

RECIPIENT NAME:
AWARD NUMBER:
DATE:

OMB CONTROL NUMBER: 0660-0037
EXPIRATION DATE: 12-31-2010

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information		
1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce / NTIA	2. Award Identification Number NT10BIX5570051	3a. DUNS Number 787589290
		3b. EIN 82-0491573
4. Recipient Organization (Name and complete address including country, congressional district, and zip code) First Step Internet, LLC 1420 S. Blaine St Moscow, Id 83843 USA, ID-001		
5. Current Reporting Period End Date (MM/DD/YYYY) 06/30/2010	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 W. Owen - President	7c. Telephone (area code, number and extension) 208-882-8869	
	7d. Email Address kowen@fsr.com	
7b. Signature of Certifying Official Kevin W. Owen	7e. Date Report Submitted (MM/DD/YYYY): 07/27/2010	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (150 words or less).
 First Step hired our Environmental Consultant to assist with completing the required Environmental Assessment. The work is nearly complete. First Step has completed its Section 106 consultations with the SHPO and THPO's as required. Significant discussion on tower placement occurred with USFWS and a report is being prepared that outlines our impacts. 9 out of 10 tower locations have agreements in place and the appropriate permits have been applied for. First Step completed the writing of our internal procurement policy.

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	2	project planning and EA is nearly completed.
2b.	Environmental Assessment	80	all sites visits have been completed, Sec 106 consultations completed, writing of the draft copy is nearly complete
2c.	Network Design	95	The design of the project has remained consistent with our application. At this point, we anticipate no significant changes.
2d.	Rights of Way	0	n/a
2e.	Construction Permits and Other Approvals	80	County level conditional use permits have been filed where necessary. A single tower required FCC/FAA registration. That registration has been filed and we are awaiting further comment from the FCC/FAA.
2f.	Site Preparation	0	not started
2g.	Equipment Procurement	0	not started until EA completed and FONSI issued
2h.	Network Build (all components - owned, leased, IRU, etc)	0	not started
2i.	Equipment Deployment	0	not started
2j.	Network Testing	0	not started
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).
 Q2 progress was in-line with previous projections.

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	not started
New network miles leased	0	n/a
Existing network miles upgraded	0	not started
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	not started
Number of new towers	0	not started
Number of interconnection points	0	not started

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.

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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	0
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 signed agreements

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	
	Providers with signed agreements receiving improved access	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		\$100/meg/month
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	
	Subscribers receiving new access	0	
	Subscribers receiving improved access	0	
	Please identify the speed tiers that are available and the number or subscribers for each		
Residential / Households	Entities passed	0	
	Total subscribers served	0	
	Subscribers receiving new access	0	
	Subscribers receiving improved access	0	
	Please identify the speed tiers that are available and the number of subscribers for each		
Businesses	Entities passed	0	
	Total subscribers served	0	
	Subscribers receiving new access	0	
	Subscribers receiving improved access	0	
	Please identify the speed tiers that are available and the number of subscribers for each		

7. Please describe any special offerings you may provide (150 words or less).

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

8b. If so, please describe the changes (150 words or less).

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

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (150 words or less).
 Q3 will see the completion of the EA, and the final USFWS consultation. This will clear the way for us to begin the construction phase of our project. Request for Bids will be issued to the potential equipment vendors and tower building contractors. Vendor selection will occur and initial equipment purchases will happen. First Step intends to have the site preparation completed for 2 of the tower locations. First Step plans to have 10 of the 69 microwave paths deployed this quarter. Those 10 paths do not require tower builds to be completed.

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	37	equipment procurement and site work will begin allowing us to begin deployment of initial microwave paths
2b.	Environmental Assessment	100	submitted
2c.	Network Design	100	final changes will be completed
2d.	Rights of Way	0	n/a
2e.	Construction Permits and Other Approvals	90	final approval and FAA/FCC review for 1 tower
2f.	Site Preparation	25	begin tower foundation work
2g.	Equipment Procurement	40	initial purchase of equipment, towers and radios
2h.	Network Build (all components - owned, leased, IRU, etc.)	10	build network paths not requiring tower construction
2i.	Equipment Deployment	10	deploy 10 radio paths
2j.	Network Testing	10	test radio paths as deployed
2k.	Other (please specify):	0	n/a

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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).

Ensuring compliance with all Federal regulations, policies and procedures will perhaps be the largest challenge. First Step will discuss with our FPO to potential of hiring a Federal compliance specialist to assist with this during the construction phase of the project. There are still outstanding and pending questions concerning costs, program income and existing network valuation that need to be addressed so that we can move forward.

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	\$4,643	\$4,643	\$0	\$30,043	\$30,043	\$0
b. Land, structures, right-of-ways, appraisals, etc.	\$430,230	\$22,000	\$408,230	\$0	\$0	\$0	\$377,430	\$12,000	\$365,430
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	\$1,021,224	\$222,890	\$798,336	\$32,426	\$32,426	\$0	\$83,097	\$60,426	\$22,671
j. Equipment	\$1,251,324	\$173,866	\$1,077,458	\$389	\$389	\$0	\$436,404	\$90,389	\$346,015
k. Miscellaneous	\$97,593	\$8,000	\$89,593	\$0	\$0	\$0	\$12,199	\$1,000	\$11,199
l. SUBTOTAL (add a through k)	\$2,992,027	\$598,406	\$2,393,621	\$59,158	\$59,158	\$0	\$970,873	\$215,558	\$755,315
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS (sum of l and m)	\$2,992,027	\$598,406	\$2,393,621	\$59,158	\$59,158	\$0	\$970,873	\$215,558	\$0

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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