



**STATE PROCUREMENT OFFICE
NOTICE OF AMENDMENT TO EXEMPTION FROM CHAPTER
103D, HRS, CONTRACT**

1. TO: Chief Procurement Officer

2. FROM: DAGS/ICSD

Department/Division/Agency

3. Name of Contractor: Sprint Communications Co., L.P.

4. P.E. Reference No. 07-048J

5. Description of goods, services, or construction:

Providing Long Distance Telephone Services for Hawaii State Government (as provided for in Contract No. PL-03-19 and IFB-02-096-SW).

6. Scope of work for the contract is revised as follows:

To extend the term of the contract from January 1, 2008 to December 31, 2008.

Original Contract Price: \$ Price List

Amended Contract Price: \$ Price List

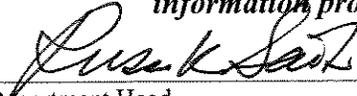
7. Reason: This / These amendment(s) are necessary because:
See Attachments 1, 2, and 3.

8. Direct questions to: Christopher Lai

Phone: 586-1930 x617

Agency shall ensure adherence to applicable administrative and statutory requirements.

9. Pursuant to § 103D-102, HRS, and § 3-120-5, HAR, I certify that the information provided above is, to the best of my knowledge, true and correct


Department Head

12/18/07
Date

Reserved for SPO Use Only

10. Date Posted: 12/19/07

11. Submit written objections to this notice of intent to amend a procurement exemption contract within seven calendar days or as otherwise allowed from the above posted date to:
Chief Procurement Officer
State Procurement Office
P.O. Box 119
Honolulu, Hawaii 96810-0119

Chief Procurement Officer's Comments:

We understand that ICSD is continuing to work on the solicitation process, however as a condition to this approval, the agency shall ensure completion of the procurement and award of a new contract. This exemption shall terminate on 12/31/08 or upon contract award and services implemented, whichever is sooner. No further contract extensions will be granted. This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply.

12. APPROVED DISAPPROVED


Chief Procurement Officer

12/27/07
Date

13. P.E. No. 07-048-J

ATTACHMENT 1

This contract provides State and County users with interstate, international, interisland, and toll free (800) long distance services. The current exemption extended the contract until December 31, 2007.

A Invitation For Bids (IFB) No. IFB-07-008-SW, to Provide Long Distance Telephone Services for Hawaii State Government, was issued on August 2, 2006. Initial proposals were received on October 11, 2006. The evaluation committee conducted two rounds of issuing questions to bidders, reviewing responses, and reviewing revised proposals. (Revised proposals were received on April 25, 2007 and August 15, 2007.) Another round of bidder questions may be necessary to resolve issues and to determine whether bidders meet the specifications. After the evaluation process has been completed, the next milestones will be priced bids, award contract, and implementation.

Sprint Communications Company, L.P. (Sprint) has offered to extend the existing contract for a one-year period, from January 1, 2008 to December 31, 2008 (see Attachment 2), with no change in long distance rates. Also, Sprint proposed two changes. First, to update the Schedule C taxes, fees, and charges to reflect current rates. Second, to delete Section 3.13.2 (see Attachment 3) and replace it with Schedule C (see Attachment 2, two paragraphs under ALL OTHER CHARGES).

It is recommended that the one-year extension and proposed changes be accepted. The extension will allow for completion of the IFB process and implementation of the new contract. Sprint's proposed changes to Schedule C were revised to be acceptable to both the State and Sprint. If the IFB is completed within the year, the State Procurement Office will cancel the remainder of the extension period. Without the extension, State departments and agencies, the Legislature, the Judiciary, the Office of Hawaiian Affairs, the County of Hawaii, the County of Kauai, the County of Maui, and certain elements of the University of Hawaii would be forced to pay commercial or tariff long distance rates, that are significantly higher than present contract rates. For example, the State currently pays three cents per minute for an interstate long distance call. The commercial rate is seven cents per minute and the tariff rate is more than 20 cents per minute depending upon the distance.



Sprint Nextel
2001 Edmund Halley Drive
Reston, Virginia 20191

Michaela Clairmonte
Contracts Negotiations & Management
(703) 433-8581

December 11, 2007

Aaron S. Fujioka
Administrator
P.O. Box 119
Honolulu, Hawaii 96810

Re: Request for Contract Extension – Contract No. IFB-02-096-SW for Long Distance Services -
Sprint Reference #BSG0206-122

Dear Mr. Fujioka,

Sprint Communications Company, L.P. ("Sprint") hereby provides notice of its desire to extend the term of the Hawaii State Government Contract No. IFB-02-096-SW ("Contract") for Long Distance Telephone Services for the State of Hawaii for an additional one-year renewal period ("Renewal Period").

For the Renewal Period, Sprint would like to request amending the Contract by deleting Invitation to Bid Section 3.13.2 – All Other Charges in its entirety. Sprint would also like to request replacing in its entirety Schedule C – Other Charges in the Contract with the following:

ALL OTHER CHARGES

"All Other Charges" shall include all applicable taxes, regulatory fees, and charges. The Contractor shall bill the State only those items listed at the rates indicated.

For any changes to or new taxes, fees, and charges, the Contractor shall submit a justification to support the request, at least fifteen (15) days prior to the effective date, to the Contract Administrator or his designated representative, for review.

<u>Interstate Usage</u>	<u>Rate</u>
1. Universal Service Charge	11%
2. Federal Regulatory Recovery Fee	1.44%
3. Carrier Property Tax Allocation Surcharge	2.02%
4. State Gross Receipts Tax	1.910%
<u>Intrastate Usage</u>	<u>Rate</u>
5. Public Company Tax Surcharge	4%
6. County Public Service Company Surcharge	1.885%
7. Regulatory Fee	0.25%

Should you have any questions or concerns regarding this matter, please contact Dale Goya, Regional Sales Manager, at (808) 847-9778 or Dale.A.Goya@sprint.com.

Sincerely,

Michaela Clairmonte
Manager, Contracts Negotiations & Management
Sprint Nextel

3.13 OTHER CHARGES

3.13.1 PIC Charges

The contractor shall be responsible for all PIC charges. The term "PIC" refers to the on e time LEC charge to change from one lon e distance carrier to another. It does not refer to the PICC charge, which may be included on Schedule C, Price Proposal, Other Costs. The State will not pay any and all PIC charges at any time but will accept a credit on the billing invoice.

The contractor shall be responsible for expense for the PIC charges to convert all lines to the Contractors PIC code at the initial transition of the service to the Contractor and for the duration of the contract periods thereafter.

~~3.13.2 All Other Charges~~

~~All "Other Charges" shall include all applicable taxes, regulatory fees and shall be listed on Offer Form page OF-9. The contractor shall assess the State only those charges listed at the rates indicated on the offer form page. Any additional Regulatory Fees and Taxes or changes to these may be negotiated with the Contract Administrator at least thrity (30) days prior to billing the State. Any other miscellaneous charge increases aside from the Regulatory Fees and Taxes shall not be allowed.~~

3.13.3 All Other Costs

Contractor shall list all rates and charges not associated with charges described in 3.13.1 PIC CHARGES and 3.13.2, ALL OTHER CHARGES on OFFER FORM page OF-10, ADDENDUM M, Schedule C under 'ALL OTHER COST'. No price increase will be allowed to the rates listed on offer form page during the contract term or any extension to the contract. If the bidder fails to list these charges under "ALL OTHER COST on the OFFER FORM page OF-10, Schedule C, Priced Bid, the State will assume that the offeror has no other costs associated with long distance calls and the State will not pay for "other costs" in billings. The offeror must absorb all "other cost " not listed as part of the cost of doing business.