

RECIPIENT NAME:First Step Internet, L.L.C.

AWARD NUMBER: NT10BIX5570051

DATE: 02/14/2011

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

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 NT10BIX5570051	3. DUNS Number 787589290
4. Recipient Organization First Step Internet, L.L.C. 1420 S. Blaine St #10, Moscow, ID 83843-3973		
5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2010	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): 02-14-2011	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Environmental Assessment was completed and a Finding of No Significant Impact was issued. Final review of bids for construction and major equipment purchases were completed. Continued work with Federal Program Officer to address federal program matching requirements. Continued community outreach efforts by answers questions from those potentially impacted by the proposed network build. Worked with local TV station to produce a short 30 second TV public announcement of the project. No construction was completed in the quarter due to the onset of winter weather at our tower construction sites.

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	15	equipment bids reviewed and scored. Ready for purchasing to begin when weather clears. Q1 purchasing will occur to bring project closer to projected time line.
2b.	Environmental Assessment	100	Completed Finding of No Significant Impact issued 10/18/2010.
2c.	Network Design	100	submitted network design has been approved
2d.	Rights of Way	0	n/a
2e.	Construction Permits and Other Approvals	90	Conditional Use Permit still required for Paradise Ridge location. Land owner, road access dispute still ongoing. Building permit for Lewiston Rim site secured.
2f.	Site Preparation	0	not started due to winter weather conditions
2g.	Equipment Procurement	10	bid review completed. contracts for winning bids are being prepared.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	not started due to winter weather conditions
2i.	Equipment Deployment	0	not started due to winter weather conditions
2j.	Network Testing	0	not started due to winter weather conditions
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).

Project construction is currently on hold due to the onset of winter weather conditions at our tower sites and locations. First Step will continue to work with the Federal Program Officer to address federal matching requirements while we await the official word from NTIA concerning allowable uses of program revenue.

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	0	no construction started due to winter weather conditions
New network miles leased	0	n/a
Existing network miles upgraded	0	no construction started due to winter weather conditions
Existing network miles leased	0	n/a
Number of miles of new fiber (aerial or underground)	0	n/a

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of new wireless links	0	no construction started due to winter weather conditions
Number of new towers	0	no construction started due to winter weather conditions
Number of new and/or upgraded interconnection points	0	no construction started due to winter weather conditions

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	0
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	3
Average term of signed agreements (in quarters)	0

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). 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 (100 words or less). 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 sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (600 words or less).

First Step will operate the network.

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	0	due to the delays in construction, the negotiations for new and improved access have not occurred. Once construction in underway the appropriate negotiations can begin.
	Providers with signed agreements receiving improved access	0	due to the delays in construction, the negotiations for new and improved access have not occurred. Once construction in underway the appropriate negotiations can begin.
	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	00
	Subscribers receiving new access	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 improved access	0	0
	Please identify the speed tiers that are available and the number or subscribers for each	0	\$100/meg/month
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 (600 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 (300 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. 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 connected	0	0	0	0

Project Indicators (Next Quarter)

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

With the approved Environmental Assessment and the issued Finding of No Significant Impact, First Step has cleared the last significant Federal hurdle for the start of construction. Additionally, First Step has completed the equipment and construction bidding and review process. We are ready and posed to start construction when the weather allows. We anticipate construction to begin late in the 1st quarter with equipment purchasing and provisioning to start at approximately the same time.

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	25	winter weather and the Environmental assessment slowed the started of the project. First Step should be able to resume procurement and begin construction late Q1.
2b.	Environmental Assessment	100	completed
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	10	winter weather has slowed the start of the project
2g.	Equipment Procurement	25	winter weather has slowed the start of the project
2h.	Network Build (all components - owned, leased, IRU, etc.)	25	network builds occur as towers are built and commissioned
2i.	Equipment Deployment	25	begins with network build
2j.	Network Testing	25	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 (600 words or less).

Winter weather will be the most significant challenge. Currently we have tower locations under 10 feet of snow. It is impossible to being work. If we get an early spring we will be able to start tower construction as soon as possible. First Step will continue to work directly with the Federal Program Officer to address ongoing questions concerning taxation, security interests and use of Program Revenue.

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	\$11,987	\$11,987	\$0	\$30,043	\$30,043	\$0
b. Land, structures, right-of-ways, appraisals, etc.	\$430,230	\$22,000	\$408,230	\$150	\$150	\$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	\$66,852	\$66,852	\$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	\$101,078	\$101,078	\$0	\$861,743	\$206,743	\$655,000
m. Contingencies									
n. TOTALS (sum of l and m)	\$2,992,029	\$598,406	\$2,393,923	\$101,078	\$101,078	\$0	\$861,743	\$206,743	\$655,000

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