

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

AWARD NUMBER: NT10BIX5570051

DATE: 08/12/2011

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) 06-30-2011	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): 08-12-2011	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Phase 1 of our microwave radio equipment was purchased and delivered. First Step completed its required audits with no findings. First Step hosted the Federal Program officer on a site visit to review procedures and to get a first hand look at the project and progress. Construction of the first tower site, Lewiston Rim, began. This signifies the first actual site construction and a physical start to the project. Additional tower climbing staff was trained and certified to assist in keeping the project on schedule.

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	25	First Step is behind in the overall project due to the late winter. With the start of construction and the additional trained staff, we anticipate being on track Q4.
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 First Step will not be working within any established rights of way
2e.	Construction Permits and Other Approvals	90	Conditional use permit required for Paradise Ridge. Access road dispute between land owners is resolved
2f.	Site Preparation	20	Lewiston Rim site prep is completed. SpudHill site is underway. Others have not yet started.
2g.	Equipment Procurement	25	Phase 1 radios have been purchased. All tower and communication hut structures have been acquired. Additional staffing is being used to speed the deployment of equipment in the field. The speed of deployment directly effects the rate at which equipment is procured so as to have appropriate storage and inventory/cost management
2h.	Network Build (all components - owned, leased, IRU, etc)	0	No network build has been started at the close of Q2, 2011. The extended winter and regulatory compliance hampered the start of the construction phase of the project. First Step has added additional staff to bring the project back in line with the previous project estimates
2i.	Equipment Deployment	0	equipment deployment has not yet started due to the weather conditions and regulatory delays. First Step has added additional staff to bring the project back in line with the previous project estimates
2j.	Network Testing	0	network testing starts and run concurrently with equipment deployment. Weather and regulatory delays have caused the project to fall behind estimates. First Step has added staff to bring the project back in line with milestone estimates
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 (600 words or less).

Winter weather has finally broken in our area and construction can move forward. Ongoing discussions with the Federal Program Officer about matching funds and the use of Program revenue. We are aware there is discussion and further guidance that will be released concerning this matter.

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

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 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	construction delays due to weather have prevented negotiations from moving forward
	Providers with signed agreements receiving improved access	0	construction delays due to weather have prevented negotiations from moving forward
	Providers with signed agreements receiving access to dark fiber	0	n/a

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	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	no subscribers
	Subscribers receiving new access	0	no subscribers
	Subscribers receiving improved access	0	no subscribers
	Please identify the speed tiers that are available and the number of 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

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).
 Construction will proceed at an increased rate. Tower sites will be prepped and constructed. Phase 1 and Phase 2 of the microwave radio paths will be installed, tested and brought online. This will result in 21 Community Anchor Institutions being connected and 150 miles of microwave network being built.

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	48	winter weather delayed construction start. Additional staff has been trained and deployed to bring the project back in line with estimates
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	50	5 major tower sites will be prepped and ready for construction of towers
2g.	Equipment Procurement	50	Phase two radios will be purchased along with networking equipment necessary
2h.	Network Build (all components - owned, leased, IRU, etc.)	27	150 new microwave miles built out of a total planned 550
2i.	Equipment Deployment	30	21 of 69 new paths built
2j.	Network Testing	30	21 of 69 newly built paths tested
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).
 With the improved conditions, First Step will move ahead with all aspects of the project build. Given the short construction season and the increased pressure to get the project back on schedule, staffing resources may be one of the biggest challenges. To address this, First Step has trained and certified additional staff in tower climbing safety and microwave installation. The additional resource will help us ensure the project will be completed in a timely and on budget manner.

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	\$45,995	\$45,995	\$0	\$60,000	\$60,000	\$0
b. Land, structures, right-of-ways, appraisals, etc.	\$430,230	\$22,000	\$408,230	\$328,270	\$700	\$327,570	\$430,230	\$22,000	\$408,230
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	\$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	\$99,278	\$99,278	\$0	\$304,278	\$154,278	\$150,000
j. Equipment	\$1,251,330	\$173,866	\$1,077,464	\$225,285	\$14,045	\$211,240	\$565,285	\$29,045	\$536,240
k. Miscellaneous	\$97,593	\$8,000	\$89,593	\$18,127	\$0	\$18,127	\$37,627	\$0	\$37,627
l. SUBTOTAL (add a through k)	\$2,992,029	\$598,406	\$2,393,623	\$738,655	\$181,718	\$556,937	\$1,439,120	\$287,023	\$1,152,097
m. Contingencies									
n. TOTALS (sum of l and m)	\$2,992,029	\$598,406	\$2,393,623	\$738,655	\$181,718	\$556,937	\$1,439,120	\$287,023	\$1,152,097

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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