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?
03-31-2014	◯ 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	05-07-2014

Project Indicators (This Quarter)

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

Horizon has 256 Community Anchor Institutions (CAIs) at the end of the of the first quarter of 2014. 95 are new builds/access with 89 customers receiving access on new fiber and six CAIs connected to new fiber but not subscribed as a customer. Baseline for this data point is 148. Most recent approved key performance indicators (KPIs) indicated there would be 95 in this category at the end of the project. 161 are improved with eight of these as customers. Horizon has direct connections (subscriptions ranging from 10 Mbps to 100 Mbps) to 4 Information Technology Centers and 2 medical system networks that enable an additional 153 elementary, middle, high schools, some government facilities and some health system satellite offices to receive faster speeds, reliability and availability. Most recent approved KPIs indicated there would be 105 in this category at completion of project.

Construction is complete, however, the number of route miles being reported decreased from the last reporting period due to the completion of final as-builts. Thus, total miles deployed are 1,250 with 1,035 in backbone miles and 215 in distribution miles. Though these numbers are not expected to change, final as-builts could vary the mileage slightly. Originally expected to be 1,097 miles at time of application and baseline and most recent approved KPIs expected this to be 952 miles by the end of the project, backbone is currently slated to be 1,035 miles at term. Distribution: Originally expected to be 863 miles at time of application and baseline and most recent approved KPIs expected this to be just under 200 miles, distribution is currently slated to be 215 at the end of the project. The optimized backbone reduced the number of distribution miles necessary.

Points-of Presence (POPs): We have thirty-four POPs online. Our baseline had thirty-six for this point in our project.

Wholesalers and Last Mile Providers: Total baseline for Wholesalers or Last Mile Providers was 5. We have a positive variance of 10 with our 15 signed contracts. Wireless Internet Service Providers (WISPs): We have ten contracts with WISPs with all of those online. Wholesale agreements: We have three signed wholesale agreements (approximately 200 towers) at various stages of being fulfilled. We have two dark fiber agreements.

Horizon has filed an initial UCC-1 with the State of Ohio to begin the closeout process.

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	The project is very near completion. Currently at 109% of budget. There are additional invoices still coming in for construction and splicing and testing in addition to make-ready.
2b.	Environmental Assessment	100	Environmental Assessment is complete.
2c.	Network Design	100	Network Design is complete. Engineering is complete at 113% of budget.
2d.	Rights of Way	0	n/a
2e.	Construction Permits and Other Approvals	0	n/a
2f.	Site Preparation	0	n/a
2g.	Equipment Procurement	100	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. Thirty-four POPs have been turned up and tested. Electronics is at 116% of budget.
2h.	Network Build (all components - owned, leased, IRU, etc)	100	Construction is complete, currently at 108% of budget as lagging invoicing comes in.
2i.	Equipment Deployment	100	Final testing is complete.
2j.	Network Testing	0	n/a
2k.	Other (please specify): OARnet	100	This item is complete at 85% of budget.

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).

none.

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	1,250	Construction is complete, however, the number of route miles being reported decreased from the last reporting period due to the completion of final as-builts. Thus, total miles deployed are 1,250 with 1,035 in backbone miles and 215 in distribution miles. Though these numbers are not expected to change, final as-builts could vary the mileage slightly. Originally expected to be 1,097 miles at time of application and baseline and most recent approved KPIs expected this to be 952 miles by the end of the project, backbone is currently slated to be 1,035 miles at term. Distribution: Originally expected to be 863 miles at time of application and baseline and most recent approved KPIs expected this to be just under 200 miles, distribution is currently slated to be 215 at the end of the project. The optimized backbone reduced the number of distribution miles necessary.
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)	1,250	Construction is complete, however, the number of route miles being reported decreased from the last reporting period due to the completion of final as-builts. Thus, total miles deployed are 1,250 with 1,035 in backbone miles and 215 in distribution miles. Though these numbers are not expected to change, final as-builts could vary the mileage slightly. Originally expected to be 1,097 miles at time of application and baseline and most recent approved KPIs expected this to be 952 miles by the end of the project, backbone is currently slated to be 1,035 miles at term. Distribution: Originally expected to be 863 miles at time of application and baseline and most recent approved KPIs expected this to be just under 200 miles, distribution is currently slated to be 215 at the end of the project. The optimized backbone reduced the number of distribution miles necessary.
Number of new wireless links	0	n/a
Number of new towers	0	n/a
Number of new and/or upgraded interconnection points	34	Equipment has been installed in all Points-of-Presence (POPs).

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	15
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	16

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
Connectlink, Inc; Country Connection (2); Intelliwave; JB-Nets, LLC; New ERA Broadband (2); Rowe Wireless Networks; Smart Networks; Southern Ohio Communication Services (SOCS); Sprint; Verizon (3); 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 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**	15	This number has dropped from 18 because 3 customers have canceled their orders. Total baseline for Wholesalers or Last Mile Providers was 5. We have a positive variance of 10 with our 15 contracts. We have three signed wholesale agreements (approximately 200 towers) in various stages of being fulfilled. We have two dark fiber agreements.
	Providers with signed agreements receiving improved access	0	none
	Providers with signed agreements receiving access to dark fiber	2	none
	Please identify the speed tiers that are available and the number of subscribers for each	7	We have speed tiers available from 5 Megabytes per second (Mbps) to 10 Gigabytes per second (Gbps). 2 = 10 Mbps 1 = 20 Mbps 4 = 50 Mbps 1 = 100 Mbps 3 = 150 Mbps 1 = 200 Mbps 1 = 500 Mbps There are two agreements for dark fiber - no tier assigned.
Community Anchor Institutions (including Government institutions)	**Total subscribers served**	256	Horizon is in the process of submitting an AAR requesting the addition of 211 qualifying CAIs not originally included in our application. These are customers benefiting from the fiber network. This number is not expected to change. There are three CAIs who could move from the improved category to the new category.
	Subscribers receiving new access	95	95 is 89 customers receiving access on new fiber and six CAIs connected to new fiber but not subscribed as a customer. Baseline for this data point is 148. Most recent approved KPIs indicated there would be 95 in this category at the end of the project.
	Subscribers receiving improved access	161	Eight of these are customers. Horizon has direct connections (subscriptions ranging from 10 Mbps to 100 Mbps) to 4 Information Technology Centers and 2 medical system networks that enable an additional 153 elementary, middle, high schools, some government facilities and some health system satellite offices to receive faster speeds, reliability and availability. Most

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
			recent approved KPIs indicated there would be 105 in this category at completion of project.

	Please identify the speed tiers that are available and the number or subscribers for each	10	We have speed tiers available from <10 Mbps to ≥ 1 Gbps.
			Mbps = CAIs
			  5 = 20
			  10 = 82
			  20 = 32
			  30 = 5
			  40 = 8
			  100 = 87
			  200 = 3
			  250 = 3
			  500 = 3
			  1000 = 13

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).

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
none added in 1Q14	**n/a**	**n/a**	**n/a**	**none added in 1Q14**
Project Indicators (Next Quarter)				

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

The project will be complete and will continue the close-out process. Final AARs will be completed. All as-builts will be completed and received. Though construction mileage is not expected to change, final as-builts could vary the mileage slightly.

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	The project will be complete at approximately 110% of budget. The close-out process will continue.
2b.	Environmental Assessment	100	This category is complete.
2c.	Network Design	100	This category is complete at 113% of budget.
2d.	Rights of Way	0	n/a
2e.	Construction Permits and Other Approvals	0	n/a
2f.	Site Preparation	0	n/a
2g.	Equipment Procurement	100	This category will be complete at approximately 116% of budget.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	This category is complete and expected to end at 108% of budget.
2i.	Equipment Deployment	100	This category is complete.
2j.	Network Testing	0	n/a
2k.	Other (please specify): OARnet	100	This item is complete at 85% of budget.

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).

none expected.

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	$2,473,445	$844,707	$1,628,738	$2,523,446	$894,708	$1,628,738
b. Land, structures, right-of-ways, appraisals, etc.	$0	$0	$0	$0	$0	$0	$0	$0	$0
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	$8,792,421	$2,637,726	$6,154,695	$8,792,421	$2,637,726	$6,154,695
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	$71,351,161	$26,304,190	$45,046,971	$71,601,161	$26,554,190	$45,046,971
j. Equipment	$14,259,128	$4,277,738	$9,981,390	$16,492,941	$5,949,022	$10,543,919	$16,492,941	$5,949,022	$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	$103,538,431	$37,064,184	$66,474,247	$103,838,432	$37,364,185	$66,474,247
m. Contingencies									
n. TOTALS (sum of l and m)	$94,963,210	$28,488,963	$66,474,247	$103,538,431	$37,064,184	$66,474,247	$103,838,432	$37,364,185	$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