

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information		
1. Federal Agency and Organizational Element to Which Report is Submitted GOL	2. Award Identification Number NT10BIX5570051	3a. DUNS Number 787589290
		3b. EIN XXXXXXXXXXX
4. Recipient Organization (Name and complete address including country, congressional district, and zip code) First Step Internet, L.L.C. 1420 S. Blaine St #10, Moscow, ID 83843-3973		
5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2010	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 Kevin Owen President	7c. Telephone (area code, number and extension) 2088828869	7d. Email Address kowen@fsr.com
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-18-2010	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (150 words or less).
 First Step completed the Environmental Assessment report and Sec. 7 consultations. We are awaiting final approval and issuance of the Finding of No Significant Impact. First Step received clearance for the construction of tower #10 that was submitted to the Federal Aviation Administration for clearance. The bidding process was opened for the tower construction and equipment needs for the project. Reviews of the submitted bids are currently underway. Tower construction contractor has been selected. No construction or equipment purchases were made in Q3 due to the delayed Environmental Assessment and Sec. 7 responses.

2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second 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 (100 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	14	equipment procurement not started, With the anticipated release of funds, First Step will increase purchasing in the 3rd quarter to bring the project back on track with the baseline projections.
2b.	Environmental Assessment	99	submitted waiting on Finding of No Significant Impact
2c.	Network Design	100	submitted Environmental Assessment did not require any network adjustments
2d.	Rights of Way	0	n/a
2e.	Construction Permits and Other Approvals	90	Federal Communications Commission/Federal Aviation Administration clearance for tower received, Conditional Use Permit in progress for Paradise Ridge tower. road access dispute has surfaced
2f.	Site Preparation	0	funding has not been released to start this phase of the project
2g.	Equipment Procurement	10	bids have been submitted/reviewed but purchasing has not occurred. awaiting Finding of No Significant Impact and security interest filing
2h.	Network Build (all components - owned, leased, IRU, etc)	0	not started due to Finding of No Significant Impact
2i.	Equipment Deployment	0	not started due to Finding of No Significant Impact
2j.	Network Testing	0	not started due to Finding of No Significant Impact
2k.	Other (please specify):	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 (150 words or less).

First Step did not meet the Q3 quarterly projections due to delays in the Environmental Assessment/Sec. 7 / Finding of No Significant Impact process. Broadband Technology Opportunities Program has been helpful in working with the United States Fish and Wildlife Service to move the process forward.

4. Please report the following information regarding network build progress. Write "N/A" in the second 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 (100 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	0	as documented above, no construction has taken place due to the Environmental Assessment/Sec. 7 delay
New network miles leased	0	n/a
Existing network miles upgraded	0	as documented above, no construction has taken place due to the Environmental Assessment/Sec. 7 delay

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Existing network miles leased	0	n/a
Number of miles of new fiber (aerial or underground)	0	n/a
Number of new wireless links	0	as documented above, no construction has taken place due to the Environmental Assessment/Sec. 7 delay
Number of new towers	0	as documented above, no construction has taken place due to the Environmental Assessment/Sec. 7 delay
Number of interconnection points	0	as documented above, no construction has taken place due to the Environmental Assessment/Sec. 7 delay

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your subrecipient, 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	0
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	3
Average term of signed agreements	0

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements. Providers:
 no agreements signed

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. Wholesale services description:
 First Step will be providing middle mile Internet transport on this newly built network. Pricing will be based on the amount of bandwidth requested across the network in 1 megabit increments at \$100/meg/month.

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 subrecipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (150 words or less).
 First Step will operate the network.

6. Please provide the data according to the type of subscriber. Write "N/A" 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 (100 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	0	0
	Providers with signed agreements receiving improved access	0	0
	Providers with signed agreements receiving access to dark fiber	0	n/a
	Please identify the speed tiers that are available and the number of subscribers for each	0	\$100/meg/month
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	0

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving new access	0	0
	Subscribers receiving improved access	0	0
	Please identify the speed tiers that are available and the number or subscribers for each	0	0
Residential / Households	Entities passed	0	0
	Total subscribers served	0	0
	Subscribers receiving new access	0	0
	Subscribers receiving improved access	0	0
	Please identify the speed tiers that are available and the number of subscribers for each	0	0
Businesses	Entities passed	0	0
	Total subscribers served	0	0
	Subscribers receiving new access	0	0
	Subscribers receiving improved access	0	0
	Please identify the speed tiers that are available and the number of subscribers for each	0	0

7. Please describe any special offerings you may provide (150 words or less).
 no special offerings

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

8b. If so, please describe the changes (150 words or less).
 no change

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. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent calendar year. 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 (100 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 connected	0	0	0	0
none connected	0	0	0	0
none connected	0	0	0	0

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (150 words or less).

First Step will have the Finding of No Significant Impact issued. With the Finding of No Significant Impact in hand, purchasing and construction will begin. Additional effort will be expending to try and get the project caught up in terms of deployment goals. Winter weather will be a significant factor in our ability to catch up in this 4th quarter.

2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second 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 (100 words or less).

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	58	delayed due to Environmental Assessment/Finding of No Significant Impact
2b.	Environmental Assessment	100	completed with Finding of No Significant Impact issued
2c.	Network Design	100	completed
2d.	Rights of Way	0	n/a
2e.	Construction Permits and Other Approvals	100	all permits and approval acquired
2f.	Site Preparation	50	site and tower work underway
2g.	Equipment Procurement	75	purchasing occurring in accordance with project progress
2h.	Network Build (all components - owned, leased, IRU, etc.)	30	network builds occur as towers come online.
2i.	Equipment Deployment	30	begins with network build
2j.	Network Testing	30	as deployed
2k.	Other (please specify):	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 (150 words or less).

Winter weather will likely be the largest challenge. As possible, First Step will increase efforts and deployed assets on the project to get it caught up and on schedule after the extended 2nd quarter delays. First Step will continue to work with Program officer to resolve program questions that surround equipment life, taxation and security interests.

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	\$149,950	\$149,950	\$0	\$6,369	\$6,369	\$0	\$30,043	\$0	\$30,043
b. Land, structures, right-of-ways, appraisals, etc.	\$430,230	\$22,000	\$408,230	\$0	\$0	\$0	\$350,000	\$15,000	\$335,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$21,700	\$21,700	\$0	\$21,700	\$21,700	\$0	\$21,700	\$21,700	\$0
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	\$20,000	\$0	\$20,000	\$0	\$0	\$0	\$10,000	\$0	\$10,000
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$1,021,226	\$222,890	\$798,336	\$58,465	\$58,465	\$0	\$85,000	\$67,000	\$18,000
j. Equipment	\$1,251,330	\$173,866	\$1,077,464	\$389	\$389	\$0	\$350,000	\$70,000	\$280,000
k. Miscellaneous	\$97,593	\$8,000	\$89,893	\$0	\$0	\$0	\$15,000	\$3,000	\$12,000
l. SUBTOTAL (add a through k)	\$2,992,029	\$598,406	\$2,393,923	\$86,923	\$86,923	\$0	\$861,743	\$176,700	\$685,043
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$2,992,029	\$598,406	\$2,393,923	\$86,923	\$86,923	\$0	\$861,743	\$176,700	\$685,043

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: \$440,000	b. Program Income to Date: \$0
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