result is misleading as our project is expected to be over original budget dollars by approximately 10 percent.
2b.	Environmental Assessment	100	Horizon continues to follow its Programmatic Agreement as designed.
2c.	Network Design	100	Network design is complete.
2d.	Rights of Way	100	Continues as designed.
2e.	Construction Permits and Other Approvals	100	Included in Network Design budget.
2f.	Site Preparation	100	Included in Network Design budget.
2g.	Equipment Procurement	100	Latest forecasts project these costs to be 25% above budget. Currently at just over 106% of original budget. The original budget included six fewer Points-of Presence (POPs).
2h.	Network Build (all components - owned, leased, IRU, etc)	97	Again this number is misleading as it calculated on dollars spent and not actual progress for construction.
2i.	Equipment Deployment	85	All equipment has been deployed. It is not turned up until fiber reaches it and is tested.
2j.	Network Testing	85	Runs slightly behind equipment turn-up.
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 challenges continue to be the high cost of make-ready. This has had a huge negative impact on the cost and pace of the entire project.

Equipment overages are driven primarily by six additional POPs (over what was in model and budget) necessary to complete the network. Some of the additional costs are engineering in nature, as some segments required intermediate equipment to regenerate the signal on long routes. Other additional cost has been required in order to add additional wavelengths necessary for transporting higher than anticipated bandwidth because of greater demand.

CAI connection numbers appear worse than they are as compared to targets. Our financial models had underlying assumptions including penetration rates of increasing percentages (year 1 = 10%, year 2 = 20%, etc up to 50% at the end of year 5, then holding constant). Year one being the first year with a network up and running was projected to be only 55-60 CAIs total between new and improved. Additionally the delays caused by make-ready, permit and easement issues have delayed our ability to reach some CAIs forcing them to take alternative action such as signing agreements with another provider.

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	1,100	High costs and A/P slowed construction during this quarter. The backbone and distribution are currently projected to be 1140 miles.
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)	1,100	High costs and A/P slowed construction during this quarter. The backbone and distribution are currently projected to be 1140 miles.
Number of new wireless links	0	n/a
Number of new towers	0	n/a
Number of new and/or upgraded interconnection points	33	Equipment has been installed in all Points-of-Presence (POPs). This category is slightly behind baseline of 36.

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	17
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	1
Average term of signed agreements (in quarters)	21

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; Country Connection (2); Firewire; GMN Wireless Broadband; Intelliwave; JB-Nets, LLC; New ERA Broadband (2); Rowe Wireless Networks; Smart Networks; Southern Ohio Communication Services (SOCS); Sprint; Verizon (2); Windstream.

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 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	16	Total baseline for Wholesalers or Last Mile Providers was 7. We have a positive variance of 9 with our 16 signed contracts. Four have yet to receive access due to lagging construction. We have three wholesale agreements, each in various stages of completion.
	Providers with signed agreements receiving improved access	0	none
	Providers with signed agreements receiving access to dark fiber	1	We have one dark fiber agreement in the process of being accepted.
	Please identify the speed tiers that are available and the number of subscribers for each	16	We have speed tiers available from 5 Megabytes per second (Mbps) to 10 Gigabytes per second (Gbps). 1 = 10 Mbps 1 = 20 Mbps 4 = 50 Mbps 1 = 100 Mbps 3 = 150 Mbps 1 = 200 Mbps 1 = 500 Mbps There are four agreements dependent on fiber currently under construction. They are contracted to receive the following: one at 10 Mbps; one at 30 Mbps; and two at 100 Mbps.
Community Anchor Institutions (including Government institutions)	Total subscribers served	80	Community Anchor Institutions (CAIs) connections are connected and brought online as backbone segments are completed and Points-of-Presence (POPs) are brought online. Horizon passes and is ready to serve an additional 145 CAIs which are within 250' of either backbone or distribution laterals.
	Subscribers receiving new access	75	Baseline for this category was 148. Unlike many projects of its size, this project did not have the benefit of a direct relationship with the CAIs it intended to serve. Meaning the CAIs had no obligation to take our service. Our financial models had underlying assumptions including penetration rates of increasing percentages. Year one being the first year with a network up and running was projected to be only 55-60 CAIs total between new and improved.
	Subscribers receiving improved access	5	Baseline for this category was 444. Our financial models had underlying assumptions including penetration rates of increasing percentages. Year one being the first year with a network up and running was projected to be only 55-60 CAIs total between new and improved. This number decreased to five because of adjustments in our definition of new versus improved. Horizon has many additional customers who have benefited (improved access) from the electronics provided by these funds.
	Please identify the speed tiers that are available and the number or subscribers for each	80	We have speed tiers available from <10 Mbps to ≥ 1 Gbps. 7 = < 10 Mbps tier; 36 = ≥ 10 Mbps and < 50 Mbps 1 = ≥ 50 Mbps and < 100 Mbps 27 = ≥ 100 Mbps and < 1 Gbps 5 = ≥ 1 Gbps. 4 = = not a customer
Residential / Households	Entities passed	0	n/a

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	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).

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
Ohio University- Airport	Athens	Higher-Ed	Yes	Prior to the network being available, Ohio University had only a T-1 connection back to the Main Campus and limited Internet access at the Airport location. The 100 Mbps connections allows for the Airport to be in constant communication with all other Ohio University Campus locations and provides the much need Technology advances to stay in the forefront of aviation.
Ohio University - Eastern Campus	Belmont	Higher-Ed	Yes	Prior to the network being available, Ohio University had only a T-1 connection back to the Main Campus and limited Internet access at the Eastern Campus. The 1 Gbps connection allows for the Eastern Campus to communication with all Ohio University Campus locations through a Wide Area Network. This increase in bandwidth allows for interactive learning, online testing and internet based studies.
St. John Elementary School	Belmont	Schools (K-12)	Yes	Prior to the network being available this elementary school only a T-1 available. The 5 Mbps connection allows the school to take advantage of online testing opportunities as well as other interactive learning offerings that were not available due to a lack of bandwidth. Additionally the network is designed such that

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
				schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.
Rolling Hills - Byesville Elementary School	Guernsey	Schools (K-12)	Yes	Prior to the network being available this elementary school only a T-1 available. The 10 Mbps connection allows the school to take advantage of online testing opportunities as well as other interactive learning offerings that were not available due to a lack of bandwidth. Additionally the network is designed such that schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.
Rolling Hills Local School District	Guernsey	Schools (K-12)	Yes	Prior to the network being available this school district only a T-1 available. The 10 Mbps connection allows the school to take advantage of online testing opportunities as well as other interactive learning offerings that were not available due to a lack of bandwidth. Additionally the network is designed such that schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.
Logan Middle School	Hocking	Schools (K-12)	Yes	Prior to the network being available this elementary school only a T-1 available. The 100 Mbps connection allows the school to take advantage of online testing opportunities as well as other interactive learning offerings that were not available due to a lack of bandwidth. Additionally the network is designed such that schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.
Union Furnace Elementary School	Hocking	Schools (K-12)	Yes	Prior to the network being available this elementary school only a T-1 available. The 100 Mbps connection allows the school to take advantage of online testing opportunities as well as other interactive learning offerings that were not available due to a lack of bandwidth. Additionally the network is designed such that schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.
Jackson County Sheriff's Office	Jackson	Public Safety Entity	Yes	Prior to the network being available, the Jackson County Sheriff's office used a DSL Internet connection built for a home residence. With more monitoring, police records moving to an online environment, higher bandwidth requirements will continue to grow. Jackson County Sheriff's Department are poised to take advantage of the latest technologies to keep their County safe.
Wellston High School	Jackson	Schools (K-12)	Yes	Prior to the network being available this high school only a T-1 available. The 100 Mbps connection allows the school to take advantage of online testing opportunities as well as other interactive learning offerings that were not available due to a lack of bandwidth. Additionally the network is designed such that schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.
Switzerland - Woodsfield Elementary School	Monroe	Schools (K-12)	Yes	Prior to the network being available this elementary school only a T-1 available. The 100 Mbps connection allows the school to take advantage of online testing opportunities as well as other interactive learning offerings that were not available due to a lack of bandwidth. Additionally the network is designed such that schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.
Ross County Alternative School	Ross	Schools (K-12)	Yes	Prior to the network being available this alternative school only a T-1 available. The 10 Mbps connection allows the school to take advantage of online testing opportunities as well as other interactive learning offerings and rehabilitation programs that were not available due to a lack of bandwidth. Additionally the network is designed such that schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.

Marietta Memorial Health Systems	Washington	Medical and Healthcare Provider	Yes	This location is one of several locations that can now be tied in to a central server operation for medical records management and the movement of large files such as MRIs.
Waterford High School	Washington	Schools (K-12)	Yes	Prior to the network being available this high school only a T-1 available. The 100 Mbps connection allows the school to take advantage of online testing opportunities as well as other interactive learning offerings that were not available due to a lack of bandwidth. Additionally the network is designed such that schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.
Tri-County Mental Health	Washington	Medical and Healthcare Provider	Yes	This location is one of several locations that can now be tied in to a central server operation for medical records management and the movement of large files such as MRIs.
Ohio Valley ESC - Victory Place SBH	Washington	Schools (K-12)	Yes	This network allowed this ESC office to have the higher bandwidth they needed and also provided the expandability for future upgrade.
Caldwell High School	Noble	Schools (K-12)	No	n/a

Project Indicators (Next Quarter)

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

Three AARs will be filed.

Construction should be virtually complete by the end of the next quarter.

Our CAI count will increase by approximately ten over the next quarter. The approval of the CAI Award Action Request (AAR) will give a better visual of the positive impact of the CAO-MMC project on the region.

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	100	Virtually all construction should be completed and final POPs brought online. AARs will be filed during this quarter.
2b.	Environmental Assessment	100	Continues as needed.
2c.	Network Design	100	Virtually complete.
2d.	Rights of Way	100	Continues as needed.
2e.	Construction Permits and Other Approvals	100	Included in Network Design.
2f.	Site Preparation	100	Included in Network Design.
2g.	Equipment Procurement	100	Currently at 106%, will rise as final POPs are brought online.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	Virtually complete.
2i.	Equipment Deployment	98	Final POPs are expected to be brought online over the next two quarters.
2j.	Network Testing	95	Awaits backbone completion to bring online in order 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).

Costs will continue to be our largest barrier.

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	\$2,326,769	\$698,031	\$1,628,738	\$2,376,769	\$748,031	\$1,628,738
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	\$8,691,121	\$2,607,336	\$6,083,785
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	\$64,410,453	\$19,363,482	\$45,046,971	\$65,610,453	\$20,563,482	\$45,046,971
j. Equipment	\$14,259,128	\$4,277,738	\$9,981,390	\$15,133,437	\$4,589,518	\$10,543,919	\$15,938,437	\$5,394,518	\$10,543,919
k. Miscellaneous	\$5,204,932	\$1,561,481	\$3,643,451	\$4,428,463	\$1,328,539	\$3,099,924	\$4,428,463	\$1,328,539	\$3,099,924
l. SUBTOTAL (add a through k)	\$94,963,210	\$28,488,963	\$66,474,247	\$95,091,543	\$28,617,296	\$66,474,247	\$97,146,543	\$30,672,296	\$66,474,247
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	\$95,091,543	\$28,617,296	\$66,474,247	\$97,146,543	\$30,672,296	\$66,474,247

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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