QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Award Identification Number	3. DUNS Number
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570051	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)	6. Is this the last Report of the Award Period?
03-31-2013	◯ Yes ⦿ 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	7c. Telephone (area code, number and extension)
Kevin Owen	2088828869
	7d. Email Address
President	kowen@fsr.com

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	05-31-2013

Project Indicators (This Quarter)

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

First Step completed the final 4 paths of its project in Q1 2013. These paths added 11 fixed microwave miles. The microwave path installations added 4 new community anchor institutions during this quarter. First Step received clearance from the Nez Perce Tribal Historic Office to proceed with the construction of the Gilbert Grade tower site. First Step was given final approval for the site from the BTOP team as well. Construction was started on the site and the concrete was poured for the foundation of the tower.   The tower was erected and standing on 3/29/2013. With the tower standing, the last of the originally approved project was completed.

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	74	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 100% of the physical microwave paths and all 12 of the approved towers.
2b.	Environmental Assessment	100	completed
2c.	Network Design	100	completed
2d.	Rights of Way	0	n/a
2e.	Construction Permits and Other Approvals	100	First Step received final approval for the construction of the Gilbert Grade tower site. This site has now been completed.
2f.	Site Preparation	100	All tower sites are completed.
2g.	Equipment Procurement	100	All equipment has been procured for the initial project as planned. First Step is awaiting final approval for the no-cost project extension.
2h.	Network Build (all components - owned, leased, IRU, etc)	100	All project paths and towers are completed. First Step is working with the EHP team for approval to add 7 additional path to the project to connection additional CAI's to the network.
2i.	Equipment Deployment	100	All equipment for the initial project scope has been deployed.
2j.	Network Testing	100	All installed network paths have been tested and are currently online.
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).

Despite the winter delays and the delays in the final approval for tower construction, First Step was able to complete all of the initially planned paths and towers.

First Step continues to work with the FPO team to secure a no-cost time extension that will allow us to add additional CAI's and other network improvements. The modifications to the originally approved project would result in 7 new microwave paths totaling 20 miles, 2 improved paths totaling 54 miles and the addition of 6 new CAI's and 1 improved CAI. All are schools within the previously approved area of the 5 county project.

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	551	First Step had a baseline of 550 network miles to deploy. At 551 deployed we are in line with our original projections.
New network miles leased	0	n/a

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Existing network miles upgraded	0	n/a
Existing network miles leased	0	n/a
Number of miles of new fiber (aerial or underground)	0	n/a
Number of new wireless links	72	First Step originally planned 69 microwave paths. With the approved router change modifications, we ended the original project period with 72, 3 ahead of our projections.
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	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 yet 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 the newly constructed 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	no providers yet signed due to the early weather and environmental construction delays.
	Providers with signed agreements receiving improved access	0	no providers yet signed due to the early weather and environmental construction delays.

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 access to dark fiber	0	n/a
	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	44	First Step completed all builds to the projected CAI's.
	Subscribers receiving new access	17	First Step met the expected project indicators for installations to new subscribers.
	Subscribers receiving improved access	27	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	1	Speed tiers are flexible and available in 1 meg increments. Current packages are 3 to 100 megs.
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	1	$100/meg/month
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	1	$100/meg/month

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	Narrative description of how anchor institutions are using BTOP-funded infrastructure

			institution? (Yes / No)	
Orofino Medical Clinic	Orofino	**medical and health care provider**	yes	**The connection is being used to provide an L2VPN connection back to the primary area serving hospital. Additionally, the clinic is using the service to provide a wifi hotspot within its facility for the waiting patients.**
Kamiah Physical Therapy	Kamiah	**medical and health care provider**	yes	**The connection is being used to provide an L2VPN connection back to the primary area serving hospital. Additionally, the clinic is using the service to provide a wifi hotspot within its facility for the waiting patients.**
Elk City School	Elk City	**school (k-12)**	yes	**The circuit is used to allow remote connections and L2VPN services from other district entities in the region that are also connected to the network.**
Grangeville Physical Therapy	Grangeville	**medical and health care provider**	yes	**The connection is being used to provide an L2VPN connection back to the primary area serving hospital. Additionally, the clinic is using the service to provide a wifi hotspot within its facility for the waiting patients.**

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 to add additional CAI's to the project. There is a current request for a route modification that is working its way through the process. This route modification would add 7 new microwave paths to the project. These paths would add an additional 20 miles and connect 6 new CAI's.

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**	82	First Step anticipates the final approvals to move forward with the pending AAR for route modifications / additions. If this approval is giving timely, work on the additional paths should be completed within the quarter.
2b.	**Environmental Assessment**	100	completed
2c.	**Network Design**	100	completed
2d.	**Rights of Way**	0	n/a
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 continues to work with the THPO, SHPO and the US Forest Service for the final Sec. 106 clearances necessary for the remaining path builds as presented in our AAR.

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.

Cost Classification	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		
	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	$58,458	$58,458	$0	$78,458	$78,458	$0
b. Land, structures, right-of-ways, appraisals, etc.	$520,000	$22,000	$498,000	$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	$931,456	$222,890	$708,566	$383,316	$272,426	$110,890	$483,316	$292,426	$190,890
j. Equipment	$1,251,330	$173,866	$1,077,464	$1,145,424	$70,848	$1,074,576	$1,245,424	$90,848	$1,154,576
k. Miscellaneous	$97,593	$8,000	$89,593	$70,745	$2,749	$67,996	$74,725	$3,500	$71,225
l. SUBTOTAL (add a through k)	$2,992,029	$598,406	$2,393,623	$2,219,643	$446,475	$1,773,168	$2,443,623	$507,226	$1,936,397
m. Contingencies	$0	$0	$0						
n. TOTALS (sum of l and m)	$2,992,029	$598,406	$2,393,623	$2,219,643	$446,475	$1,773,168	$2,443,623	$507,226	$1,936,397

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: $36,408