

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

AWARD NUMBER: NT10BIX5570051

DATE: 08/04/2015

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 6/30/2015

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) 06-30-2015	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): 08-04-2015	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 First Step Internet spent the quarter working on completing project tasks associated with AAR# 2516131. Specifically, project #1 of the AAR saw 7 of the 8 sites have the equipment physically installed. The testing of this network build continues and we are awaiting the final network controller and management hardware to arrive to take the project fully live. The final distribution site will be installed in the first 2 weeks of Q3. Project #2 was completed resulting in ~3 improved path miles and much improved service for the school. Project 4 of the AAR was completed resulting in ~7 improved path miles and building the foundation for improved network performance of the LTE core distribution network. Project 5 was completed resulting in ~25 new path miles and 1 new CAI. This connection provides a vital connection path for this remote clinic back to the primary regional health care facility in the area. Projects #3 and #6 saw no progress as we await clear and dry weather on the mountain tops so that access to the remote sites can be made.

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	96	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 99% of the network. AAR# 2516131 for final project work is well underway with 3 remaining tasks. A no cost project extension was approved with a new project end date of 9/30/2015.
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	99	One shipping container to be placed on Hemlock Butte is all that remains.
2g.	Equipment Procurement	98	First Step is awaiting the delivery of the final hardware necessary to bring the LTE core distribution network fully online.
2h.	Network Build (all components - owned, leased, IRU, etc)	98	1 remaining LTE core distribution site needs to be installed as well as the network management and monitoring systems.
2i.	Equipment Deployment	98	As the final equipment arrives it will be installed.
2j.	Network Testing	98	98% of the network is built and tested. As the remaining hardware arrives it will be installed and the final network testing will occur.
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 able to make great process on AAR# 2516131 during Q2 2015. There are 3 remaining tasks to be completed and then close out for the entire award begins. First Step has all necessary approvals for the remaining work and are just awaiting dry weather in the mountains so the roads firm up so that we can access the necessary sites to complete the work. First Step is poised to easily complete the remaining tasks and be well on the way to final close out by the end of the current quarter.

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	25 new network miles were installed in this quarter. This puts us on target with our projections. The current number of miles deployed (586 new,10 upgraded) are the final target numbers for the project.
New network miles leased	0	n/a
Existing network miles upgraded	10	The approved upgraded miles puts us on target with projections.
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	3 new paths were approved and installed.
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 yet signed. 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. The remaining provider is still in their own contract negotiations with potential clients that would drive the need for a wholesale 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 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)

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. 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. The remaining provider is still in their own contract negotiations with potential clients that would drive the need for a wholesale agreement with First Step.
	Providers with signed agreements receiving improved access	0	No agreements yet 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	44	First Step completed all builds to the projected CAI's.
	Subscribers receiving new access	18	First Step met the expected project indicators for installations to new subscribers. One new CAI installed this quarter.
	Subscribers receiving improved access	26	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 800k/128k: 1 1.5/256: 1 2.0/500: 6 2/2: 1 3/3: 5 4/2: 1 5/5: 4 6/6: 7 7/7: 1 9/3: 1 10/10: 7 12/12: 2 20/20: 1 30/30: 6 Total 44
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

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	n/a

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 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 BTOF 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 BTOF-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 BTOF-funded infrastructure
Gritman Medical Clinic	Kendrick	Medical Clinic	Yes	The connection is used to provide VPN (virtual private network) and DIA (dedicated internet access) to the clinic to meet their connectivity demands back to the Regional providing hospital.

Project Indicators (Next Quarter)

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

First Step plans to continue working with NTIA and the FPO team as we work towards completion of the project.

First Step anticipates being able to complete the remaining projects contained in AAR#2516131 no later than 8/30/2015. This would include all equipment procurement, installation, turn up and testing.

The approved projects would result in providing broadband services to ~2,484 currently unserved locations, improve service to multiple CAI's currently serviced under the project, add 25 new path miles and add 1 new medical clinic CAI. All are locations within the previously approved area of the 5 county project.

The project will reach its final target numbers of 586 new, 10 upgraded network miles deployed and 44 CAI's served.

Once the remaining projects are completed, First Step will immediately move forward with close out procedures.

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	First Step anticipates being completed with all aspects of the project by the end of Q3 with the exception of the required closeout.
2b.	Environmental Assessment	100	completed
2c.	Network Design	100	completed
2d.	Rights of Way	100	completed

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
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 anticipates all BTOP related construction activity will be completed by the end of Q3. Close out procedures will be well underway.

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	\$124,975	\$78,437	\$46,538	\$149,950	\$80,044	\$69,906
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	\$522,267	\$355,999	\$166,268	\$531,456	\$355,999	\$175,457
j. Equipment	\$1,651,330	\$112,369	\$1,538,961	\$1,593,865	\$88,569	\$1,505,296	\$1,651,330	\$112,369	\$1,538,961
k. Miscellaneous	\$97,593	\$8,000	\$89,593	\$78,942	\$5,985	\$72,957	\$97,593	\$8,000	\$89,593
l. SUBTOTAL (add a through k)	\$2,992,029	\$598,406	\$2,393,623	\$2,881,749	\$570,984	\$2,310,765	\$2,992,029	\$598,406	\$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	\$2,881,749	\$570,984	\$2,310,765	\$2,992,029	\$598,406	\$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: \$135,916