

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

AWARD NUMBER: NT10BIX5570051

DATE: 05/02/2012

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) 03-31-2012	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): 05-02-2012	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Phase 3 of the project build schedule was completed. First Step has completed 53 of the planned 69 fixed microwave paths. 6 additional community anchor institutions were added to the network. First Step completed the hiring of a vendor to assist with the project management and compliance efforts. Due to the dominating winter weather in the region during Q1, there were limited outreach and last mile construction efforts.

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	53	Winter weather and the Environmental requirements put the project behind schedule from the very beginning. First Step has completed its project improvement plan and it has been accepted. The project process is right in line with the overall project improvement plan. First Step has completed 77% of the physical microwave paths as projected.
2b.	Environmental Assessment	100	completed
2c.	Network Design	100	completed
2d.	Rights of Way	0	n/a
2e.	Construction Permits and Other Approvals	95	First Step continues to work with the US Forest Service to secure the final approval for the erection of the HighCamp (Mt. Ida) tower site. No significant project delay is expected as a result of this action.
2f.	Site Preparation	100	10 of 10 tower sites have been prepared and the foundations have been poured
2g.	Equipment Procurement	77	77% of the microwave paths and associated equipment have been procured and installed. All switching equipment has been procured.
2h.	Network Build (all components - owned, leased, IRU, etc)	77	The continued winter weather kept progress slowed. However the project remains on track with its approved project improvement plan and the project is expected to be 100% physically constructed by the end of Q3, 2012, ahead of schedule.
2i.	Equipment Deployment	77	The continued winter weather kept progress slowed. However the project remains on track with its approved project improvement plan and the project is expected to be 100% physically constructed by the end of Q3, 2012, ahead of schedule.
2j.	Network Testing	77	The network testing occurs as the project is built and deployed. The continued winter weather kept progress slowed. However the project remains on track with its approved project improvement plan and the project is expected to be 100% physically constructed by the end of Q3, 2012, ahead of schedule.
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).

The winter weather kept the project slowed, however this slowdown of progress was expected, forecasted and planned. The project is on track and target to be completed in accordance with the submitted and approved project improvement plan. First Step is waiting on the receding snow levels to once again begin the final network deployment stages of our project.

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	379	First Step was delayed nearly 1 year from the time of award until construction began. From the baseline project report, First Step anticipated being shovel ready and would be allowed to start construction with the acceptance of the award. The Environmental Assessment greatly delayed the start of the project. First Step is actually only 5 quarters into the construction schedule. With 379 miles completed, this puts us ahead of our anticipated time schedule.
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)	0	n/a
Number of new wireless links	53	First Step was delayed nearly 1 year from the time of award until construction began. From the baseline project report, First Step anticipated being shovel ready and would be allowed to start construction with the acceptance of the award. The Environmental Assessment greatly delayed the start of the project. First Step is actually only 5 quarters into the construction schedule. With 53 wireless paths completed, this puts us ahead of our anticipated time schedule.
Number of new towers	9	First Step was delayed nearly 1 year from the time of award until construction began. From the baseline project report, First Step anticipated being shovel ready and would be allowed to start construction with the acceptance of the award. The Environmental Assessment greatly delayed the start of the project. First Step is actually only 5 quarters into the construction schedule. With 9 towers completed, this puts us right in line with our anticipated time schedule.
Number of new and/or upgraded interconnection points	7	First Step was delayed nearly 1 year from the time of award until construction began. From the baseline project report, First Step anticipated being shovel ready and would be allowed to start construction with the acceptance of the award. The Environmental Assessment greatly delayed the start of the project. First Step is actually only 5 quarters into the construction schedule. With 6 interconnection points available, this puts us right in line with our anticipated time schedule.

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 yet 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 the newly constructed 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	no providers yet signed due to the early weather and environmental construction delays.
	Providers with signed agreements receiving improved access	0	no providers yet signed due to the early weather and environmental construction delays.
	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	28	Early environmental and weather delays have caused the connection of the Community Anchor Institutions to be delayed.
	Subscribers receiving new access	6	Initial project delays have reduced the number of Community Anchor Institutions on the network at this point in time.
	Subscribers receiving improved access	22	Initial project delays have reduced the number of Community Anchor Institutions on the network at this point in time.
	Please identify the speed tiers that are available and the number of subscribers for each	1	Speed tiers are flexible and available in 1 meg increments. Current packages are 3 to 10 megs.
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	\$100/meg/month
Businesses	Entities passed	0	0
	Total subscribers served	0	0
	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 of subscribers for each	0	\$100/meg/month

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
Kamiah Library	Kamiah	library	yes	Using it for staff email and resources, VPN connectivity to other branches for shared resources. Community access to computers and internet, online card catalog services.
Kamiah Medical Clinic	Kamiah	Medical and Health Care Provider	yes	Vital to providing patient care, used for email, access to online medical resources, insurance reporting and electronic patient files and VPN access to central office and area hospital. Service will be used to provide client / patient hotspot internet services
Kamiah School	Kamiah	School (k-12)	yes	Email, increased teacher access to internet resources and interactive educational materials.
Deary High School	Deary	School (k-12)	yes	Email, increased teacher access to internet resources and interactive educational materials.
Deary Library	Deary	School (k-12)	yes	Using it for staff email and resources, VPN connectivity to other branches for shared resources. Community access to computers and internet, online card catalog services.
NezPerce School	NezPerce	School (k-12)	yes	Email, increased teacher access to internet resources and interactive educational materials.

Project Indicators (Next Quarter)

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

First Step will complete the equipment procurement for the final Phase 4 of the network project. First Step will complete 6 of the remaining 16 paths and will be poised to complete the final 10 paths with the snow having receded from the high mountain tops. The 6 paths will add an additional 4 Community Anchor Institutions and 20 new paths miles. The 10th and final tower will be erected paving way for several new microwave paths to be constructed. With the final tower being constructed and completed we will be able to continue with our negotiations with additional last mile providers. However, since we anticipate the tower construction to occur towards the end of the quarter, we do not anticipate any signed agreements in this quarter. With the bulk of the project completed First Step will begin to look at long term enhancements to the project and will work with the program staff to seek approval for the use of remaining project budget to further improve and enhance the project as planned and built. Outreach will begin with the better weather and negotiations for last mile and middle providers will begin.

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	60	Winter weather and the Environmental requirements slowed the start of the project. With the additional staff on board, we are working towards bringing the project back in line with projections. First Step has added additional staff to bring the project in line with the baseline indicators. First Step is working directly with NTIA on a Project Improvement Plan to address the initial project delays. Our project timeline shows that the project will have ~77% of the construction completed by the 2 year project award date.
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 approvals acquired
2f.	Site Preparation	100	completed
2g.	Equipment Procurement	90	Phase 4 radios will be acquired. The equipment procurement occurs along with the construction schedule. With the proposed construction schedule, the equipment procurement schedule will match the construction completed.
2h.	Network Build (all components - owned, leased, IRU, etc.)	86	Spring weather will allow First Step to begin the construction of the planned paths once again. 6 new paths will be completed in Q2, 2012.
2i.	Equipment Deployment	86	Spring weather will allow First Step to begin the construction of the planned paths once again. 6 new paths will be completed in Q2, 2012.
2j.	Network Testing	86	Spring weather will allow First Step to begin the construction of the planned paths once again. 6 new paths will be completed in Q2, 2012. The network testing occurs along with the network deployment.
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).

First Step anticipates no significant project challenges as we move into the final phases of the project development and construction. First Step will continue to work to have the physical construction of the network well ahead of the planned schedule and required 2/28/2013 end of project date.

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	\$52,875	\$52,875	\$0	\$80,000	\$80,000	\$0
b. Land, structures, right-of-ways, appraisals, etc.	\$430,230	\$22,000	\$408,230	\$435,231	\$7,322	\$427,909	\$435,231	\$7,322	\$427,909
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	\$20,000	\$0	\$20,000	\$20,000	\$0	\$20,000
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$1,021,226	\$222,890	\$798,336	\$229,260	\$206,110	\$23,150	\$247,000	\$222,000	\$25,000
j. Equipment	\$1,251,330	\$173,866	\$1,077,464	\$771,785	\$46,764	\$725,021	\$921,785	\$96,764	\$825,021
k. Miscellaneous	\$97,593	\$8,000	\$89,593	\$51,215	\$0	\$51,215	\$55,307	\$0	\$55,307
l. SUBTOTAL (add a through k)	\$2,992,029	\$598,406	\$2,393,623	\$1,582,066	\$334,771	\$1,247,295	\$1,781,023	\$427,786	\$1,353,237
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$2,992,029	\$598,406	\$2,393,623	\$1,582,066	\$334,771	\$1,247,295	\$1,781,023	\$427,786	\$1,353,237

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: \$10,249