



UNITED STATES DEPARTMENT OF COMMERCE  
**National Oceanic and Atmospheric Administration**  
ACQUISITION AND GRANTS OFFICE

September 23, 2013

Kevin Owen, President  
First Step Internet, LLC  
1420 South Blaine Street, Suite 10  
Moscow, Idaho 83843

Re: Broadband Technology Opportunities Program (BTOP)  
First Step Internet, LLC, Grant Award Number: NT10BIX5570051  
Notice of Suspension of Award

Dear Mr. Owen:

Upon acceptance of a grant from the U.S. Department of Commerce (Grant Award No. NT10BIX5570051), First Step Internet (First Step) agreed to comply with the requirements specified in the terms and conditions of the award. The National Oceanic and Atmospheric Administration (NOAA) Grants Office received notice from the National Telecommunications and Information Administration (NTIA) Program Office that First Step has not complied with these terms and conditions, as noted below. Under the Department of Commerce Uniform Administrative Requirements at 15 C.F.R. Part 24.43, as a remedy for material non-compliance, the grants office may “wholly or partly suspend or terminate the current award.” Due to ongoing concerns relating to compliance with environmental and historic preservation requirements, NOAA is imposing a suspension of your award, effective immediately. During the suspension all program activity must cease, aside from activity necessary to effectively address NTIA and NOAA’s concerns detailed below.

**REASON FOR SUSPENSION:** Upon acceptance of the award First Step agreed to comply with the terms and conditions of its Environmental Special Award Condition (Environmental SAC). The Environmental SAC required First Step to complete an Environmental Assessment (EA) and submit to NTIA for review and determination as to whether the EA sufficiently address all resource areas and whether the project may qualify for a Finding of No Significant Impact (FONSI). The Environmental SAC also requires First Step to notify NTIA of any change to the approved project scope described in the EA and FONSI that has the potential for altering the nature or extent of the environmental or cultural resource impacts in order to be re-evaluated for compliance with applicable regulatory requirements.

Based on a review of recent project activities, NTIA has determined that First Step is in material non-compliance with the terms and conditions of its Environmental SAC. Specifically, First Step failed to identify or account for the connection of approximately 35 community anchor institutions (CAIs) in the EA and subsequent route modifications submitted to NTIA. Rather, the EA only provided detail on the construction of 10 towers, but did not include any discussion or analysis relating to these CAIs. First Step also failed to notify and receive approval from NTIA

for these additional activities after the submission of the EA and issuance of the FONSI. Consequently, NTIA has not had an opportunity to review and ensure that these First Step project implementation activities comply with all applicable environmental and historic preservation laws including the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA).

NTIA also notes that First Step's project includes collocation of broadband equipment on existing towers/structures (e.g. farm buildings, water towers and grain silos) that may not be exempt from NHPA Section 106 review pursuant to the Federal Communications Commission's Collocation Agreement. NTIA understands that the existing towers/structures include leased space on towers/structures owned by other carriers and towers constructed by First Step with funding from another Federal agency. However, First Step has not provided NTIA with documentation indicating that necessary State Historic Preservation Office (SHPO) and Native American tribal consultations are complete for the collocation sites in order to determine whether the project is in compliance with the NHPA as described in the Environmental SAC.

Further, NTIA has concerns that the microwave paths detailed in the project's 2012 Annual Performance Progress Report (APR) differ from the microwave paths shown in various route modifications, and cannot determine whether these differences are a reporting error or if there have been unapproved project changes.

**RESULT:** To ensure compliance with the terms and conditions of your award, NOAA is suspending the award effective immediately. See 15 C.F.R. § 14.62(a)(3).

**The suspension requires you to cease all project deployment work immediately.** Effective the date of the suspension, NOAA authorizes you to incur the following costs on an agency review basis only:

- Reasonable costs required to respond to specific requests for information from NOAA and NTIA;
- Reasonable costs associated with responding to the Corrective Action Plan (CAP) detailed below;
- Reasonable costs to comply with the reporting requirements of the grant;
- Reasonable costs necessary to secure any grant-funded property;
- Reasonable costs necessary to ensure the safety and security of the work sites; and
- Reasonable costs necessary to safely halt any construction that may have begun.

Other costs incurred while your award is suspended are allowable only under the conditions specified in 15 C.F.R. § 14.62(c).

While your award is suspended, NOAA will not process any pending or future requests for reimbursement except for the costs that are allowed pursuant to this letter. In the case of delinquent financial or progress reports, a debt will be established representing the amount drawn down during the period covered by the report.

**REQUEST FOR PAYMENT:** As noted above, First Step's Automated Standard Application for Payment (ASAP) account will be placed on agency review status to allow NTIA and NOAA to review requests for payment during the suspension of the award. Costs incurred while your award is suspended are allowable only if they are expressly authorized in this letter or subsequently, or if the conditions specified at 15 C.F.R. § 14.62(c) apply. To request

reimbursement for allowable expenses incurred but not yet paid, please submit an Award Action Request (ASAP Drawdown Request), along with a list of outstanding allowable costs, including copies of associated invoices. NOAA and NTIA will then initiate a review to determine the cost allowability of each expense, and the NOAA Grants Office will send First Step a confirmation message listing the costs approved for payment. First Step will then be permitted to initiate a drawdown request from the ASAP system.

**REQUIRED CORRECTIVE ACTION:** By October 15 2013, First Step must provide the documentation indicated below:

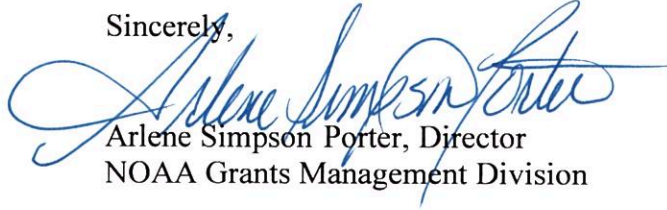
1. First Step should provide a complete inventory, as an excel spreadsheet, of all sites at which BTOP funds have been expended for construction, improvement, and colocation. This should include: power improvements; site improvements; tower construction, reinforcements, or other improvements; attachment of equipment/antennae to existing towers or structures, including attachment to buildings, grain silos, water towers, etc.; total height from ground level of each structure (including antennae and radios added to towers and buildings); access road improvements; and other BTOP-funded construction that may implicate the FONSI or environmental assessment. This should be accompanied by a corresponding, and up to date, detailed map.
2. First Step should provide copies of material required by the State Historic Preservation Office, U.S. Fish and Wildlife Service, and Tribal Historic Preservation Office, associated with the sites for which NTIA has not yet received documentation. NTIA expects this documentation to show the review of the potential impacts of project activities to biologic, historic, or tribal resources. NTIA will work closely with you to provide technical assistance with these compliance requirements.
3. First Step should adequately address why it indicated in an email to NTIA that most sites are properly licensed by the Federal Communications Commission (FCC), when NTIA cannot find a record of any of its sites in the FCC Antenna Structure Registration (ASR) database.
4. First Step should explain its compliance with Federal Aviation Administration regulations, given the lack of information in the FCC ASR database.
5. First Step should explain why the latitudinal and longitudinal coordinates of multiple sites provided in an August 2013 email to NTIA do not correlate with either the actual tower/structure sites or the map submitted with its 2012 APR.
6. First Step should provide a summary of funds expended to date, remaining grant and matching funds not yet charged to the project, and a summary of outstanding financial obligations under the grant.
7. First Step should provide an overview of the current operations and operational readiness of the approved BTOP-funded network, and a summary of tasks required to activate any sites not yet in operation.

Upon receipt of these items, NTIA and NOAA will evaluate the sufficiency of First Step's response. Please note that First Step's response may require NTIA to reissue portions of the project's FONSI. If such changes are necessary, the CAP and suspension may not be lifted, and construction may not recommence, until all necessary documents are finalized.

Failure to provide a response to this CAP in a timely and comprehensive manner may result in further corrective action including the termination of your award. Please provide this

information no later than the dates noted above, and contact Barbara Brown at (202) 482-4374 or [bbrown@ntia.doc.gov](mailto:bbrown@ntia.doc.gov), should you require further details about this matter.

Sincerely,

A handwritten signature in blue ink, reading "Arlene Simpson Porter". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Arlene Simpson Porter, Director  
NOAA Grants Management Division

cc: Larry Jenkins, NOAA  
Alan Conway, NOAA  
Anthony Wilhelm, Ph.D., NTIA  
Aimee Meacham, NTIA  
Andy Spurgeon, NTIA  
Laura Dodson, NTIA  
Barbara Brown, NTIA  
Jeffrey Kulnis, NOAA