Broadband USA Applications Database

**Applicant Name:** Horizon Telcom, Inc.

**Project Title:** Horizon Telcom’s Expansion of Broadband Services in Ross County to 100%

**Project Type:** Last Mile Non-Remote

_______________________ Executive Summary_______________________

Horizon Telcom, Inc. (Horizon), via its operating subsidiary, The Chillicothe Telephone Company, is an incumbent local exchange carrier (ILEC) which has operated in rural southern Ohio, and specifically in Ross County, for the past 115 years. Horizon’s track record as both a service provider in the region and as a community anchor is unmatched. Founded in 1895 as the Home Telephone Company, the organization has grown and adapted to address the changing needs of its customers, its employees and its community while still maintaining its competitive position within the telecommunications industry. Within its existing ILEC service territory, covering most of Ross County and some immediately surrounding areas in Pickaway, Hocking, Vinton and Pike counties, Horizon provides broadband services which exceed the current RUS/NTIA defined standards that are available to about 30,000 homes and businesses. Within this area, the company has been able to identify 2,422 residences that cannot receive this metropolitan-class broadband service from Horizon and are not reached by any other wireline broadband provider. The absence of broadband to these residences is more than just a missed opportunity. It represents a disadvantage that grows with each passing day. The lack of broadband service creates unfair disparities in education, in health care and in business. Students suffer because they cannot access myriad research and homework assistance sites from their homes. Entrepreneurs who wish to establish home-based businesses lack access to marketing, business solutions and networking opportunities. Displaced workers are unable to adequately search for jobs or take online classes to enable them to begin a new career. This application for funding seeks to extend the company’s fiber optic network to serve the remaining 2,422 homes. The proposed project will provide data speeds up to 100 Megabits per second (Mbps) day one and will enable service that is virtually “future proof” by using active Ethernet technology over a Fiber-to-the-Home (FTTH) network that “home runs” fiber optics directly to each of the 2,422 homes that subscribes to the service. This method not only provides the necessary base-level data services, but anticipates the future needs, expectations and expenses of its customers. By using state-of-the-art optronics and a dedicated fiber to each home, the project eliminates the need for additional future subsidized funding to allow these customers access to ever increasing bandwidth equal to or greater than that available to their metropolitan counterparts. By extending fiber all the way to the home, Horizon can continually address the needs and expectations of its customer base without drastically and expensively overhauling the system that is in place. And, while the service is being designed only as necessary to reach these specific 2,422 homes, the extended fiber routes will, over time, allow Horizon—at its own cost—to “future proof” thousands of other homes using the same technology. Based upon Horizon’s century of understanding of the service area and vast previous experience with fiber builds and network operation (including a very successful RUS-funded
FTTH build in the most rural community in neighboring Pickaway County), the company projects that the cost of this effort will be $5,778,540. Horizon is proposing a 49% Grant/51% Match arrangement to fund the project. Horizon is seeking $2,831,485 in federal assistance to make the project viable. As the Carrier of Last Resort, Horizon has previously investigated expanding broadband services into these areas. However, without assistance from this unprecedented stimulus funding opportunity or some other means of economic enhancement, the project simply cannot support itself in a sustainable manner without resulting in punitive costs to potential subscribers. Horizon is well-positioned to build and operate the proposed infrastructure as it has been a focus of the company for over a decade. The fiber build and network deployment will mirror those already established in the region by Horizon. Further, virtually all of the “new subscribers” within the service territory are already Horizon telephone customers and, therefore, the new broadband services will simply appear as a new line item on their monthly Horizon bills. With the support of federal stimulus dollars, this project will ensure that the entire ILEC service area will not only meet the RUS/NTIA definition of “served,” but will, across the vast majority of the territory, result in broadband capability of at least 15 Mbps. This project is expected to employ nine additional skilled employees for a period of at least one year. Horizon, because of an extensive fiber build to connect medical facilities throughout southern Ohio, already has contracts in place for fiber optic cable, for construction services and for advanced optronics. This project is truly “shovel ready” and construction can begin the day the application is approved. The presence of this advanced network is expected to retain approximately two full-time positions by retaining customers who otherwise would have likely dropped service because of a lack of broadband capability. As the incumbent provider in the region, Horizon has proven its ability and willingness to comply with the obligations of the non-discrimination and interconnection regulations as outlined. Horizon is committed to continuing to provide the most effective and comprehensive level of service to its clients, with the understanding that remaining successful in the industry means cooperating with other service providers on non-proprietary issues. Based upon Horizon’s work in the area, it expects a 60% subscriber take rate over the course of the project. At the end of year one, the company is projecting 836 new subscribers, escalating to 1,007 at the end of year five. The project costs total out at an average of $3,976 per subscriber, which effectively illustrates the need for federal assistance to subsidize the project while the 51% match makes it an excellent value for taxpayer dollars.