

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

AWARD NUMBER: NT10BIX5570051

DATE: 12/01/2015

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2015

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) 09-30-2015	6. Is this the last Report of the Award Period? <input checked="" type="radio"/> Yes <input 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): 12-01-2015	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).

First Step Internet completed the last of the approved work for their project under AAR# 2516131. The 8th distribution site was completed and the network controllers arrived and were installed. Project #3 and Project #6 were both completed as the weather warmed up and the access roads dried and firmed up. Both of these projects will further enhance and improve broadband connectivity to the furthest, most rural reaches of our network. All physical construction work was completed by the 9/30/2015 project end date.

First Step has completed all construction work with our BTOP project. This project has installed nearly 600 miles of licensed high capacity microwave broadband service to our Region. We have connected 46 CAI's to this network, many of which would have had no or very limited service without this project. Of special note are the schools that make up 14 of our installed CAI's. During the 6 years of the BTOP project, the State of Idaho deployed their own State Education network. This network competed directly with the BTOP award for customers. This past year the network failed due to funding "challenges" and First Step was able to step in and provide service to the schools across the network that was built and "standing by". In doing so, not only was First Step able to provide service to the schools and increase their bandwidth so they could continue to have reliable, quality broadband available, but we were able to lower the cost of service to these schools by ~\$75,000 per month. The BTOP network reduced the cost of service by ~80%!

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	100	All physical construction work is completed. First Step will begin addressing the closeout process
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 have been received for all NTIA approved project work.
2f.	Site Preparation	100	All site preparation work is completed.
2g.	Equipment Procurement	100	All equipment related to the BTOP has been procured and accounted for.
2h.	Network Build (all components - owned, leased, IRU, etc)	100	All network build related to the BTOP project has been completed.
2i.	Equipment Deployment	100	All equipment is deployed according to plan.
2j.	Network Testing	100	All deployed equipment is tested and operational.
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 worked through the quarter to ensure that all project construction and deadlines were met. The extreme fire season posed several threats not only to our equipment but to our proposed timeline for completion. Luckily, no equipment was damaged as a result of the fires and we were able to gain access to our final deployment site in time get get the planned work completed.

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)

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	576	All planned miles are deployed.
New network miles leased	0	n/a
Existing network miles upgraded	10	All upgraded miles are completed.
Existing network miles leased	0	n/a
Number of miles of new fiber (aerial or underground)	0	n/a
Number of new wireless links	75	All wireless paths have been completed.
Number of new towers	12	First Step has added 12 new towers as part of its project. The original project had 10 and there were 2 additional towers approved through the process.
Number of new and/or upgraded interconnection points	13	All anticipated interconnection points were installed.

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	1
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 were signed and finalized during the project. First Step reports 2 fewer ongoing contract negotiations. 1 provider built their own network with BTOP funding and the other potential provider partnered with the funded entity. First Step will continue all contract negotiations with potential clients that would drive the need for a wholesale distribution agreement with First Step.

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:

Pricing is flexible and dependent upon each requested path, as such, we don't have fixed pricing plans or tiers.

CAI and Wholesale list pricing starts at \$100/meg. Final pricing is dependent upon many factors. Factors such as expected usage, competitive pricing, other services customer may be purchasing as part of package, numbers of sites customer is servicing through First Step, collocation agreements at site or other sites, current pricing, etc all are factored into the final negotiated price with customer.

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 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 agreements were signed and finalized during the project. First Step reports 2 fewer ongoing contract negotiations. 1 provider built their own network with BTOP funding and the other potential provider partnered with the funded entity. First Step will continue all contract negotiations with potential clients that would drive the need for a wholesale distribution agreement with First Step.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving improved access	0	No agreements signed.
	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	\$100/meg/month
Community Anchor Institutions (including Government institutions)	Total subscribers served	46	First Step completed all builds to the projected CAI's. There were no new/improved connections built this quarter, however previously there was a counting / identification error that occurred. This error was caught and corrected. This correction resulted in 2 additional CAI's being counted as "improved".
	Subscribers receiving new access	18	First Step met the expected project indicators for installations to new subscribers.
	Subscribers receiving improved access	28	First Step met the expected project indicators for installations to improved access subscribers.
	Please identify the speed tiers that are available and the number or subscribers for each	14	First Step does not offer pre-defined "speed tiers". CAI's are able to order the exact bandwidth they believe they need for their individual usage and project. Speed packages currently provisioned are as follows:Current Speed Tier Matrix Speed Provisioned # of CAI's 1.0/1.0: 1 1.5/1.5: 1 2/2: 8 3/3: 4 4/4: 1 5/5: 3 6/6: 5 7/7: 1 9/9: 1 10/10: 6 12/12: 1 20/20: 1 25/25: 2 30/30: 1 50/50: 10 Total 46
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	0	n/a

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	subscribers for each		

7. Please describe any special offerings you may provide (600 words or less).
No new 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 changes.

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
CottonWood Elementary School	CottonWood, Idaho	Schools (K-12)	Yes	Install was completed Q2 -2015 but was not listed and counted properly.
Timberline High School	Weippe, Idaho	Schools (K-12)	Yes	Install was completed Q3- 2012 but was not counted properly.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
First Step has completed all construction activities related to the project and will spend the next quarter addressing the final closeout paperwork and process.

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	100	All project construction is completed.
2b.	Environmental Assessment	100	Completed
2c.	Network Design	100	Completed
2d.	Rights of Way	100	Completed
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

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	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
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 challenges to completing the remaining closeout procedures.

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	\$85,922	\$64,028	\$147,169	\$81,214	\$65,955	\$147,169	\$81,214	\$65,955
b. Land, structures, right-of-ways, appraisals, etc.	\$520,000	\$20,294	\$499,706	\$520,000	\$20,294	\$499,706	\$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	\$531,456	\$350,121	\$181,335	\$551,679	\$379,346	\$172,333	\$551,679	\$379,346	\$172,333
j. Equipment	\$1,651,330	\$112,369	\$1,538,961	\$1,638,759	\$89,671	\$1,549,088	\$1,638,759	\$89,671	\$1,549,088
k. Miscellaneous	\$97,593	\$8,000	\$89,593	\$98,526	\$11,985	\$86,541	\$98,526	\$11,985	\$86,541
l. SUBTOTAL (add a through k)	\$2,992,029	\$598,406	\$2,393,623	\$2,997,833	\$604,210	\$2,393,623	\$2,997,833	\$604,210	\$2,393,623
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	\$2,997,833	\$604,210	\$2,393,623	\$2,997,833	\$604,210	\$2,393,623

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: \$151,755