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?
03-31-2013	◯ 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	05-30-2013

Project Indicators (This Quarter)

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

Community Anchor Institutions (CAIs): Twenty-nine new Community Anchor Institutions came online for a total of sixty-one.

Our 2012 APR report listed 16 Mbps as the average broadband speed provided which is well under our baseline. We indicated this was a direct result of the slower build rate. At the end of quarter 1 of 2013, Horizon has almost doubled the number of CAIs and the average broadband speed provided is now 97 Mbps.

Points-of-Presence (POPs): Three additional POPs came online as fiber arrived for a total of twenty-nine.

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

Community Involvement: Horizon presented construction update at the Connect Ohio Technology Summit in Columbus. We had booths at Chamber of Commerce functions in Jefferson, Washington and Jackson Counties plus an OME-RESA conference in Cambridge. We met with potential customers and CAI representatives at Chamber of Commerce luncheons/dinners/business showcases in Hocking, Tuscarawas, Columbiana, Pike, Gallia, Clermont, Athens and Jackson Counties over the course of the quarter.

Construction: We have built over 1100 miles of the fiber network. Make-Ready continues to be a challenge on many fronts. Speed, cost and lack of response are the largest barriers we face at this point.

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	94	As instructed at the beginning of the project the percentage complete for milestones has always been based on dollars spent. As a result these numbers are misleading as our project is over budget by as much as 10 percent.
2b.	Environmental Assessment	100	Horizon continues to consult with its environmental consultants and follow the Performance Agreement. Environmental assessment was not budgeted in project plan.
2c.	Network Design	100	Network design is virtually 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 106% of original budget.
2h.	Network Build (all components - owned, leased, IRU, etc)	77	Construction progressed at a decent pace this quarter
2i.	Equipment Deployment	80	All equipment has been deployed. However it is not turned up until fiber reaches it and is then tested. Payment occurs after testing and equipment audit.
2j.	Network Testing	70	Runs behind build-out and 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).

Challenges this quarter were led by the high costs of make-ready.

Consistent with instruction early in project, percentage complete is based on the current budget filed with NTIA. We are projecting costs to be higher in various areas.

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	Horizon has built over 1100 miles of backbone and distribution.
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	Horizon has built over 1100 miles of backbone and distribution.
Number of new wireless links	0	n/a
Number of new towers	0	n/a
Number of new and/or upgraded interconnection points	29	Equipment has been installed in all Points-of-Presence (POPs). This category is only slightly behind baseline of 32 and is only awaiting backbone connectivity.

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)	16

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; Rowe Wireless Networks; Smart Networks; Southern Ohio Communication Services (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). 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**	7	Total baseline for Last Mile Providers was 5. We have a positive variance of 7 with our 12 signed contracts. Four have yet to receive access due to lagging construction.
	Providers with signed agreements receiving improved access	5	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	12	We have speed tiers available from 5 Megabytes per second (Mbps) to 10 Gigabytes per second (Gbps). We have one at 10 Mbps; two at 20 Mbps; one at 100 Mbps; two at 150 Mbps; one at 200 Mbps and one at 500 Mbps. There are four agreements dependent on fiber currently under construction. They are contracted to receive the following: one at 30 Mbps; one at 50 Mbps and two at 100 Mbps.
Community Anchor Institutions (including Government institutions)	**Total subscribers served**	64	Community Anchor Institutions (CAIs) connections are picking up pace as backbone segments are completed and Points-of-Presence (POPs) are brought online.
	Subscribers receiving new access	34	Baseline for this category was 148. These numbers are currently being revised due to a multitude of factors.
	Subscribers receiving improved access	30	Baseline for this category was 444. These numbers are currently being revised due to a multitude of factors.
	Please identify the speed tiers that are available and the number or subscribers for each	64	We have speed tiers available from <10 Mbps to ≥ 1 Gbps. We have eight in the < 10 Mbps tier; thirty-eight in the ≥ 10 Mbps and < 50 Mbps; one in the ≥ 50 Mbps and < 100 Mbps; thirteen in the ≥ 100 Mbps and < 1 Gbps; and four in the ≥ 1 Gbps.
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
Amesville Elementary	Athens	Schools (K-12)	Yes	20 Mbps - Prior to the network being available this elementary school only a T-1 available. The 20 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.
Athens-Meigs ESC	Athens	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.
East Elementary	Morgan	Schools (K-12)	Yes	10 Mbps - 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.
East Guernsey Buckeye Trail Middle School	Guernsey	Schools (K-12)	Yes	20 Mbps - Prior to the network being available this school only a T-1 available. The 20 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.
East Guernsey Local School District	Guernsey	Schools (K-12)	Yes	5 Mbps - Prior to the network being available this school district 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 schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.
Fort Frye High School	Washington	Schools (K-12)	Yes	100 Mbps - Prior to the network being available this high school 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.
Guernsey-Noble Career Center	Guernsey	Schools (K-12)	Yes	20 Mbps - Prior to the network being available this school only a T-1 available. The 20 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.
Hocking Valley Community Hospital - Doctor's Office	Hocking	Medical and Healthcare Provider	Yes	20 Mbps - 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.
Lowell Elementary	Washington	Schools (K-12)	Yes	10 Mbps - 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

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
				that schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.
Marietta MH - Broughton Complex	Washington	Medical and Healthcare Provider	Yes	40 Mbps - 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.
Marietta MH - MHCPI Billing	Washington	Medical and Healthcare Provider	Yes	40 Mbps - 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.
Matamoras Elementary	Washington	Schools (K-12)	Yes	10 Mbps - 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.
Morgan Jr High	Morgan	Schools (K-12)	Yes	100 Mbps - Prior to the network being available this jr. high school only had 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.
Morgan Local District	Morgan	Schools (K-12)	Yes	10 Mbps - This network allows the entire school district to be on the same network with associated efficiencies. The connection into the district office gives them better capability and expandability into the future.
Newport Elementary	Washington	Schools (K-12)	Yes	10 Mbps - 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.
Noble Local School District	Noble	Schools (K-12)	Yes	10 Mbps - This network allows the entire school district to be on the same network with associated efficiencies. The connection into the district office gives them better capability and expandability into the future.
Ohio University - Chillicothe	Ross	Higher Education	Yes	1 Gbps - The network allows all of the Ohio University campuses and other locations for be integrated in to one wide area network. The network also allows for larger bandwidth allocations than what was previously available.
Ohio University - Lancaster	Fairfield	Higher Education	Yes	1 Gbps - The network allows all of the Ohio University campuses and other locations for be integrated in to one wide area network. The network also allows for larger bandwidth allocations than what was previously available.
Ohio University - Zanesville	Muskingum	Higher Education	Yes	1 Gbps - The network allows all of the Ohio University campuses and other locations for be integrated in to one wide area network. The network also allows for larger bandwidth allocations than what was previously available.
Putnam Elementary	Washington	Schools (K-12)	Yes	10 Mbps - 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.
Selby General Hospital	Washington	Medical and Healthcare Provider	Yes	40 Mbps - 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.

St. Mary Elementary	**Belmont**	**Schools (K-12)**	**Yes**	**5 Mbps - 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 schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.**
Switzerland Powhatan Elementary	**Monroe**	**Schools (K-12)**	**Yes**	**10 Mbps - 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.**
Tri-County Mental Health	**Hocking**	**Medical and Healthcare Provider**	**Yes**	**10 Mbps - 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.**
Trimble High School & Local SD Office	**Athens**	**Schools (K-12)**	**Yes**	**100 Mbps - Prior to the network being available this school district school only had 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.**
Trimble Middle & Elementary Schools	**Athens**	**Schools (K-12)**	**Yes**	**100 Mbps - Prior to the network being available this school district school only had 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 Local Elementary	**Belmont**	**Schools (K-12)**	**Yes**	**5 Mbps - 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 schools can easily and affordably add more bandwidth as they need it without incurring increased infrastructure costs.**
Union Local High School	**Belmont**	**Schools (K-12)**	**Yes**	**10 Mbps - Prior to the network being available this high school 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.**
West Elementary	**Morgan**	**Schools (K-12)**	**Yes**	**10 Mbps - 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.**
East Guernsey Buckeye Trail High School	**Guernsey**	**Schools (K-12)**	**No**	**n/a**
Doctor's Office	**Hocking**	**Medical and Healthcare Provider**	**No**	**1381-1389 W Hunter St building served**
Doctor's Office	**Hocking**	**Medical and Healthcare Provider**	**No**	**541-819 SR 664 N campus served**

Project Indicators (Next Quarter)

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

Horizon expects to bring three more POPs online this quarter. We plan to have 1250 miles built by the end of the quarter. Expect to serve 20 additional CAIs this quarter. We are not expecting to sign any additional wholesaler/last mile providers over the next quarter.

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	97	Expect to serve 20 additional CAIs this quarter.
2b.	Environmental Assessment	100	Continues as necessary.
2c.	Network Design	100	Virtually complete.
2d.	Rights of Way	100	Continues as necessary.
2e.	Construction Permits and Other Approvals	100	Included in Network Design.
2f.	Site Preparation	100	Included in Network Design.
2g.	Equipment Procurement	100	With three additional POPs online this category will go from 106% to 110%.
2h.	Network Build (all components - owned, leased, IRU, etc.)	85	Expect to have 1250 miles built by the end of the quarter.
2i.	Equipment Deployment	88	We have three POPs scheduled to be turned up this quarter.
2j.	Network Testing	75	Awaits backbone completion to bring online.
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).

High costs and delays caused by make-ready.

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	$2,095,643	$628,693	$1,466,950	$2,145,643	$643,693	$1,501,950
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	$62,204,332	$18,661,300	$43,543,032	$63,704,332	$19,111,300	$44,593,032
j. Equipment	$14,259,128	$4,277,738	$9,981,390	$15,062,742	$4,518,823	$10,543,919	$15,762,742	$4,728,823	$11,033,919
k. Miscellaneous	$5,204,932	$1,561,481	$3,643,451	$1,428,463	$428,539	$999,924	$1,608,995	$482,698	$1,126,297
l. SUBTOTAL (add a through k)	$94,963,210	$28,488,963	$66,474,247	$89,583,601	$26,875,081	$62,708,520	$92,014,133	$27,604,240	$64,409,893
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	$89,583,601	$26,875,081	$62,708,520	$92,014,133	$27,604,240	$64,409,893

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