

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

AWARD NUMBER: NT10BIX5570051

DATE: 03/05/2012

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

ANNUAL 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) 12-31-2011	6. Is this the last Annual 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): 03-05-2012	

OVERALL PROJECT PERFORMANCE INDICATORS

1. Please provide the following average cost figures for your project. Please review the instructions to determine how to calculate these figures. Write "0" in the second column and "N/A" in the third column if your project does not yet have this information. Depending on whether your project contains Middle Mile and/or Last Mile components, some metrics may not apply. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Cost Indicator	Average Cost / Speed	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Average cost per new mile (Middle Mile)	\$3,748	actual cost/mile is up \$391/mile. cost/mile will fluctuate with the distances covered. We anticipate additional longer shots coming up which will lower the overall cost/mile.
Average cost per household passed (Last Mile)	\$0	n/a
Average cost per subscriber (Last Mile)	\$0	n/a
Maximum broadband speed advertised (Middle Mile)	45megs	45megs will be advertised, however actual available could be as high as 200megs depending on location and distance.
Maximum broadband speed advertised (Last Mile)	0	n/a
Average broadband speed provided (Middle Mile)	150	all paths are currently licensed between 100/megs and 400megs
Average broadband speed provided (Last Mile)	0	n/a

2. Please provide each facility name and type, the county where the facility is located, and census tract information for any facilities funded by your project during this annual reporting period. Report only facilities for which construction has been completed.

Facility Identifier / Name	Facility Type	County	Census Tracts
see Excel Addendum	n/a	n/a	n/a

Add Facility

Remove Facility

3. Please identify (1) the total number of interconnection, peering, and/or transit agreements entered into during this annual reporting period; (2) the total number of agreements of each type that you are currently negotiating; and (3) whether you have denied any request for interconnection and if so, why. If you have not entered into any agreements, please write "N/A."

Interconnection Agreements (600 words or less)

1. n/a
 2. 3
 3. none denied

Peering and Transit Agreements (600 words or less)

n/a - not defined in application

CAPACITY, UTILIZATION, AND CAPABILITY INDICATORS

4. Community Anchor Institutions: In the chart below, please provide information on the types of community anchor institutions capable of receiving service (i.e., anchor institutions connected to your network plus those passed by your network) as a result of BTOP funds.

Type of Community Anchor Institution	Total Number Within Service Area	Type of Community Anchor Institution	Total Number Within Service Area
Schools (K-12)	19	Public Housing	500
Libraries	15	Other Institutions of Higher Education	1
Medical and Healthcare Providers	11	Other Community Support Organizations	10
Public Safety Entities	42	Other Government Facilities	36
Community Colleges	1	Total Community Anchor Institutions	635

5. Please indicate the average increase in broadband speed provided to the community anchor institution customers as a result of your project, including a description of how this increase was calculated (600 words or less).

100 megs All Community Anchor Institutions are built with 100meg licensed capable radios. Each CAI will select their appropriate broadband speed based on their own needs and indicators. Speeds are available in 1meg increments.

6. What retail services are being provided by this project? Please describe below. (600 words or less). As an attachment to this report, please provide pricing plans (in \$ per month) associated with each retail service. Retail services description:

First Step is providing direct Internet connections as well as L2VPN (Layer 2 Virtual Private Network) services across the network. Pricing is based on \$100/meg/month. Discounts can be negotiated for larger purchases or for transit only service.

7a. What network management policies (e.g., bandwidth limitations, traffic prioritization) are in place for the services provided by your project? 7b. Have you ever limited or blocked consumers from accessing any lawful content, service, service provider, or application, or prevented any consumers from attaching any legal device to the network? If so, please explain why (300 words or less)?

First Step does not currently block or restrict access to any lawful content. Bandwidth is controlled by PPPoE (Point to Point Protocol over Ethernet) and is set based on the service level purchased by the end user. Policies can be found at http://www.fsr.com/documents/policies/FSI_Network_Neutrality_Policy and <http://www.fsr.com/first-step-internet-policies/>

8. If applicable, please provide the total number and the percentage of subscribers who have dropped the broadband service provided through this project (total number of households and/or businesses and the "churn rate") and the subscribers' reasons for discontinuing their service (600 words or less).

No subscribers have dropped the service provided by the BTOP award.

9. Please provide the following information regarding the number of fiber strand-miles:

Total Number of Strand-miles	Total Number of Active Fiber Strand-miles Used by Recipient	Total Number of Leased Fiber Strand-miles	Total Number of Dark Fiber Strand-miles	Total Number of Strand-miles Being Built		
				Active	Leased	Dark
0	0	0	0	0	0	0

10. If you wholesale dark fiber, please list your wholesale customers and the number of fiber miles you currently are leasing to those customers:

n/a

11. Please provide the following information regarding the facility collocation capacity:

Total Facility (total square feet for all facilities)	Number of Square Feet Used by Recipient	Number of Square Feet Leased	Number of Square Feet Available
1,600	100	0	1,500

12. If you do not own collocation space, please describe how and where other network providers and/or customers interconnect with your network (600 words or less).

1,500 sq.ft is what is available in building space. The towers are also available for collocation of equipment. The amount available space would be dependent upon the requested usage, antenna size, weight, frequency, mounting height, etc. There is no method for determining the available space without knowing the exact specifications of each requested use.

13. To the extent that you have made any subcontracts or sub grants, please provide the number of subcontracts or sub grants that have been made to socially and economically disadvantaged small business (SDB) concerns as defined by section 8(a) of the Small Business Act, 15 U.S.C. 647, as modified by NTIA's adoption of an alternative small business size standard for use in BTOP. Please also provide the names of these SDB entities (150 words or less).

no subcontracts or or sub grants.

14. Please describe any best practices/lessons learned that can be shared with other similar BTOP projects (900 words or less).

First Step believes that you must work closely with all participants and engaged parties in the project. There must be an open communication standard so the progress of the project is as transparent as possible.

15. Using the Excel spreadsheet template titled "Annual PPR CCI Addendum", please provide an updated list of Community Anchor Institutions (CAIs) that you have connected and plan to connect to your network.

16. Using the Excel spreadsheet template titled "Annual PPR CCI Addendum", please provide a list of community pairs that are receiving new or improved broadband service as a result of BTOP grant funds.

17. Please provide up-to-date network route maps in a single file, in a Google Earth compatible format (e.g., KMZ file).