Eastside Marketplace
P.O. Box 9587
Moscow, Idaho 83843
208-882-8869

December 19, 2014

Via FedEx
David Danner
Executive Director/Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
Olympia, WA 98504-7520

Re: ***First Step Internet, LLC***
Petition for Designation as an Eligible Telecommunications Carrier

First Step Internet, LLC ("FSI") files an original and fifteen (15) copies of the enclosed "Petition of First Step Internet, LLC for Designation as an Eligible Telecommunications Carrier for the Purposes of Participating in the FCC's Rural Broadband Experiments and Request for Expedited Consideration."

Please date-stamp the enclosed "Stamp and Return" copy and return it to our offices via the enclosed, prepaid envelope.

Please contact the undersigned if you have any questions regarding this submission.

Respectfully submitted,

First Step Internet, LLC

By: 

Title: **President**

CERTIFICATION

I certify under penalty of perjury under the laws of the State of Idaho that the foregoing is true and correct.

December 19, 2014, Moscow Idaho

Kevin Owen

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Petition of First Step Internet, LLC for Designation as an Eligible Telecommunications Carrier for Purposes of Participating in the Federal Communications Commission's Rural Broadband Experiments	))))))	Docket: _____

PETITION OF FIRST STEP INTERNET, LLC FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER FOR THE PURPOSES OF PARTICIPATING IN THE FCC'S RURAL BROADBAND EXPERIMENTS AND REQUEST FOR EXPEDITED CONSIDERATION

First Step Internet, LLC ("FSI"), pursuant to 47 U.S.C. § 214(e)(2), 47 C.F.R. § 54.101, and Chapter 480-123-030 ("Commission Rules"), submits this petition to the Washington Utilities and Transportation Commission (the "Commission") for designation as an Eligible Telecommunications Carrier ("ETC") to serve the service area set forth herein.[1] On December 5, 2014, the Federal Communications Commission announced that FSI was provisionally selected for funding under the agency's Rural Broadband Experiments ("RBEs"), which are "focused on bringing robust, scalable broadband networks to residential and small business locations in rural communities that are not served by an unsubsidized competitor that offers voice and Internet access delivering at least 3 Mbps downstream/768 kbps upstream."[2] Funding is contingent on FSI demonstrating that it meets the FCC's technical and financial qualifications, including obtaining ETC designation from this Commission by March 5, 2015 for the Service Area.[3]

[1] *See* Exhibit 1.
[2] *Connect America Fund; ETC Annual Reports and Certifications*, Report and Order and Further Notice of Proposed Rulemaking, WC Docket Nos. 10-90, 14-58, FCC 14-98 (rel. Jul. 14, 2014) ("RBE R&O") at ¶7.
[3] *Wireline Competition Bureau Announces Entities Provisionally Selected for Rural Broadband Experiments; Sets Deadlines for Submission of Additional Information*, WC Docket No. 10-90; DA 14-1772 (rel. Dec. 5, 2014). *See* Exhibit 2.

ETC designation by this Commission is, therefore, a prerequisite for FSI's eligibility for RBE funding. Specifically, the FCC states that "we expect entities to confirm their ETC status within 90 days of the public notice announcing the winning bidders selected to receive funding."[4] FSI therefore, must receive ETC designation before March 5, 2015, which is the 90th day from the date that the FCC issued its Public Notice announcing the provisionally selected bidders.[5] In light of the above timeline, FSI is seeking expedited approval and requesting that the ETC designation requested herein be made conditional and effective upon it being awarded the associated funds.

As demonstrated in this Application, FSI satisfies all the ETC requirements of the FCC and the State of Washington and designation will be in the public interest.

1. Identification of the Company

FSI is a facilities-based, regional Internet Service Provider that has been providing Internet access services since 1994. FSI began offering dial-up Internet access with the idea of making Internet access available to virtually everyone in FSI's service areas. FSI services have evolved to include fixed broadband Internet access services to customers in eastern Washington and in north/central Idaho. FSI obtained Round 1 Broadband Technology Opportunities Program funding for regional broadband network services in Latah, Clearwater, Nez Perce, Lewis and Idaho counties. FSI provides a variety of fixed terrestrial broadband services, including dial up, DSL, fiber, cable Internet and fixed wireless broadband services. FSI also offers voice services using Voice over Internet Protocol ("VoIP") technology. On October 3, 2011, the Commission issued to FSI a registration in Docket UT-111773 as a competitive telecommunications company.

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[4] *RBE R&O* at ¶22.

[5] Because the order designating FSI as an ETC is a part of the FCC's RBE process, FSI needs to have such an order in hand *before* March 5, 2015 (ideally before the end of February 2015), if at all possible.

The contact information for FSI is as follows:

Kevin Owen, President
First Step Internet, LLC
1420 S. Blaine Street
Moscow, Idaho 83843
208-882-8869

2. The Rural Broadband Experiments

In connection with its adoption of comprehensive reform of the universal service system, in November 2011, the FCC created the Connect America Fund.[6] In the *USF/ICC Transformation Order*, the FCC adopted a firm annual budget of $4.5 billion over a five-year period to, among other things, direct funds toward new advanced networks in rural and insular communities, to phase out funding for legacy networks and to eliminate some redundant support in specific locations. As adopted in the *USF/ICC Transformation Order*, CAF includes several different mechanisms, including one for price cap territories, one for rate-of-return carriers, a Mobility Fund that is designed to ensure availability of mobile broadband networks and a Remote Areas Fund that is designed to direct funding to the most remote areas in the nation. In July 2014, the FCC took further steps to implement the Connect America Fund by authorizing use, on a limited scale, of Connect America funding for rural broadband experiments in price cap areas, and the FCC opened a formal application process to seek this Federal support.

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[6] *Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal State Joint Board on Universal Service*, CC Docket No. 96-45, *Lifeline and Link-up*, WC Docket No. 03-109, *Universal Service Reform - Mobility*, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, rel. November 18, 2011 ("*USF/ICC Transformation Order*")

3. This Commission Has the Authority to Designate FSI as an ETC

Federal law allows states to exercise the authority to designate a qualified carrier as an ETC.[7] The state of Washington has accepted the grant of authority and empowered this Commission to designate qualified carriers as ETCs. Thus the Commission has the authority under state law to designate a qualified carrier as an ETC.

4. ETC Designation is Consistent with the Public Interest, Convenience and Necessity.

The FCC has taken steps to advance the public interest through the RBEs to "advance the deployment of voice and broadband-capable networks in rural, high-cost areas, including extremely high-cost areas, while ensuring that rural Americans benefit from the historic technology transitions that are informing our nation's communications services."[8] The ETC designation will allow rural areas that the FCC has deemed unserved to become served with broadband and voice services that meet FCC-defined metrics.[9] Both the FCC and this Commission have adopted rules that specify the requirements for carriers to be designated an ETC. FSI satisfies or will within a reasonable time after designation satisfy, all the relevant requirements for designation as an ETC specified in federal law[10] and those under state law. In summary, FSI (i) is a common carrier with respect to the telecommunications services that it offers, (ii) is capable of providing and will continuously provide throughout its proposed service area the universal services set forth in 47 C.F.R. §54.101(a) either by using its own facilities or a combination of its own facilities and resale of another carrier's facilities, (iii) will advertise the availability of its universal service offering and charges through media of general distribution, (iv) demonstrates herein that

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[7] 47 U.S.C. § 214(e).
[8] RBE R&O at ¶1.
[9] FSI is not seeking ETC designation for any part of Tribal lands and does not propose to install any equipment within Tribal borders.
[10] 47 U.S.C. § 214(e)(1).

the ETC designation is consistent with the public interest, convenience, and necessity, (v) is not seeking ETC designation for any part of tribal lands, and (vi) has a reasonable amount of back-up power to ensure functionality without an external power source, is able to re-route traffic around damaged facilities and is capable of managing traffic spikes resulting from emergency situations Further justification in support of this Petition appears below.

5. Description of the Areas for Which Designation is Sought

Chapter 480-123-030(1)(a) requires petitions for ETC designation to include a description of the area or areas for which designation is sought. Exhibit 1 to this Petition describes the census blocks in Washington state for which ETC designation is requested. The service is part of a larger service area of census blocks in Washington and Idaho that was the subject of provisional RBE funding.

6. FSI Will Offer the Services Supported by Federal Universal Service Support Mechanisms Throughout the Service Area

As specified by Chapter 480-123-030(1)(b), FSI will offer the services supported by federal universal service support mechanisms throughout the area for which it seeks designation, either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by another ETC). FSI provides telecommunications services within its coverage area on a nondiscriminatory basis and, therefore, for those services is regulated as and subject to the requirements applicable to a common carrier.

FSI operates in Idaho and in Washington state and provides service in very rural areas. FSI clearly has the technical qualifications and experience and upon receipt of RBE funding will have the further financial ability to bring service to those census blocks identified by the FCC. As indicated in this Application, FSI is a Federal Broadband Technology Opportunities Program

award recipient and was required in that program to demonstrate its technical and financial capabilities. Accordingly, FSI meets this requirement of Section 480-123-030(1)(b).

7. Description of How FSI Will Provide Each Supported Service

FSI is a facilities-based service provider. As noted above, FSI will use a combination of its own network and facilities and resale of another carrier's services to provide service, as permitted by 47 U.S.C. §214(e)(1)(A). FSI is capable of providing and will continuously provide throughout the proposed service area the services identified in 47 C.F.R. §54.101(a).[11] FSI certifies that it will (a) provide service on a timely basis to requesting customers within the applicant's service area where the applicant's network already passes the potential customer s premises; and (b) provide service within a reasonable period of time, if the potential customer is within the applicant's licensed service area but outside its existing network coverage, if service can be provided at reasonable cost by (i) modifying or replacing the requesting customer s equipment; (ii) deploying roof-mounted antenna or other equipment; (iii) adjusting the nearest cell tower; (iv) adjusting network or customer facilities; (v) reselling services from another carrier s facilities to provide service; or (vi) employing, leasing or constructing an additional cell site, cell extender, repeater, or other similar equipment.

FSI is capable of providing (a) voice grade access to the public switched telephone network; (b) minutes of use for local service provide at no additional charge to end users; (c) access

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[11] In the *USF/ICC Transformation Order* in 2011, the FCC modified 47 C.F.R. §54.101(a) to specify the following: "Voice Telephony services shall be supported by federal universal service support mechanisms. Eligible voice telephony services must provide voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to end users; access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems; and toll limitation services to qualifying low-income consumers as provided in subpart E of this part."

to emergency services provided by local government or other public safety organizations (such as 911 and enhanced 911) to the extent the local government in the eligible carrier's service area has implemented 911 or enhanced 911 systems; and (d) toll-limitation services for qualifying low-income consumers. FSI's voice services interconnect with, and provide voice-grade access to, the Public Switched Telephone Network, and FSI relies on local-exchange-carrier partners with regard to physical interconnection, peering, numbering resources, local number portability, call termination and other service. FSI does not meter local calls and in fact treats local and non-local calls as equivalents, thereby eliminating the need for toll-limitation for low-income consumers. FSI is committed to offering local usage plans comparable to those offered by the incumbent LECs in the service areas for which it seeks ETC designation. FSI's residential voice plan is $25 per month for unmetered local and non-local calling, and additional features are provided at no extra charge, such as Caller ID with name and voicemail. FSI commits to continue offering a local usage plan comparable to that offered by the incumbent LECs within its ETC designated area to the extent still applicable in Washington state.

FSI plans to offer Lifeline services for $15.75 per month (after accounting for the $9.25 per subscriber support for qualifying Lifeline customers) for the residential voice service described herein, including unmetered long distance. Qualifying Lifeline customers will be permitted to apply the Lifeline discount to bundled voice and data services in lieu of a discounted broadband-only plan for low-income consumers. In sum, these are the supported services that a carrier must provide and that are supported by universal service funds. FSI, therefore, satisfies this requirement for ETC designation.

8. Substantive Plan of the Investments to Be Made With Initial Federal Support During the First Two Years

Exhibit 3 contains a two-year network improvement plan that describes FSI's proposed improvement or upgrades to FSI's network throughout its proposed designated service area. The plan demonstrates how signal quality, coverage and capacity will improve due to receipt of high-cost support, specific geographic areas where improvements will be made, the estimated population that will be served and a description of how these expenditures will benefit customers.

9. FSI Will Advertise the Availability of Supported Services

FSI currently advertises the availability of supported services through media of general distribution, consistent with 47 U.S.C. §214(e)(1)(B). It utilizes newspapers, radio, its website, and other direct advertising methods throughout its service area. FSI will expand upon these media, as necessary, to ensure that consumers within its ETC designated area are fully informed of its universal service offerings and that advertisement of applicable telephone assistance programs is reasonably calculated to reach low-income consumers not receiving discounts. FSI, therefore, will satisfy this requirement for ETC designation, as set forth in Chapter 480-123-030(1)(e).

10. Map of Proposed Service Areas

Chapter 480-123-030(1)(f) requires wireless petitioners to provide "a map in .shp format of proposed service areas (exchanges) with existing and planned locations of cell sites and shading to indicate where the carrier provides and plans to provide commercial mobile radio service signals." FSI provides fixed wireless services and is not a commercial mobile radio service

operator. Exhibit 1 contains a description of FSI's proposed service area, and a map in .shp format can be provided on request.

11. Ability to Function in Emergency Situations

Under Chapter 480-123-030, ETC petitioners must demonstrate their ability to remain functional in emergency situations and for wireless carriers to demonstrate that they have "at least four hours of back up battery power at each cell site, back up generators at each microwave hub, and at least five hours back up battery power and back up generators at each switch. FSI will have the ability to remain functional in emergency situations as required by FCC rules and by Chapter 480-123-030.[12] Specifically, FSI will have adequate amounts of back-up power to ensure functionality without an external power source, and FSI maintains a redundant middle-mile/backbone network with redundant paths and network rings. Power outage protection is available at all site either by means of significant battery backup or gas-powered generators. FSI satisfies this requirement for ETC designation.

12. Consumer Protection

In response to Chapter 480-123-030(1)(h), FSI complies with applicable consumer protection and service quality standards specified by the FCC. FSI's wireless services are fixed wireless, rather than mobile wireless; therefore, FSI intends to comply with those portions of the CTIA Consumer Code that are applicable to fixed-wireless services. The FCC has determined that commitment to comply with the CTIA Consumer Code satisfies this requirement for ETC designation.[13]

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[12] 47 CFR §54.202(a)(2).
[13] 47 CFR §54.202(a)(3).

13. Other Public Interest Considerations

The FCC and this Commission have outlined various criteria relevant to the Public Interest determination. Most of these have been addressed in the above discussion, and others will be addressed below. With respect to the RBEs, the FCC has outlined and imposed specific public interest obligations on successful RBE recipients that if not fulfilled can result in revocation of support. The FCC imposed, among others, the following: (i) requirements to comply with all relevant universal service rules, (ii) build-out requirements, including deadlines and certification requirements, for all recipients; (iii) annual reporting requirements under Section 54.313 of the FCC's rules and annual certifications required under Section 54.314 of the FCC's rules, (iv) requirements to meet FCC latency standards, (v) record retention requirements, and (vi) compliance reviews and investigation. FSI will meet each of these requirements and thus advance the public interest. The Application on its face is demonstrated to be in the public interest. As described above, this Application is for conditional ETC designation specifically to enable FSI to accept its RBE award. This award will provide ongoing support to immediately accelerate deployment of networks for voice and broadband services in unserved areas. The FCC has already determined the census blocks in Exhibit 1 qualify for these funds, subject to the outcome of the FCC's ongoing Connect America Fund Phase II challenge process. If any of the census blocks are later deemed ineligible for funding as a result of that process, support will be adjusted proportionally. FSI is one of the few or only operators that is qualified and uniquely positioned as a predominately rural wireless operator to accelerate deployment of networks for voice and broadband services in these unserved census blocks. It is, therefore, clearly in the public interest to approve this Application to assure a bidder is available and to condition it on FSI being the successful bidder.

The overarching principles embodied in the Telecommunications Act of 1996 that continue to guide the FCC's USF Transformation Order are the promotion of competition and the deployment of higher quality services and the rapid deployment of new telecommunications technologies. Conditional designation and successful bidding by FSI will increase customer choice and service availability and will make available new service offerings, including wireless broadband and Lifeline services as the areas where the funds are to be used are presently unserved. Unserved will have service. This Application is clearly in the public interest, and approval of this Application is requested on an expedited basis.

14. **Certifications**

FSI certifies that all federal high-cost support provided to FSI for service areas in Washington will be used only for the provision, maintenance and upgrading of facilities and services for which the support was intended. No party to this application is subject to denial of federal benefits under Section 5301 of the Anti-Drug Abuse Act of 1988. [14]

[14] 21 USC §862.

REQUEST FOR RELIEF

FSI respectfully requests the following: (i) that the Commission expeditiously designate FSI as an ETC in the census blocks identified in Exhibit 1, determined by the FCC to be unserved, conditioned on FSI actually receiving RBE funds; (ii) that the Commission send prompt notice of the designation to the FCC and the Universal Service Administrative Company; and (iii) for such other relief as may be appropriate.

Respectfully submitted,

Kevin Owen, President

First Step Internet, LLC

EXHIBIT 1 – SERVICE AREA

530750004001000
530750004001003
530750006001010
530750006001019
530750006001027
530750007004124
530750007005012

Blocks by State

Washington

Idaho

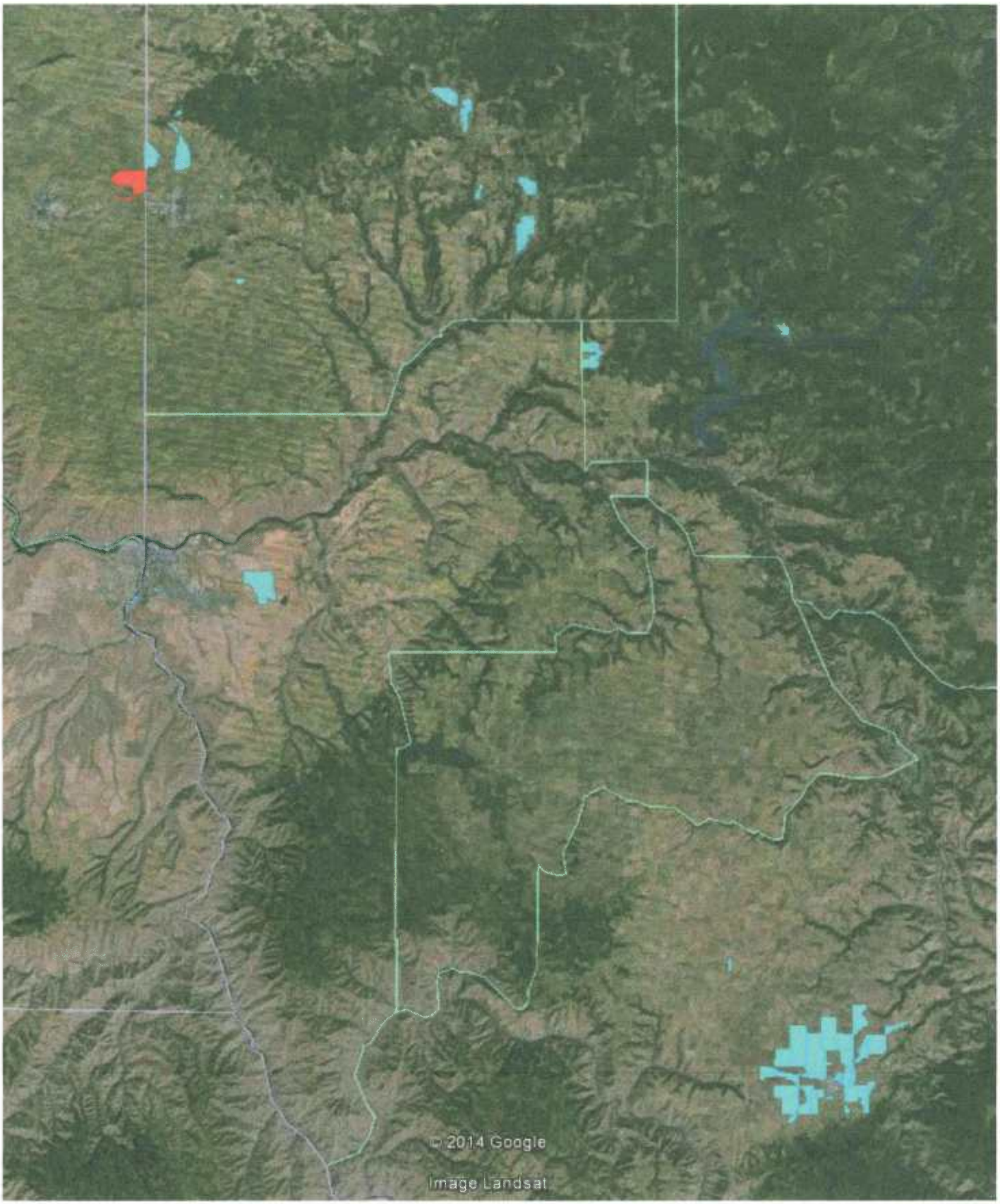

EXHIBIT 2 – FCC PUBLIC NOTICE

DA 14-1772
Released: December 5, 2014

WIRELINE COMPETITION BUREAU ANNOUNCES ENTITIES PROVISIONALLY SELECTED FOR RURAL BROADBAND EXPERIMENTS; SETS DEADLINES FOR SUBMISSION OF ADDITIONAL INFORMATION

WC Docket No. 10-90

On November 7, 2014, the Federal Communications Commission closed the application window for the rural broadband experiments. By this date, applicants were required to complete FCC Form 5610 and attach project bid forms, a descriptive data form listing all of their proposed projects, and certain other project information.[15] Subsequently, the FCC Auction System ranked the submitted bids meeting requirements for the rural broadband experiments from the most cost-effective to the least cost-effective within each funding category.

This Public Notice announces the bidders that have been provisionally selected for funding in each category, subject to the post-selection review process. Each identified bidder must complete certain steps in order to be authorized to receive Connect America Fund support for its rural broadband experiment.

Attachment A provides summary information concerning the provisionally selected bidders, including the number of project bids, the states in which these proposed projects are located, the total amount of support requested for these projects, and the total number of census blocks covered by these projects.[16] These bidders are seeking support to serve diverse geographic areas with different cost characteristics. Collectively, they have bid on support to cover 26,867 census blocks in 25 states and Puerto Rico[17]:

- 19 entities seeking support to build networks that are capable of delivering 100 Mbps downstream and 25 Mbps upstream to all locations[18] in the project census blocks in Arkansas,

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[15] *Wireline Competition Bureau Announces Application Process for Entities Interested in Participating in the Rural Broadband Experiments*, WC Docket No. 10-90, Public Notice, 29 FCC Rcd 10016, 10020, 10028-29, paras. 16-17, 36 (Wireline Comp. Bur. 2014).

[16] Additional information about the proposals of the provisionally selected bidders will be released at a future date.

[17] A number of the census blocks that provisionally selected bidders seek to serve are the subject of a pending challenge in the Phase II challenge process. *See id.* at 10035-36, paras. 64-66. The Wireline Competition Bureau is currently reviewing the challenges and responses received in the Phase II challenge process to determine whether a census block or blocks that a selected bidder proposed to serve should be deemed ineligible for rural broadband experiment funding. In the event that census blocks are deemed ineligible for rural broadband experiment funding, support for any project selected for funding that includes such census blocks will be adjusted proportionally. *See Connect America Fund; ETC Annual Reports and Certifications*, WC Docket Nos. 10-90, 14-58, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8769, 8786-87, para. 51 (2014) (*Rural Broadband Experiments Order*).

[18] For purposes of this Public Notice and the associated attachments, "all locations" refers to all price cap locations in each census block.

California, Colorado, Delaware, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Puerto Rico, and Texas.[19]

- 12 entities seeking support to build networks capable of delivering 10 Mbps downstream and 1 Mbps upstream to all locations in the project census blocks in Colorado, Idaho, Iowa, Kansas, Kentucky, Michigan, North Carolina, Ohio, Tennessee, Texas, Virginia, and Washington.
- 9 entities seeking support to build networks capable of delivering 10 Mbps downstream and 1 Mbps upstream to all locations in project census blocks that are extremely costly to serve in California, Illinois, Maryland, Michigan, North Dakota, Kansas, South Dakota, and Texas.

With the release of this Public Notice, the post-selection review process for these bidders now begins. The Bureau is required to determine whether each selected applicant has demonstrated that it has the technical and financial qualifications to successfully complete the proposed project within the required timeframes and is in compliance with all statutory and regulatory requirements for the universal service support that the applicant seeks.[20] We emphasize that selected bidders are required to deliver the required minimum speeds to all locations within the funded census blocks.[21]

Attachment B provides instructions for these entities on how to complete FCC Form 5620 and upload their post-selection review attachments. The identified bidders are required, within 10 business days of this Public Notice, to submit the most recent three consecutive years of audited financial statements, including balance sheets, net income, and cash flow, and to submit a description of the technology and system design used to deliver voice and broadband service, including a network diagram, which must be certified by a professional engineer.[22] Entities proposing to use wireless technologies also must provide a description of spectrum access in the areas for which the applicant seeks support.[23] The bidders identified in Attachment A are required to submit these materials by **Friday, December 19, 2014 at 11:59p.m. EST.** Failure to submit the requested materials by this deadline will constitute a default, and the bidder will no longer be considered for the identified rural broadband experiment.

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[19] Bidders in this category must offer at least one service plan that provides 25 Mbps downstream/5 Mbps upstream to all locations within the selected census blocks. *See Rural Broadband Experiments Order*, 29 FCC Rcd at 8779-80, para. 26.

[20] *Id.* at 8787, para. 52.

[21] Under the Commission's rules, recipients of support are required annually to provide the results of network performance tests pursuant to the methodology and in the format determined by the Wireline Competition Bureau, Wireless Telecommunications Bureau, and Office of Engineering and Technology. 47 C.F.R. § 54.313(a)(11). The Wireline Competition Bureau, Wireless Telecommunications Bureau, and the Office of Engineering and Technology (together, the Bureaus) recently sought comment to further develop the record on a proposed methodology for high-cost recipients to measure and report speed and latency performance to fixed locations. The Bureaus have proposed that recipients be required to perform tests at least once an hour during peak period over a four-week period, with 95% of the observations at or above the required minimum speed. *See Wireline Competition Bureau, Wireless Telecommunications Bureau, and the Office of Engineering and Technology Seek Comment on Proposed Methodology for Connect America High-Cost Universal Service Support Recipients to Measure and Report Speed and Latency Performance to Fixed Locations*, WC Docket No. 10-90, Public Notice, DA 14-1499 (rel. Oct. 16, 2014).

[22] *See Rural Broadband Experiments Order*, 29 FCC Rcd at 8787-88, para. 54.

[23] *Id.*

Finally, we note that three bidders that initially appeared on the provisionally selected bidders list for funding category one submitted project bids that were facially non-compliant with the requirements for this category.[24] Those three bidders were removed from consideration, and the FCC Auction System produced the provisionally selected bidders shown on Attachment A.

One of these bidders, ViaSat, Inc., sought a waiver of the Commission's 100 millisecond (ms) latency standard for categories one and two. We deny ViaSat's waiver request for the rural broadband experiments, without prejudice to ViaSat's submission of this request into the docket for further consideration for the Phase II competitive bidding process that will occur to the extent price cap carriers decline the offer of Phase II model-based support. We are not convinced that ViaSat has demonstrated that special circumstances warrant a deviation of the rural broadband experiment rules established for categories one and two, and that waiving the rules for categories one and two would serve the public interest.[25] ViaSat's petition raises issues that warrant further consideration with public input for the Phase II competitive bidding process, which remains pending, but we conclude that waiving one of the core requirements for one bidder in the rural broadband experiments without public input after the close of the filing window would be prejudicial to the integrity of the competitive bidding process.[26]

For additional information on this proceeding, contact Ian Forbes (Ian.Forbes@fcc.gov) of the Wireline Competition Bureau, Telecommunications Access Policy Division, (202) 418-7400.

– FCC –

[24] Two of these bidders proposed to offer service not meeting the required speeds for category one.

[25] *See* 47 C.F.R. § 1.3; *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990).

[26] Because ViaSat submitted its waiver request in its FCC Form 5610 submitted into the FCC Auction System, rather than separately in the docket, other bidders and the general public have not had the opportunity to provide input on the request.

EXHIBIT 3 – TWO-YEAR PROJECT IMPROVEMENT PLAN

First Step Internet, LLC ("FSI") proposes deployment of a 4G LTE-TD fixed Radio Access Network (RAN) to provide 10Mbps/1Mbps Broadband Internet access along with voice-over-IP telephony service, to serve the census blocks identified in Exhibit 1, which the FCC has determined are currently "unserved" for purposes of the Rural Broadband Experiments program. We will leverage the existing assets provided by our Broadband Technology Opportunities Program ("BTOP") award, which include physical towers, microwave paths and other primarily middle-mile assets, and use the RBE funding to support cost-effective deployment of last-mile service to customers in the unserved census blocks.

Wireless Broadband

The Radio Access Network ("RAN") will be implemented using Telrad BreezeCompact eNodeB base stations, at the tower sites described, operating initially in the 'lightly licensed' 3650-3700 MHz band; with the intention to expand into the newly designated 3550-3650 MHz "Citizens Broadband Service" band, once the rules are finalized, the spectrum access systems come on-line, and vendor upgrades are available. Each eNB base station will initially be able to provide approximately 200Mbps of capacity per sector, easily expandable to 400Mbps, as utilization increases. Future software upgrades are expected to expand that to 600Mbps per sector, and additional sectors can be deployed as needed. Each sector will be able to service at least 100 users, at a conservative 5:1 over subscription ratio. Should actual utilization allow for a higher ratio, we may be able to service considerably more users, and/or users with higher speed packages.

Regarding spectrum availability at the access layer, we are currently a non-exclusive licensee of the 3650-3700 MHz band, which sees little current use in our region. It is our belief that this spectrum will provide sufficient capacity for the initial RAN deployment. As utilization increases, and the 3550-3650 MHz "CBS" band becomes available, we intend to take advantage of the additional capacity and automated coordination offered to increase end-user throughput beyond the initial 10Mbps/1Mbps plans offered. Thanks to the software-defined nature of the Telrad solution, this upgrade will not involve new hardware.

The LTE core will be implemented using geo-redundant Telrad EPC units, placed in two of our data center sites, located in Pullman, WA and Lewiston, ID. These data center sites enjoy multiple path and provider diverse upstream Internet connectivity, and technologically diverse connectivity to each other (via WDM fiber, and high-capacity licensed microwave). They also provide multiple links into our MPLS middle-mile transport (backhaul) network. Between the two data center sites, an aggregate of 3Gbps of Internet connectivity is currently provisioned, with substantially move available as needed. Each of the EPC units is capable of servicing 2Gbps of LTE traffic, easily scalable by adding additional parallel EPCs.

Connectivity between the eNB base stations at the tower sites and the EPC core units at the data centers will be provided by our MPLS transport network, comprised of fiber and 11, 18, and 23 GHz licensed microwave paths. With the exception of the microwave portions in Washington

state and the fiber, all of the involved sites and paths were constructed under our BTOP award. All sites involved have at least 200Mbps of transport capacity available through primary paths, and at least 100Mbps available through alternate paths. The central sites between Moscow and Lewiston have over 1Gbps available. In all cases, this capacity is scalable as demand warrants, in many cases without any hardware upgrades. With the exception of the High Camp site, all sites involved have multiple redundant paths available to the LTE core locations through the transport network.

For the microwave portion of the transport layer, we will utilize existing 11, 18, and 23 GHz licensed links, with already provisioned capacities ranging from 200Mbps to 1.4Gbps on all primary path. In most cases, this capacity is scalable to a degree without additional hardware, or alterations to licensing. In some cases, minor modifications to the licenses may be necessary. Additional scalability can be achieved through hardware upgrades and/or major licensing revisions, and through deployment of additional paths.

All sites involved have propane, natural gas, or diesel generators on site, to provide multiple days of backup power in the event of a loss of utility power. They also have substantial battery backup, both to bridge the gap between the loss of utility power and generator start up, and to provide enough time (8+ hours) for technicians to reach the site with portable generators in the event of stationary generator failure. Small, inexpensive UPS systems will be available for customer purchase, to provide backup power for the Customer Premises Equipment ("CPE"), or they can provide their own backup power solution.

CPE installation will be performed by our in-house outside plant crews, for optimal performance. The CPE equipment will initially be Telrad dual-mode WiMAX/LTE devices, although we will not be making use of the WiMAX capabilities. In the future, we expect to switch to less expensive LTE-only Telrad CPEs, as they become available. Third-party CPEs can be supported, as long as they conform to LTE standards, and operate in the correct frequency bands. Due to the non-line-of-sight performance of the Telrad solution, we expect that most CPEs deployed will be small integrated units (see picture), directly attached to the subscriber's residence or business. In the event that the building-attached integrated unit is unable to perform satisfactorily, a connectorized CPE may be used, and/or the CPE may be mounted to a pole up to 300ft from the structure.

Round Trip Time ("RTT") latency in the Telrad access layer (CPE, eNB, and EPC) is anticipated to be below 40ms in the worst case (16ms in the best case), with an additional measured 5ms RTT latency in the transport layer's most distant case (Pullman data center to High Camp base station). Beyond our borders, RTT latency varies between 12 and 22ms to our upstream providers first IP routers, located in Portland, OR and Seattle, WA. In total, this yields a worst case latency of less than 70ms from CPE to upstream provider. In the typical case, actual latency will be less than 40ms.

Initial propagation studies, for the purposes of census block selection, were performed in-house using Link Technologies' TowerCoverage.com service. Final propagation studies and RF design were performed by PCS Technologies, Inc., a Telrad systems integrator.

On the back-end, the LTE network will be managed and monitored primarily through Telrad's STAR Suite NMS system; with additional external monitoring provided through Cacti (SNMP monitoring), SmokePing (latency, jitter, and packet loss monitoring), and What's Up Pro (connectivity monitoring and alarming), among others. Authentication and provisioning will be provided by Telrad's AAA/Radius system, tied to our main customer database. Tier 1 and 2 technical support and troubleshooting will be primarily provided by technicians in our in-house call center during the hours of 8am to 7pm, seven days a week. Off-hours support and troubleshooting will be provided by a third-party call center, specializing in wireless technical support. Both the in-house technicians and the third party call center have access to our advanced team of engineers, administrators, tower crews, and OSP technicians; at all hours, when warranted.

Voice Telephony Services

On the voice side, FSI has a VoIP network based on standard SIP signaling and RTP audio that is deployed and in active use that offers landline-grade service to end-users. We support both "single-line" voice deployments (as would be common for residential users) as well as multi-channel voice IP trunks. Business-class voice trunk service pricing varies based on the customer's requirements. Our standard plan for residential customers is a single line and phone number at $25 per month for unmetered inbound and outbound calling to the United States and Canada, and which includes a local phone number, voicemail, Caller-ID with Name, call waiting, and call forwarding. We will also honor USF-supported Lifeline subsidies and discounts applied to this same plan for qualifying households. We do not offer so-called "toll-blocking" to our customers nor do we restrict calling for Lifeline-supported account holders to traditionally-defined local calling areas since we do not distinguish between local and long-distance destinations on this plan, nor do we offer a plan that does. We do not offer international calling to any customer at this time, so customers who need to make a call outside of the United States or Canada would have to use a third-party calling card. (Calls originating internationally can be received just fine).

We interoperate with most SIP-compliant gateways and PBXes in the trunking configuration, and most SIP-compliant voice endpoints (including IP telephones, IP-to-analog telephone adapters, and IP "softphones") in the single-line configuration. Customers have the option of supplying a SIP endpoint of their choosing ("BYOD") or of electing to use one of ours (sold separately); for those that use ours, our system automatically provisions and configures the device. For residential users, we currently supply standalone analog telephone adapter (ATA) models that have been carefully tested and vetted by us in the areas of performance and compatibility for a trouble-free experience; however, the Telrad-supplied CPEs for their LTE solution include a SIP-compliant ATA built-in that we may decide to leverage for customers installed to the LTE network, provided that the integrated ATA meets our requirements and performance standards and passes our network interoperability testing. At this time, we only support a single line per ATA on the ATAs that we supply; if more than one line of service is required, additional ATAs will have to be purchased from us, or the customer can elect to supply their own multi-line ATA or equivalent solution. (Each additional active line of service would incur a separate $25/month recurring charge.)

Call flow and provisioning within our network are handled by a system developed in-house that is largely based around the Asterisk telephony platform. At the edge/point of interconnection, calls coming from or headed to a PSTN destination go through our session border controller (SBC), which then hands the call to our SIP registrar and call feature server (CFS). Both operate as back-to-back SIP user agents, and are also configured to proxy the RTP audio. Since Asterisk is NAT-aware, having both of these features (B2BUA and RTP proxy) enabled on the CFS solves the majority of problems common to SIP endpoints behind a NAT without requiring a functional SIP ALG (NAT helper) on the customer side or requiring the support or configuration of external session traversal helpers (STUN, TURN, ICE, and the like) in the SIP endpoints themselves, making for a largely "plug-and-play" system that is able to cope with a diverse set of environments.

Account provisioning is handled through RADIUS, and the back-end database that handles the provisioning of our broadband internet customers is common to both voice and internet RADIUS/AAA. An active broadband account can have voice service turned up on it by populating the voice-specific fields in that database record. We strive to keep a modest number of telephone numbers (DIDs) in inventory across all of our supported rate centers, which allows for instant turn-up of services.

For E911, we use the "dash Carrier Services" (now Bandwidth.com) platform to add our end-users to the ALI database. The standalone ATAs we supply to our customers can connect to our CFS from any internet connection and supply the customer with dialtone if they take it out of the house, and we do allow for customers to preconfigure up to three E911 service addresses that they can switch between in real-time using our customer self-service web portal.

The projected start date is May 1, 2015 and it is expected that 25% of the project build will be completed by April 30, 2016. The project providing coverage to 100% of the planned service area will be completed within 2 years, April 30, 2017. The estimated amount of investment to provide services to the coverage area is $100,000. The estimated population that will be served as a result of these improvements is 14 currently unserved locations.