

Ruth Nettles

040763-TP

From: Nelson, Douglas [GA] [Douglas.C.Nelson@sprint.com]
Sent: Wednesday, July 11, 2007 10:46 AM
To: Filings@psc.state.fl.us
Cc: Rick Moses; Bob Casey; Schoolar, Maggie R [SD]; Clairmonte, Michaela K [LEG]; Marsha Rule
Subject: ELECTRONIC FILING - July 11, 2007 Sprint Nextel Letter
Attachments: July 11 Letter from Sprint Nextel to Rick Moses.pdf

ORIGINAL

A.

Douglas C. Nelson
 Sprint Nextel
 233 Peachtree Street, N.E., Suite 2200
 Atlanta, GA 30303
 Tel: 404-649-0003
douglas.c.nelson@sprint.com

CMP _____
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 RCA _____
 SCR _____
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 SEC _____
 OTH Marquette

B.

No Docket. Title of Filing: Letter from Sprint Nextel to Rick Moses of Commission Staff.

C.

Sprint Nextel

D.

6 pages total

E. July 11, 2007 Letter from Sprint Nextel to Rick Moses of Commission Staff

<<July 11 Letter from Sprint Nextel to Rick Moses.pdf>>

Douglas C. Nelson
Attorney, State Regulatory Affairs

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7/11/2007

DOCUMENT NUMBER-DATE

05803 JUL 11 6

FPSC-COMMISSION CLERK



Sprint Nextel
2001 Edmund Halley Drive
Reston, VA 20191

Michaela Clairmonte
(703) 433-8581

July 11, 2007

0410763-TP

Rick Moses
Chief, Bureau of Telecommunications Service
Quality, Certification, and Enforcement
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

ORIGINAL

Reference: Request for Extension – Further Revised Offer
Contract to Provide Telecommunication Relay Service to Florida

Dear Mr. Moses:

In our letter dated June 21, 2007 providing a Revised Offer in the above-referenced matter, we indicated that Sprint Nextel would provide an annual Performance Bond in the amount of \$4,200,000.

By this letter, we provide a further revised offer. Specifically, Sprint revises the amount of the Performance Bond and agrees to provide an annual Performance Bond based on the projected contract value for the 2008/2009 period in the amount of \$6,840,000.

We would also like to inform you that we have filed a notice with the Office of Commission Clerk withdrawing Sprint Nextel's Claim of Confidentiality with respect to our June 1, 2007 and June 21, 2007 letters in this matter and re-filing unredacted versions of those letters. For your convenience, unredacted copies of the June 1, 2007 and June 21, 2007 letters are enclosed.

Florida Relay Account Executive, Maggie Schoolar is available to answer any questions. Maggie may be reached at (512) 797-6810 by phone or at Maggie.Schoolar@sprint.com by E-mail.

Sincerely,

/s/ Michaela Clairmonte

Michaela Clairmonte
Manager, Contract Negotiations & Management
Sprint Nextel

Enclosures

cc: Bob Casey
Maggie Schoolar
Douglas Nelson

DOCUMENT NUMBER - DATE

05803 JUL 11 5

FPSC-COMMISSION CLERK

Sprint



Together with NEXTEL

Sprint Nextel
12524 Sunrise Valley Drive
Reston, VA 20196
Office: (703) 689-6500 Fax: (703) 689-7707

Anthony G. D'Agata
VP Federal Government
Public Sector

June 1, 2007

Rick Moses
Chief, Bureau of Telecommunications Service
Quality, Certification, and Enforcement
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Subject: Request for Extension
Reference: Contract to Provide Telecommunication Relay Service to Florida

Dear Mr. Moses:

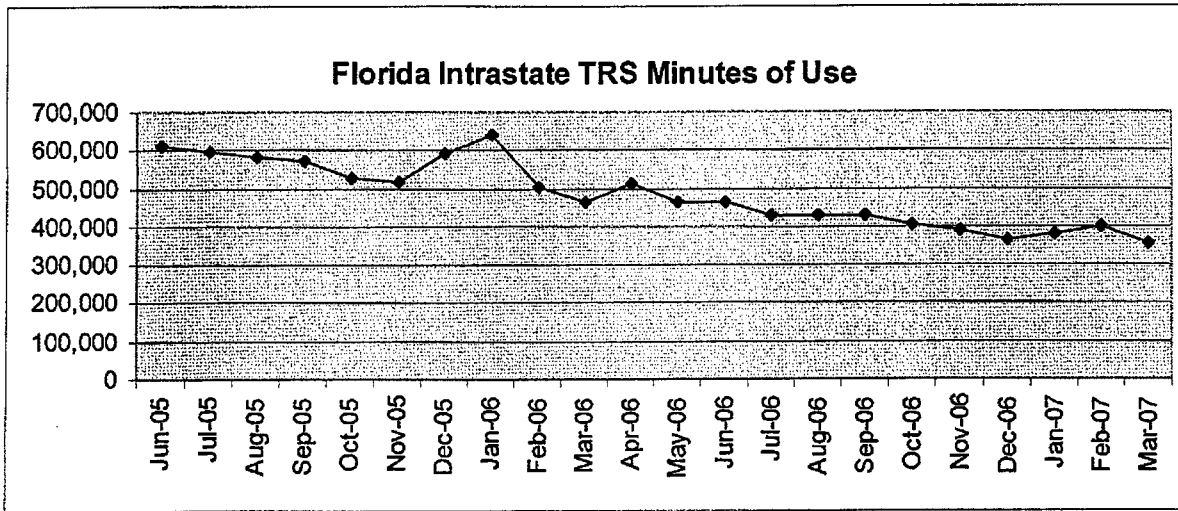
In accordance with Section 2: Contract Term, of the referenced contract, Sprint hereby provides notice of its desire to extend the term of this contract. Sprint entered into a three (3) year contract for the provision of Telecommunication Relay Services (TRS) to the State of Florida beginning on June 1, 2005. This contract continues through May 31, 2008 and contains options to extend the term for up to four (4) additional one-year periods.

Sprint is very proud of the relationship we have forged both with the Florida Public Service Commission and with the deaf, hard-of-hearing, and speech disabled citizens of Florida. We have worked diligently to make Florida Relay operate smoothly and to consistently outperform contractual service levels. We think that you will agree that the service has shown a marked improvement over the life of this contract and has been a model service over the past year and a half. Sprint believes that it will be in the best interest of both parties to extend this winning service for another year.

TRS

Sprint is very interested in continuing to provide TRS services for the State of Florida. However, the issue of decreasing call volumes is having an effect on the viability of Sprint's current business model for this service. Due to a severe drop in Florida TRS call volumes over the term of this contract we must request that the price be adjusted for the extension period. The following chart depicts the steady and constant decline in call minutes for the Florida TRS. This graph shows a 42% decline in traffic since the beginning of this contract in June 2005, from 610,349 minutes of use per month to 355,793 for March 2007. Sprint projects call volumes to decline of an additional 24% by the time this extension period goes into effect in 2008.

The effect of the reduction in Florida Relay Service (FRS) TRS minutes of use is compounded by the contractual requirement that a call center be located in Florida. With TRS call volumes rapidly decreasing on a national level, it is no longer necessary to maintain the current number of centers. The Jacksonville Center is one of the more costly centers to operate on the Sprint Relay network. Efficiencies in operations cannot make up for the steadily shrinking loss of base over which to apply these costs.



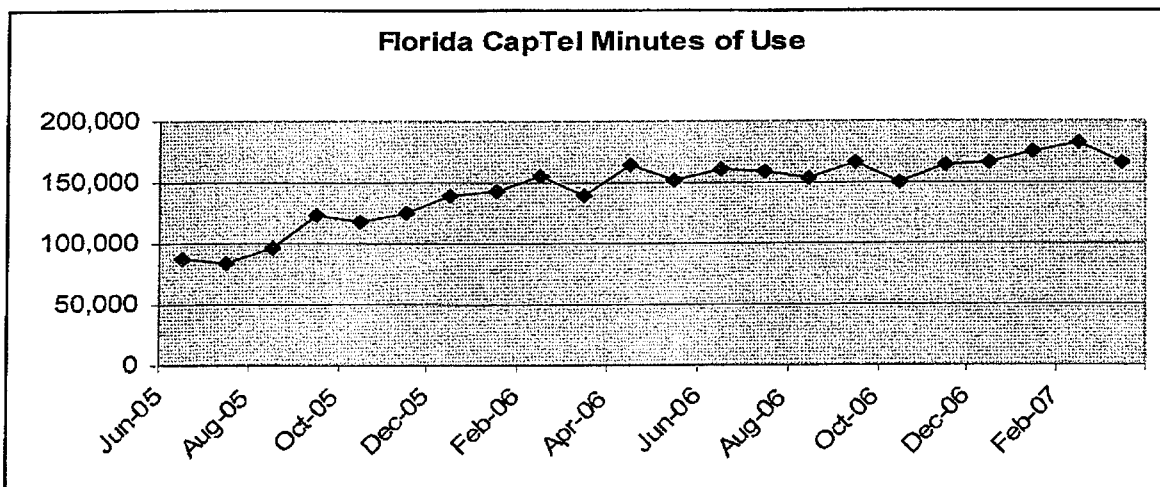
CapTel

In order to meet the expectations of the PUC and the community, Sprint has provided the following items to support CapTel in Florida:

- ❖ Funded CapTel Newsletters
- ❖ Established a CapTel Performance Testing Program
- ❖ Conducted a State wide CapTel survey
- ❖ Established a CapTel Task Force

Our team at Sprint believes that these initiatives demonstrate the commitment that Sprint has to offering Florida the best possible services and we are proud of the working relationship that has been achieved with the PUC and the community.

When Sprint provided tiered pricing for CapTel with the current contract, it was with the expectation that CapTel would grow on a national level to a point that Sprint would be a provider of the service. While the usage of CapTel has grown considerably in Florida and across the nation, a second CapTel answer center is being planned by CapTel, Inc., the current provider of this service. This means that Sprint will most likely not become a direct provider of this service during the term of this contract and this, in turn, limits the flexibility that Sprint has in costing the service. It is no longer possible to offer tiered pricing options.



Sprint offers two pricing options for TRS for the 2008 contract option year. The first option maintains the Jacksonville Center. The second option provides for the efficiencies of a network solution. For the contract period July 2008 - June 2009, Sprint respectfully requests a price of **\$1.42 per session minute** for TRS that maintains the current Jacksonville Center and a price of **\$.88 per session minute** that offers a network solution. The CapTel session minute rate offered is **\$1.37 per session minute**. Such prices are necessary to make the business model for continuing to provide TRS and CapTel for the State of Florida viable.

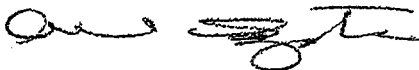
In addition to the above requested changes, Sprint would also request adding the following provision as Section 17 (Indemnification and Liability) to the Agreement:

- (a) Direct Damages. Sprint's maximum liability for damages caused by its failure(s) to perform its obligations under the Agreement is limited to: (A) proven direct damages for claims arising out of personal injury or death, or damage to real or tangible personal property, caused by the party's negligent or willful misconduct; or (B) proven direct damages for all other claims arising out of the Agreement, not to exceed in the aggregate, in any 12 month period, an amount equal to Customer's total net payments for the affected Products and Services in the 6 months preceding the month in which the damage occurred. Customer's payment obligations and Sprint's indemnification obligations under this Agreement are excluded from this provision.
- (b) Consequential Damages. NEITHER PARTY WILL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, OR INDIRECT DAMAGES FOR ANY CAUSE OF ACTION, WHETHER IN CONTRACT OR TORT. CONSEQUENTIAL, INCIDENTAL, AND INDIRECT DAMAGES INCLUDE, BUT ARE NOT LIMITED TO, LOST PROFITS, LOST REVENUES, AND LOSS OF BUSINESS OPPORTUNITY, WHETHER OR NOT THE OTHER PARTY WAS AWARE OR SHOULD HAVE BEEN AWARE OF THE POSSIBILITY OF THESE DAMAGES.
- (c) Sprint will indemnify and defend Customer, its directors, officers, employees, agents, and their successors from and against all third party claims for damages, losses, or liabilities, including reasonable attorney's fees, arising directly from performance of the Agreement and relating to personal injury, death, or damage to tangible personal property that is alleged to have resulted, in whole or in part, from the gross negligence or willful misconduct of Sprint or its subcontractors, directors, officers, employees or authorized agents.

Maggie Schoolar can answer any questions you may have concerning this proposal. Maggie can be reached at (512) 797-6810 by phone or via email at Maggie.Schoolar@sprint.com.

We appreciate your consideration of this offer and stand ready to support you and Florida Relay Service in any way we can.

Sincerely,



Tony D'Agata
Vice President, Federal Government
Sprint Nextel

Sprint



Together with NEXTEL

Sprint Nextel
12574 Sunrise Valley Drive
Reston, VA 20196
Office (703) 689-6500 Fax: (703) 689-7707

Anthony G. D'Agata
VP Federal Government
Public Sector

June 21, 2007

Rick Moses
Chief, Bureau of Telecommunications Service
Quality, Certification, and Enforcement
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Subject: Request for Extension – Revised Offer
Reference: Contract to Provide Telecommunication Relay Service to Florida
Request for Extension offer June 1, 2007

Dear Mr. Moses:

This letter is submitted at the request of Staff following recommendations to amend the Initial Request for Extension offer submitted by Sprint on June 1, 2007. In accordance with Section 2: Contract Term, of the referenced contract, Sprint hereby provides notice of its desire to extend the term of this contract. Sprint entered into a three (3) year contract for the provision of Telecommunication Relay Services (TRS) to the State of Florida beginning on June 1, 2005. This contract continues through May 31, 2008 and contains options to extend the term for up to four (4) additional one-year periods.

Sprint is very interested in continuing to provide TRS services for the State of Florida. However the issue of decreasing call volumes is having an effect on the viability of Sprint's current business model for this service. Sprint is able to offer a CapTel session minute rate of \$1.37 per session minute and a continuation of the current TRS pricing of \$0.75 per session minute for the contract period July 2008 – June 2009 with the following service offering adjustments:

- ❖ Florida Relay Service will be processed on the Sprint Relay Network and there will not be a relay center located in Florida.
- ❖ Outreach will be handled solely by Florida Telecommunication Relay Incorporated (FTRI) and Sprint will no longer provide a Florida Account Manager, or outreach funding.
- ❖ Florida quality will be managed under Sprint Relay's Quality Program and Florida will not have a dedicated quality manager, or Florida specific testing, (including independent third party typing evaluations and CapTel testing).
- ❖ The Florida Contract will be managed by the Sprint Relay Program Management team with support from the Florida Account Executive.
- ❖ Sprint will provide an annual Performance Bond in the amount of the projected contract value for the 2008/2009 period in the amount of \$4,200,000.

Florida Relay Account Executive, Maggie Schoolar is available to answer any questions you may have concerning this proposal. Maggie may be reached at (512) 797-6810 by phone or at Maggie.Schoolar@sprint.com by E-mail.

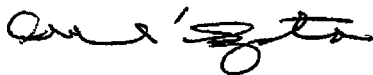
Page 2

Date: May 9, 2006

Subject: Extension Request for Florida Relay

We appreciate your consideration of this offer and stand ready to support you and Florida Relay Service in any way we can.

Sincerely,

A handwritten signature in cursive script, appearing to read "D. J. [unclear]".