

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

AWARD NUMBER: NT10BIX5570051

DATE: 02/13/2013

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) 12-31-2012	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): 02-13-2013	

Project Indicators (This Quarter)			
<p>1. Please describe significant project accomplishments completed during this quarter (600 words or less).</p> <p>First Step Internet, LLC completed 9 paths in Q4 2012. These paths added ~100 fixed microwave miles. A total of 540 microwave path miles have now been constructed. The microwave path installations added 8 new community anchor institutions during this quarter. 40 CAI's have now been added to the network. First Step completed construction of the McGary Butte tower during the winter quarter. The Nez Perce Tribal Historic Office was contracted to perform a study for the pending Gilbert Grade site. That study is currently underway and First Step is awaiting the final action report to be submitted. First Step has 4 paths and 1 tower remaining at this time for completion of the project.</p>			
<p>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).</p>			
	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	69	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. First Step has completed 94% of the physical microwave paths. First Step has 4 paths and 1 tower left for complete project completion.
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 requested and received approval to add an additional 2 towers to the project. One of those towers, McGary Butte has been completed. The 2nd tower, Gilbert Grade, has not yet been completed. First Step is awaiting the final report from the Nez Perce Tribal Historic Preservation Office for approval to begin construction. Approval is expected shortly and construction is poised to begin immediately.
2f.	Site Preparation	95	All sites except the Gilbert Grade site have been completed.
2g.	Equipment Procurement	95	100% of the microwave paths have been procured. 94% of those paths have been physically installed. The remaining equipment procurement consisting mostly of backup battery power will occur in January 2013
2h.	Network Build (all components - owned, leased, IRU, etc)	94	94% of all paths are completed. Our project timeline shows that the project will have ~95% of the construction completed by Q1 of 2013. That projection was based on a shovel ready start date of Q1 2010 with a 2 year window to completion of construction. Due to the project start delays concerning the EA, First Step has only been under construction for 2 actual years, even though we are in the 11th quarter of the 12 quarter project. First Step will still complete the project on time and on budget.
2i.	Equipment Deployment	94	94% of all paths are completed. Our project timeline shows that the project will have ~95% of the construction completed by Q1 of 2013. That projection was based on a shovel ready start date of Q1 2010 with a 2 year window to completion of construction. Due to the project start delays concerning the EA, First Step has only been under construction for 2 actual years, even though we are in the 11th quarter of the 12 quarter project. First Step will still complete the project on time and on budget.
2j.	Network Testing	94	The network testing occurs as the project is built and deployed and will remain consistent with the network build and equipment deployment.
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).

First Step was given final approval in the quarter to begin construction on both the McGary Butte and High Camp (Mt. Ida) tower sites. Both of these tower sites were built and completed during Q4 2012.

First Step has not received the written approval from the Nez Perce Tribal Historic Preservation office for the Gilbert Grade site. We do anticipate approval soon for this final tower. Tower construction is expected to take 45 days from approval. First Step will be working with the Federal Program Officer to consider a time only waiver for the completion of the remaining tower.

This tower site is located such that if given approval, work could likely continue on the site in all but the worst of the winter weather conditions. First Step would like request the fully and continued support of NTIA as we work towards a solution that will allow for this tower to be constructed.

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	540	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 8 quarters into the construction schedule. With 540 miles completed, this puts us right in line with our projected path miles that would be completed during the project timeline.
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	68	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 8 quarters into the construction schedule. With 68 wireless paths completed, this puts us ahead of our anticipated time schedule.
Number of new towers	11	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 8 quarters into the construction schedule. With 11 new towers completed, this puts us ahead of our anticipated time schedule. First Step's original project called for 10 towers. First Step asked for and was granted permission to construct 2 additional towers. 1 of those has been completed and as previously documented, First Step is awaiting THPO clearance to begin construction on the 12th and final tower.
Number of new and/or upgraded interconnection points	13	First Step has completed all of its anticipated and planned interconnection points.

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	40	First Step is 3 CAI's short of its planned 43 CAI's. The remaining 3 CAI's are scheduled to be installed in January 2013. First Step has caught up to its projections after a slow start due to the delays in the Environmental Analysis and weather.
	Subscribers receiving new access	13	First Step has caught up to its projections after a slow start due to the delays in the Environmental Analysis and weather.
	Subscribers receiving improved access	27	First Step has caught up to its projections after a slow start due to the delays in the Environmental Analysis and weather.
	Please identify the speed tiers that are available and the number or subscribers for each	1	Speed tiers are flexible and available in 1 meg increments. Current packages are 3 to 100 megs.
Residential / Households	Entities passed	0	0
	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 of subscribers for each	0	\$100/meg/month
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	\$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
Orofino Physical Therapy	Orofino	medical and health care provider	yes	The connection is being used to provide an L2VPN connection back to the primary area serving hospital. Additionally, the clinic is using the service to provide a wifi hotspot within its facility for the waiting patients.
Lewis and Clark State College	Grangeville	higher education	yes	Providing broadband services to the remote LCSC campus in Grangeville. The service is used for communication and research by the staff and students.
Grangeville High School District Office	Grangeville	school (k-12)	yes	The circuit is used to allow remote connections and L2VPN services from other district entities in the region that are also connected to the network.
Grangeville Public Library	Grangeville	library	yes	Internet services for communication to and from the library. The service is also used to provide Internet access to the public terminals in the library.
Craigmont Medical Clinic	Craigmont	medical and health care provider	yes	The connection is being used to provide an L2VPN connection back to the primary area serving hospital. Additionally, the clinic is using the service to provide a wifi hotspot within its facility for the waiting patients.

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
Elk City Medical Clinic	Elk City	medical and health care provider	yes	The connection is being used to provide an L2VPN connection back to the primary area serving hospital. Additionally, the clinic is using the service to provide a wifi hotspot within its facility for the waiting patients.
Elk City County Building	Elk City	public safety	yes	This is a combined use building and is used for community by the various volunteer ambulance and fire groups in Elk City. The connection is used for communication.
Elk City (FOC)	Elk City	public safety	yes	Clearing house of information for all of the Elk City BTOP network. This facility is the planned "hub" of the network connection is this remote and previously un-served community.

Project Indicators (Next Quarter)

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

With the final approval of the Gilbert Grade tower from the Nez Perce Tribal Historical Preservation office, First Step will complete the 12th and final tower of the project. First Step will also complete the remaining 4 fixed microwave paths, resulting in ~10 microwave path miles and 3 community anchor institutions. First Step will continue to work with potentially interested broadband / last mile providers for their connections to the network.

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	75	First Step anticipates that they will be 100% completed with all key project indicators and planned construction activities. First Step anticipates being under budget with all key project indicators met.
2b.	Environmental Assessment	100	completed
2c.	Network Design	100	completed
2d.	Rights of Way	0	n/a
2e.	Construction Permits and Other Approvals	100	completed
2f.	Site Preparation	100	completed
2g.	Equipment Procurement	100	completed
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	completed
2i.	Equipment Deployment	100	completed
2j.	Network Testing	100	completed
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 is ready to construct the final tower, build the last of the microwave miles and complete the connection of the remaining 3 CAI's to the network. At this time, we do not anticipate any further delays that would keep us from completing the project within the next quarter.

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	\$57,693	\$57,693	\$0	\$70,000	\$70,000	\$0
b. Land, structures, right-of-ways, appraisals, etc.	\$520,000	\$22,000	\$498,000	\$510,316	\$20,294	\$490,022	\$520,000	\$20,294	\$499,706
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	\$931,456	\$222,890	\$708,566	\$327,388	\$243,803	\$83,585	\$377,388	\$263,803	\$113,585
j. Equipment	\$1,251,330	\$173,866	\$1,077,464	\$1,069,577	\$59,200	\$1,010,377	\$1,136,664	\$59,200	\$1,077,464
k. Miscellaneous	\$97,593	\$8,000	\$89,593	\$69,917	\$8,629	\$61,288	\$83,629	\$8,629	\$75,000
l. SUBTOTAL (add a through k)	\$2,992,029	\$598,406	\$2,393,623	\$2,076,591	\$411,319	\$1,665,272	\$2,229,381	\$443,626	\$1,785,755
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	\$2,076,591	\$411,319	\$1,665,272	\$2,229,381	\$443,626	\$1,785,755

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: \$29,614
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