

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

The following are the exceptions which were submitted by CenturyLink in response to the State of Arizona's solicitation ADSP014-00004241. Any exceptions not addressed by the State in this document were not considered and shall be deemed not accepted by the State and shall not become a part of any resultant contract.

All accepted exceptions shall be incorporated within in applicable sections of a resultant contract. Approved exceptions shall override the original RFP language, unless the acceptance was only clarification.

1) Solicitation section reference: Scope of Work

- 4.2.1 Current Standards and Standards Bodies: At a minimum, all product and service offerings listed below and within the Product Categories of Attachment II shall be compliant with applicable standards for the particular purchased product or service as required by the following standards setting bodies: Telcordia, ITU, ANSI, IEEE, IETF, FCC, NIST, CableLabs, Metro Ethernet Forum, and IP MPLS Forum.

Centurylink Exception:

CenturyLink respectfully requests the following clarification:

The compliance standards for CenturyLink services are specific to the services and compliance information is available by service at <http://www.centurylink.com/techpub/>.

Rationale: CenturyLink maintains a database of Standards and Standards Bodies by product. In effort to provide technical documentation for each of our products, we've provided the link for reference.

State's Initial Response: Unacceptable. Any standards for specific century link services provided under a resultant contract shall be compliant with the applicable standard as stated in 4.2.1 of the Scope of Work.

CenturyLink's Response:

CenturyLink adheres to applicable industry standards, including those published by Telcordia, ITU, ANSI, IEEE, IETF, FCC, NIST, Metro Ethernet Forum, and IP MPLS Forum. CenturyLink publishes local service technical information regarding our services offerings at <http://www.centurylink.com/techpub/>. Specific questions regarding standard body applicable to a CenturyLink product or service offerings can be directed to CenturyLink Account Team.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

2) Solicitation section reference: Scope of Work

- 4.4.1.2 Digital TDM Circuits (Copper, Coax, Microwave, and HFC Transport)
4.4.1.2.1 DS0
4.4.1.2.2 DS1 (Data Transport or PBX Trunks, [CAS, or ISDN-PRI]
4.4.1.2.3 ISDN (BRI, PRI)
4.4.1.2.4 DS3 (Data Transport)

Centurylink Exception:

CenturyLink does not offer Microwave and HFC Transport and have requested modification to remove.

Rationale: CenturyLink does not offer theseservices.

Centurylink Alternative Language:

4.4.1.2 Digital TDM Circuits (Copper, Coax ~~Microwave, and HFC Transport~~)

State's Initial Response: Unacceptable. Removal of language from Scope of Work is not required. Centurylink's response states the services they are providing under this RFP. Digital TDM Circuits (Copper, Coax)

CenturyLink's Response:

CenturyLink accepts the State's response. CenturyLink has provided pricing for services in our price list as additional or optional services available for purchase as we make these services generally commercially available. If the State agrees that we can provide these commercially available services as we have described in the price list subject to this Contract if awarded, CenturyLink agrees that the changes to the SOW language are not necessary.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

3) Solicitation section reference: Scope of Work

- 4.4.1.2 SONET Circuits (Optical Fiber, and/or Microwave Transport, and Fiber Terminal termination);

Centurylink Exception:

CenturyLink does not offer Microwave Transport and has requested modification to remove.

Rationale: CenturyLink does not offer theseservices.

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Centurylink Alternative Language:

4.4.1.3 SONET Circuits (Optical Fiber, ~~and/or Microwave Transport~~ and Fiber Terminal termination);

State's Initial Response: Unacceptable. Removal of language from Scope of Work is not required. Centurylink's response states the services they are providing under this solicitation.

CenturyLink's Response:

CenturyLink accepts the State's response. CenturyLink has provided pricing for services in our price list as additional or optional services available for purchase as we make these services generally commercially available. If the State agrees that we can provide these commercially available services as we have described in the price list subject to this Contract if awarded, CenturyLink agrees that the changes to the SOW language are not necessary.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

4) Solicitation section reference: Scope of Work

4.4.1.4 Virtual Private Circuits and Networks: may be transported over the following types of physical media: Copper pairs, Coax, Fiber, DWDM, Hybrid-Fiber/Coax (HFC), or Microwave and terminated at the customer demarcation with the following types of access methods: 10/100/1000 Ethernet, Cable Modem, DSL Modem or Fiber Terminal.

Centurylink Exception:

CenturyLink does not offer Hybrid Fiber/Coax (HFC) or Cable Modem and have requested modification to remove.

Rationale: CenturyLink does not offer these services.

Centurylink Alternative Language:

4.4.1.4 Virtual Private Circuits and Networks: may be transported over the following types of physical media: Copper pairs, Coax, Fiber, DWDM, ~~Hybrid Fiber/Coax (HFC)~~, or Microwave and terminated at the customer demarcation with the following types of access methods: 10/100/1000 Ethernet, ~~Cable Modem~~, DSL Modem or Fiber Terminal.

State's Initial Response: Unacceptable. Removal of language from Scope of Work is not required due to it not being a mandatory requirement. Centurylink's response states the services they are providing under this solicitation.

CenturyLink's Response:

CenturyLink accepts the State's response. CenturyLink has provided pricing for services in our price list as additional or optional services available for purchase as we make these services generally commercially available. If the State agrees that we can provide these commercially available services as we have described in the price list subject to this Contract if awarded, CenturyLink agrees that the changes to the SOW language are not necessary.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

5) Solicitation section reference: Scope of Work

CenturyLink respectfully requests to add the following language:

Centurylink Exception:

Rationale: CenturyLink offers additional services.

Centurylink Alternative Language:

4.4.1.5 Additional Services CenturyLink offers additional services, including:

- 4.4.1.5.1 MPLS DS0 Port
- 4.4.1.5.2 MPLS Local Access
- 4.4.1.5.3 MOE (Metro Optical Ethernet) Tiered Port Bandwidth Speeds
- 4.4.1.5.4 MOE EwET (Ethernet with Extended Transport)
- 4.4.1.5.5 MOE Central Office Connect
- 4.4.1.5.6 MOE EVC (Ethernet Virtual Circuit)
- 4.4.1.5.7 MOE Protect Routing
- 4.4.1.5.8 MOE Optical Reconfiguration
- 4.4.1.5.9 ELA (Ethernet Local Access)
- 4.4.1.5.10 Geomax
- 4.4.1.5.11 SHNS (Self Healing Network Service)
- 4.4.1.5.12 SST (Synchronous Sonet Transport)
- 4.4.1.5.13 OWS Local and National (Optical Wave Service)
- 4.4.1.5.14 Fiber Plus Enterprise
- 4.4.1.5.15 National DSL Loop
- 4.4.1.5.16 PLT (Private Line Transport) Fixed and Variable Mileage
- 4.4.1.5.17 PLT SHARP (Self Healing Alternate Route Protection)

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- 4.4.1.5.18 PLT Central Office Multiplexing
- 4.4.1.5.19 DSS Digital Switch Service (Channelized Voice DS1)
- 4.4.1.5.20 UAS (Uniform Access Solution)
- 4.4.1.5.21 ISDN BRI (Basic Rate Interface)
- 4.4.1.5.22 MPLS Enhanced Port
- 4.4.1.5.23 E-Line
- 4.4.1.5.24 PLT Command-a-Link

State's Initial Response: Unacceptable, Vendor specific services can be made available for purchase to other entities without above being added to Scope of Work.

CenturyLink's Response:

CenturyLink accepts the State's response. CenturyLink has provided pricing for services in our price list as additional or optional services available for purchase as we make these services generally commercially available. If the State agrees that we can provide these commercially available services as we have described in the price list subject to this Contract if awarded, CenturyLink agrees that the changes to the SOW language are not necessary.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be added to the SOW.

6) Solicitation section reference: Scope of Work

- 4.5.1 Basic telephone services: For Providers offering voice services, basic voice services shall include at a minimum: a "line" (Physical or Voice-over-Internet-Protocol (VoIP)) with an assigned telephone number and unlimited local calling with options for the following requested call features. Some of the features listed below, in section 4.5.3, must be enabled by the Provider; others may be enabled/disabled by the customer using Touch Tone commands, (Carrier provisioned or customer controlled). Local calling is defined as calls originating and terminating within a LATA or equivalent geographic boundary.

Centurylink Exception:

Rationale: CenturyLink has provided further definition to the local calling area and provided a list of the communities in Arizona and their respective local calling areas.

Centurylink Alternative Language:

CenturyLink respectfully requests to add the following clarification to the language:

Local calling is defined as calls originating and terminating within a LATA or equivalent geographic boundary—~~all destinations to which a dialed connection may be established over the PSTN without incurring a toll charge above and beyond the local rate and provided in each area in Arizona.~~

State's Initial Response: Modification of language in the Scope of Work is not required. Centurylink's response states the services they are providing under this solicitation.

CenturyLink's Response:

CenturyLink accepts the State's response. CenturyLink has provided pricing for services in our price list as additional or optional services available for purchase as we make these services generally commercially available. If the State agrees that we can provide these commercially available services as we have described in the price list subject to this Contract if awarded, CenturyLink agrees that the changes to the SOW language are not necessary.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

7) Solicitation section reference: Scope of Work

- 4.5.4 Providers should also make available the following voice services:
- 4.5.4.1 Customer specified Default Long Distance provider;

Centurylink Exception:

Rationale: CenturyLink does not offer these services for SIP or VoIP Service.

Centurylink Alternative Language:

4.5.4 CenturyLink respectfully requests to add the following clarification to the language:

- 4.5.4.1 Customer specified Default Long Distance provider; with TDM or Analog voice services only. Not available with SIP or VoIP service. CenturyLink defines circumstances where available.

State's Initial Response: Modification of language in the Scope of Work is not required due to it not being a mandatory requirement. Centurylink's response states the services they are providing under this solicitation.

CenturyLink's Response:

CenturyLink accepts the State's response. CenturyLink has provided pricing for services in our price list as additional or optional services available for purchase as we make these services generally commercially available. If the State agrees that we can provide these commercially available services as we have described in the price list subject to this Contract if awarded, CenturyLink agrees that the changes to the SOW language are not necessary.

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State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

8) Solicitation section reference: Scope of Work

4.5.4.5 PBX ALI (Private Branch Exchange Automatic Location Identification); This is specific to a multiline telephone system (MLTS);

Centurylink Exception:

Rationale: CenturyLink does not offer these services for SIP Service.

Centurylink Alternative Language:

4.5.4.5 PBX ALI (Private Branch Exchange Automatic Location Identification); This is specific to a multiline telephone system (MLTS); Not available with SIP services. CenturyLink defines circumstances where available.

State's Initial Response: Modification of language in the Scope of Work is not required due to it not being a mandatory requirement. Centurylink's response states the services they are providing under this solicitation.

CenturyLink's Response:

CenturyLink accepts the State's response. CenturyLink has provided pricing for services in our price list as additional or optional services available for purchase as we make these services generally commercially available. If the State agrees that we can provide these commercially available services as we have described in the price list subject to this Contract if awarded, CenturyLink agrees that the changes to the SOW language are not necessary.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

9) Solicitation section reference: Scope of Work

CenturyLink respectfully requests to add the following language:

Centurylink Exception:

Rationale: CenturyLink offers additional services.

Centurylink Alternative Language:

4.5.5 Additional Services: CenturyLink offers additional services, including:

- 4.5.5.1 SIP Trunk;
- 4.5.5.2 SIP Remote DID
- 4.5.5.3 SIP REFER;
- 4.5.5.4 Business White Page Listing;
- 4.5.5.5 Managed Office;
- 4.5.5.6 Managed Enterprise;
- 4.5.5.7 Hosted VoIP;
- 4.5.5.8 Core Connect;
- 4.5.5.9 Fiber+ Enterprise
- 4.5.5.10 Basic Analog Line
- 4.5.5.11 Centrex

State's Initial Response: Unacceptable, Vendor specific services can be made available for purchase to other entities without above being added to contract.

CenturyLink's Response:

CenturyLink accepts the State's response. CenturyLink has provided pricing for services in our price list as additional or optional services available for purchase as we make these services generally commercially available. If the State agrees that we can provide these commercially available services as we have described in the price list subject to this Contract if awarded, CenturyLink agrees that the changes to the SOW language are not necessary.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

10) Solicitation section reference: Scope of Work

4.7.2.6 Other Security Services that may not be listed above, or as emerge with technology.

Centurylink Exception:

Rationale: CenturyLink offers additional services.

Centurylink Alternative Language:

CenturyLink respectfully requests to add the following language:

4.7.2.6 Other Security Services that may not be listed above, or as emerge with technology. 4.7.2.6.1 Proactive and Reactive DDoS
4.7.2.6.2 Email Encryption 4.7.2.6.3 Email Defense
4.7.2.6.4 Perimeter Check and Vulnerability Scan
4.7.2.6.5 Network Based Security

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4.7.2.6.5.1 VPN, IPS (Intrusion Prevention System), IDS (Intrusion Detection System), DLP, Content Filtering

4.7.2.6.6 Enhanced Cyber Security

State's Initial Response: Addition to language in the Scope of Work is not required. Centurylink's response states the services they are providing under this solicitation.

CenturyLink's Response:

CenturyLink accepts the State's response. CenturyLink has provided pricing for services in our price list as additional or optional services available for purchase as we make these services generally commercially available. If the State agrees that we can provide these commercially available services as we have described in the price list subject to this Contract if awarded, CenturyLink agrees that the changes to the SOW language are not necessary.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

11) Solicitation section reference: Scope of Work

4.8 CATEGORY 5: Fiber Services. Fiber Services can be provided as:

- 4.8.1 Leased dedicated conduits or micro-ducts within conduits (through which a customer can install and operate their own fiber and provide their electronics);
- 4.8.2 Leased "Dark" Dedicated Fiber Cable (point-to-point or ring configuration, Fiber Optic Distribution Unit (FODU) demarcation, customer provides electronics);
- 4.8.3 Leased "Dark" Fiber Strand Pairs on shared fiber cable (point-to-point or ring configuration, FODU demarcation, customer provides electronics);
- 4.8.4 Leased Dense Wavelength Division Multiplexing (DWDM) wavelength(s) on shared fiber pairs (point-to-point or ring configuration, Optical FODU Demarcation, Customers provides electronics); and

Centurylink Exception:

CenturyLink respectfully requests the following exception with respect to Fiber Services:

CenturyLink is willing to consider responding to the State's specific dark fiber service requests during the term of the Contract. If CenturyLink elects to bid or respond to any State dark fiber request, any pricing will be done on an ICB basis, and is subject to CenturyLink approval. Additional terms and conditions apply that will control over any of the terms and conditions in this Contract, including, but not limited to, restrictions on use or resale of any leased fiber and requirements for purchase of CenturyLink maintenance of the fiber, and will be subject to negotiation and subject to final approval by CenturyLink.

State's Initial Response: Unacceptable. The State agrees to ICB pricing for Dark Fiber. However the exceptions to the terms and conditions in an awarded contract will not be voided by such ICB pricing.

CenturyLink's Response:

CenturyLink respectfully restates our exception and asks the State to reconsider that any dark fiber opportunity will be considered in the context of the customer opportunity and use, and provided under appropriate terms and conditions.

State's Final Response: Accepted as clarification, however no change to original language of RFP required. The State understands that IRU's may be required for leasing with fiber services, as such; the lease may have terms and conditions in addition to resultant contracts terms and conditions. The State Procurement Office, Sr. Procurement Officer shall be part of the negotiation process of IRUs for Mandatory Customers.

12) Solicitation section reference: Scope of Work

6.1.1.3 Early-Termination Terms. If a Carrier or Provider wishes to seek special terms for early-termination, a business case shall be submitted to the State Procurement Office for review and possible acceptance.

Centurylink Exception:

Rationale: CenturyLink respectfully defines the early termination language in accordance to the Access Service Tariff No. 4 Section 5.1.3 Special Construction. Access Service Tariff No. 4 is available at http://www.centurylink.com/tariffs/az_qc_acc_t_no_4.pdf.

Centurylink Alternative Language:

CenturyLink respectfully requests to add the following language to 6.1.1.3:

6.1.1.3 Early-Termination Terms. If a Carrier or Provider wishes to seek special terms for early- termination, a business case shall be submitted to the State Procurement Office for review and possible acceptance.

Customers requiring Special Construction may incur any one or all of the following liabilities depending on the circumstances surrounding the Special Construction:

- Maximum Termination Liability (MTL)
- Nonrecurring Charge (NRC)
- Excess Recurring Monthly Charge (RMC)

State's Initial Response: Unacceptable, the exception doesn't align with the section referenced

CenturyLink's Response:

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CenturyLink respectfully requests that the State consider this exception. CenturyLink routinely has State agency customers who request services that may incur special construction charges that may require additional early termination liabilities. CenturyLink believes that it is appropriate for these to be considered by State customers without State approval of a business case.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands. Special Terms and Conditions for Broadband Expansion shall be considered post award, if an Offer is found susceptible for award within this category.

13) Solicitation section reference:

- 6.3 Pricing. If a Carrier or Broadband Provider can provide a services within a County only after committing to the construction of new Infrastructure in that County that would enable the delivery of said services the Carrier or Broadband Provider may request the negotiation of special terms and conditions for services that would utilize the new infrastructure in that County to justify their investment. In these cases the State acknowledges that pricing shall be negotiated.

Centurylink Exception: Scope of Work

Rationale: CenturyLink respectfully defines the early termination language in accordance to the Access Service Tariff No. 4 Section 5.1.3 Special Construction, Access Service Tariff No. 4 is available at http://www.centurylink.com/tariffs/az_qc_acc_t_no_4.pdf.

Centurylink Alternative Language:

CenturyLink respectfully requests to add the following language to 6.3:

- 6.3 Pricing. If a Carrier or Broadband Provider can provide a services within a County only after committing to the construction of new Infrastructure in that County that would enable the delivery of said services the Carrier or Broadband Provider may request the negotiation of special terms and conditions for services that would utilize the new infrastructure in that County to justify their investment. In these cases the State acknowledges that pricing shall be negotiated.

Customers requiring Special Construction may incur any one or all of the following liabilities depending on the circumstances surrounding the SpecialConstruction:

- Maximum Termination Liability (MTL)
- Nonrecurring Charge (NRC)
- Excess Recurring Monthly Charge (RMC)

State's Initial Response: Unacceptable, the exceptionn doesn't align with the section referenced

CenturyLink's Response:

CenturyLink respectfully requests that the State consider this exception. CenturyLink routinely has State agency customers who request services that may incur special construction charges that may require additional early termination liabilities. CenturyLink believes that it is appropriate for these to be considered by State customers without State approval of a business case.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands. Special Terms and Conditions for Broadband Expansion shall be considered post award, if an Offer is found susceptible for award within this category.

14) Solicitation section reference: Scope of Work

- 7.1.4 Carriers and Providers are required to monitor and report to customers monthly for agreed to Service Level Agreements performance and nonperformance.

Centurylink Exception:

Rationale: CenturyLink has clarified eligibility, process, and remedies under applicable tariffs.

Centurylink Alternative Language:

CenturyLink respectfully replaces this section with alternativelanguage.

To be eligible for service credits, Customer must be in good standing with CenturyLink and current in its obligations. To receive service credits, Customer must contact their Account Team and submit the relevant trouble ticket information within 30 calendar days from the date when the relevant SLA Goal was not met. CenturyLink will determine the credits provided to the Customer by applying the applicable remedies set forth in the Product Catalogue for services that are not provided under the Federal Communications Corporation jurisdiction which receive credit under the applicable tariff.

State's Initial Response: Highlighted paragraph is Acceptable. Second part of paragraph is not Unacceptable. A change to the Scope of Work is not required to meet this exception. Centurylink's response states the services being provided under this solution

CenturyLink's Response:

CenturyLink agrees that this second paragraph was an unnecessary statement when we specified "relevant" in the first paragraph.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

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15) Solicitation section reference: Scope of Work

- 7.2.2 Metro Areas defined:
- 7.2.2.1 Phoenix Metro, 50 mile radius of the Capital Mall circle
 - 7.2.2.2 Tucson Metro, 50 mile radius of the University of Arizona
 - 7.2.2.3 Yuma Metro, 25 mile radius of the Yuma County Court House
 - 7.2.2.4 Flagstaff Metro, 25 mile radius of Coconino County Court House
 - 7.2.2.5 Prescott Metro, 25 mile radius of Yavapai County Court House

Centurylink Exception:

Rationale: CenturyLink recognizes Phoenix Metro and Tucson Metro as Arizona's only metropolitan area based on population.

Centurylink Alternative Language:

CenturyLink respectfully requests the following modifications to the language in Section 7.2 Minimum Guarantees:

- 7.2.2 Metro Areas defined:
- 7.2.2.1 Phoenix Metro, 50 mile radius of the Capital Mall circle
 - 7.2.2.2 Tucson Metro, 50 mile radius of the University of Arizona
 - Rural Areas defined:**
 - 7.2.2.3 Yuma Metro, 25 mile radius of the Yuma County Court House
 - 7.2.2.4 Flagstaff Metro, 25 mile radius of Coconino County Court House
 - 7.2.2.5 Prescott Metro, 25 mile radius of Yavapai County Court House
 - 7.2.2.6 Remaining communities within Arizona not listed above**

State's Initial Response: Acceptable, Scope of Work, Section 7.2.2 shall read as follows:

- 7.2.2 Metro Areas defined:
- 7.2.2.1 Phoenix Metro, 50 mile radius of the Capital Mall circle
 - 7.2.2.2 Tucson Metro, 50 mile radius of the University of Arizona
 - Rural Areas defined:**
 - 7.2.2.3 Yuma Metro, 25 mile radius of the Yuma County Court House
 - 7.2.2.4 Flagstaff Metro, 25 mile radius of Coconino County Court House
 - 7.2.2.5 Prescott Metro, 25 mile radius of Yavapai County Court House
 - 7.2.2.6 Remaining communities within Arizona not listed above**

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted. Language to replace original RFP language is stated in the State's Initial Response above.

16) Solicitation section reference: Scope of Work

- 7.2.3 Restore and Response times:
- 7.2.3.1 Metro Areas:
 - 7.2.3.1.1 Specific sites to be provided after contract award.
 - 7.2.3.1.1.1 Full restoration shall be completed within two (2) hours.

Centurylink Exception:

Rationale: CenturyLink recognizes travel is required and has submitted clarification to define travel times based on regions.

Centurylink Alternative Language:

- 7.2.3.1.1.1 Full restoration shall be completed within two (2) hours **of response arrival time**
- 7.2.3.1.1.2 Response time shall provide a physical presence onsite with four (4) hours of travel time**

State's Initial Response: Unacceptable with alternate language proposed The State would accept the following alternate language:

7.2.3.1.1.1 Full restoration shall be completed within two (2) hours of arrival onsite.

CenturyLink's Response:

CenturyLink respectfully requests the State reconsider our original response. We wish to maintain our alternative language as this incorporates the "Metro" travel time.

State's Final Response: After discussions CTL has agreed to the following acceptable language by the State. Language for 7.2.3.1.1.1 shall now read as follows: Full restoration shall be completed within two (2) hours, unless otherwise negotiated within resultant SLA's.

SLA's are attached to CSO's which technically are last in the order of precedence as stated in Uniform Terms and Conditions section 2.3. However Section 30, Customer Service Orders (CSO's) found within the Special Terms and Conditions allows for a customer to enter into an agreement with the contractor directly. This agreement may have terms and conditions that are not parallel with the State's overarching terms and conditions, and if the customer accepts the CSO the terms and conditions of the CSO prevail for that specific CSO. The Special Term address the fact that Additional Terms and Conditions found within the Contractors CSO shall not become part of the State of Arizona's Master Contract.

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17) Solicitation section reference: Scope of Work

7.2.3.2.1.1 Full restoration shall be completed within four (4) hours.

Centurylink Exception:

CenturyLink has defined travel times.

Rationale: CenturyLink recognizes travel is required and has submitted clarification to define travel times based on regions.

Centurylink Alternative Language:

7.2.3.2.1.1 Full restoration shall be completed within four (4) hours of response arrival time

7.2.3.2.1.2 Response time shall provide a physical presence onsite with eight (8) hours of travel time

State Response Unacceptable with alternate language proposed. The State would accept the following alternate language: 7.2.3.2.1.1 Full restoration shall be completed within four (4) hours of arrival onsite

CenturyLink's Response:

CenturyLink respectfully requests the State reconsider our original response. We wish to maintain our Alternative language as this incorporates the "Rural" travel time.

State's Final Response: After discussions CTL has agreed to the following acceptable language by the State. Language for 7.2.3.2.1.1 shall now read as follows: Full restoration shall be completed within four (4) hours, unless otherwise negotiated within resultant SLA's.

SLA's are attached to CSO's which technically are last in the order of precedence as stated in Uniform Terms and Conditions section 2.3. However Section 30, Customer Service Orders (CSO's) found within the Special Terms and Conditions allows for a customer to enter into an agreement with the contractor directly. This agreement may have terms and conditions that are not parallel with the State's overarching terms and conditions, and if the customer accepts the CSO the terms and conditions of the CSO prevail for that specific CSO. The Special Term address the fact that Additional Terms and Conditions found within the Contractors CSO shall not become part of the State of Arizona's Master Contract.

18) Solicitation section reference: Scope of Work

7.2.3.3 If full restoration cannot be achieved within the above stated time frames, the customer shall be notified immediately upon discovery of such event that hinders restoration.

Centurylink Exception:

CenturyLink has clarified that notices are provided once status is received from the responding technicians.

Rationale: CenturyLink recognizes notification and status are required once identified.

Centurylink Alternative Language:

7.2.3.3 If full restoration cannot be achieved within the above stated time frames, the customer shall be notified immediately upon discovery of such event that hinders restoration.

State's Initial Response: Unacceptable with alternate language proposed. The State would accept the following alternate language:

7.2.3.3 If full restoration cannot be achieved within the above stated time frames, the carrier or provider shall make reasonable efforts to immediately notify customer upon discovery of such event that hinders restoration.

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted. Language to replace original RFP language is stated in the State's Initial Response above.

19) Solicitation section reference: Scope of Work

7.2.3.3.1 Every hour that service has not been restored the carrier or provider shall be responsible for updating the customer of status on the restoration project.

Centurylink Exception:

CenturyLink has clarified allowing for customers to call into our Repair Centers for ticket and dispatch status as well as CenturyLink notifications.

Rationale: CenturyLink recognizes statuses are required and shall be provided proactively as well as upon request. CenturyLink provides dedicated Service Managers responsible for escalations and repair resolutions. Our Repair Centers are also updated to provide status if a customer calls regarding an open ticket.

Centurylink Alternative Language:

7.2.3.3.1 Every hour that service has not been restored the carrier or provider shall be responsible for updating have updates available

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for the customer of status on the restoration project.

State's Initial Response: Acceptable, Scope of Work, Section 7.2.3.3.1 shall read as follows:

7.2.3.3.1 Every hour that service has not been restored the carrier or provider shall have updates available for the customer of status on the restoration project.

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted. Language to replace original RFP language is stated in the State's Initial Response above.

20) Solicitation section reference: Scope of Work

7.2.4.1 Every 15 minutes that 'full service restoration' is not completed the Contractor shall be charged a penalty of 5% of the customer's monthly bill. This will be seen in the form of a credit against the billed amount at the end of the month.

Centurylink Exception:

Rationale: CenturyLink respectfully requests modification to restoral time frames and penalty to the monthly rate of services impacted in an outage. To accommodate State of Arizona TEM Provider, most CenturyLink invoices are consolidated.

Centurylink Alternative Language:

7.2.4.1 Every ~~15-60~~ minutes that 'full service restoration' is not completed, beyond full restoration interval, the Contractor shall be charged a penalty of 5% of the monthly cost of the impacted service(s) customer's monthly bill. This will be seen in the form of a credit against the billed amount ~~at the end of the month~~. Services provided under the Federal Communications Corporation jurisdiction will receive credits under the applicable tariff. CenturyLink's product catalog SLA can be viewed at <http://www.centurylink.com/legal/sla.html>

State's Initial Response: Unacceptable with alternate language proposed. The State would accept the following alternate language:

7.2.4.1 The contractor shall be liable for 1/720 of the MRC for each hour after the Contractor is notified of an outage. This will be seen in the form of a credit against the billed amount at the end of the month.
An "Outage" is an interruption in Service or use of the Equipment caused by a failure of the Contractor's Network, excluding degradation or disruption due to planned or emergency maintenance or an event outside of the Contractor's direct control.

CenturyLink's Response:

CenturyLink respectfully requests the State reconsider our original response. We wish to maintain our alternative language as this would only begin following a missed restoration interval and it cannot be billed at the end of the same month.

State's Final Response: Accepted. Language to replace original RFP language shall read as follows:

7.2.4.1 The Contractor shall be liable for 1/720 of the MRC for each hour after the allowable response time has been exhausted. This will be seen in the form of a credit against the billed amount at the end of each month. An "Outage" is an interruption in Service or use of the Equipment caused by a failure of the Contractor's Network, excluding degradation or disruption due to planned or emergency maintenance or an event outside of the Contractor's direct control.

SLA's are attached to CSO's which technically are last in the order of precedence as stated in Uniform Terms and Conditions section 2.3. However Section 30, Customer Service Orders (CSO) found within the Special Terms and Conditions allows for a customer to enter into an agreement with the contractor directly. This agreement may have terms and conditions that are not parallel with the State's overarching terms and conditions, and if the customer accepts the CSO the terms and conditions of the CSO prevail for that specific CSO. The Special Term address the fact that Additional Terms and Conditions found within the Contractors CSO shall not become part of the State of Arizona's Master Contract.

21) Solicitation section reference: Scope of Work

7.2.5.1 The two (2) or four (4) hour window shall start when the customer (AZNet, for the primary customer) calls the carrier directly and opens a repair ticket.

Centurylink Exception:

CenturyLink has defined travel times.

Rationale: CenturyLink recognizes travel is required and has submitted clarification to define travel times based on regions.

Centurylink Alternative Language:

7.2.5.1 The two (2) or four (4) hour window shall start when the customer (AZNet, for the primary customer) calls the carrier directly, ~~and~~ opens a repair ticket, and carrier technician arrives within the stated travel time.

State's Initial Response: Unacceptable with alternate language proposed. The State would accept the following alternate language:

7.2.5.1 The two (2) hour window shall start once the carrier technician arrives onsite within the stated travel time after the customer (AZNet, for the primary customer) calls the carrier directly, and opens a repair ticket.

CenturyLink's Response:

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

State response is acceptable WITH the addition of the 4 hour window that accounts for a "Rural" travel scenario as stated below:

7.2.5.1 The two (2) hour **or four (4) hour** window shall start once the carrier technician arrives onsite, within the stated travel time, after the customer (AZNet, for the primary customer) calls the carrier directly, and opens a repair ticket.

State's Final Response: Accepted. Language to replace original RFP language shall read as follows:

7.2.5.1 The two (2) hour or four (4) hour window shall start once the carrier technician arrives onsite, within the stated travel time, after the customer (AZNet, for the primary customer) calls the carrier directly, and opens a repair ticket.

SLA's are attached to CSO's which technically are last in the order of precedence as stated in Uniform Terms and Conditions section 2.3. However Section 30, Customer Service Orders (CSO's) found within the Special Terms and Conditions allows for a customer to enter into an agreement with the contractor directly. This agreement may have terms and conditions that are not parallel with the State's overarching terms and conditions, and if the customer accepts the CSO the terms and conditions of the CSO prevail for that specific CSO. The Special Term address the fact that Additional Terms and Conditions found within the Contractors CSO shall not become part of the State of Arizona's Master Contract.

22) Solicitation section reference: Scope of Work

7.2.5.2 Once the service has been fully restored, the carrier shall call the customer and notify of completion.

CenturyLink Exception:

CenturyLink has suggested clarification to allow for multiple communication methods.

Rationale: CenturyLink recognizes many customers routinely ask for email or text updates for repair updates. CenturyLink would like to accommodate customer's desired communication method as an acceptable option.

Centurylink Alternative Language:

7.2.5.2 Once the service has been fully restored, the carrier shall ~~call~~ communicate to the customer and notify of completion.

State's Initial Response: Acceptable, Scope of Work, Section 7.2.5.2 shall read as follows:

7.2.5.2 Once the service has been fully restored, the carrier shall communicate to the customer and notify them of completion.

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted. Language to replace original RFP language is stated in the State's Initial Response above.

23) Solicitation section reference: Scope of Work

7.2.5.3 Once notified the customer shall confirm that service has been fully restored before the carrier closes the open repair ticket. Once this confirmation has been completed the window for restoration shall be closed and calculated for any applicable penalties.

Centurylink Exception:

CenturyLink respectfully requests to set time parameters of 24 hours to define expectations.

Rationale: CenturyLink recognizes the benefits of defined timelines and expectations for our Customers as well as timeframes for our Repair Centers.

Centurylink Alternative Language:

7.2.5.4 Once notified the customer shall confirm that service has been fully restored, **within 24 hours**, before the carrier closes the open repair ticket. Once this confirmation has been completed the window for restoration shall be closed and calculated for any applicable penalties **excluding the time awaiting the customer confirmation. A new repair ticket will be initiated should the customer exceed 24 hours in providing confirmation.**

State's Initial Response: Unacceptable with clarification that if customer confirmation has not been received within 24 hours ticket will remain open and is escalated to AZNet for State Agency Locations.

CenturyLink's Response:

CenturyLink respectfully requests the State reconsider our original response.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands. This language can be negotiated with Customer directly through resultant SLA's.

SLA's are attached to CSO's which technically are last in the order of precedence as stated in Uniform Terms and Conditions section 2.3. However Section 30, Customer Service Orders (CSO's) found within the Special Terms and Conditions allows for a customer to enter into an agreement with the contractor directly. This agreement may have terms and conditions that are not parallel with the State's overarching terms and conditions, and if the customer accepts the CSO the terms and conditions of the CSO prevail for that specific CSO. The Special Term address the fact that

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Additional Terms and Conditions found within the Contractors CSO shall not become part of the State of Arizona's Master Contract.

24) Solicitation section reference: Scope of Work

- 7.2.5.3.1 If the carrier or provider closes the repair ticket before confirmation has been provided by the customer and is required to open a new ticket, the restoration and response time shall not be restarted, rather merged with the original outage notification.

CenturyLink Exception:

CenturyLink respectfully requests clarification for ticketshandling.

Rationale: CenturyLink ticketing systems require a new repair ticket to be created to help us identify and quantify chronic repair ticket handling.

State's Initial Response: Unacceptable. State is only asking that the time frames be merged, not the trouble tickets themselves.

CenturyLink's Response:

CenturyLink respectfully requests the State reconsider our original response. Trouble ticket time frames CANNOT be merged. It is the responsibility of the Customer to respond within 24 hours or prior to trouble ticket closure and request that the ticket remain open for an extended period of time (i.e. 48 or 72 hours or longer).

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands. This language can be negotiated with Customer directly through resultant SLA's.

SLA's are attached to CSO's which technically are last in the order of precedence as stated in Uniform Terms and Conditions section 2.3. However Section 30, Customer Service Orders (CSO') found within the Special Terms and Conditions allows for a customer to enter into an agreement with the contractor directly. This agreement may have terms and conditions that are not parallel with the State's overarching terms and conditions, and if the customer accepts the CSO the terms and conditions of the CSO prevail for that specific CSO. The Special Term address the fact that Additional Terms and Conditions found within the Contractors CSO shall not become part of the State of Arizona's Master Contract.

25) Solicitation section reference: Scope of Work

CenturyLink respectfully requests that the State accept the following new Section 7.3:

CenturyLink Alternative Language:

- 7.3 Global Exclusions. The following exclusions apply to all Service categories for purposes of calculating compliance with SLAs. The SLAs will not apply, and a customer will not be entitled to receive a credit under an SLA, for any event that adversely impacts the Service that is caused by:
- 7.3.1 A Force Majeure Event. "Force Majeure Event" means an unforeseeable event beyond the reasonable control of that party, including without limitation: act of God, fire, explosion, lightning, hurricane, labor dispute, cable cuts by third parties, acts of terror, material shortages or unavailability, government laws or regulations, war or civil disorder, or failures of suppliers of goods and services.
 - 7.3.2 The negligent acts or omissions of customer, its employees, other third-party contractors or agents not under the control of CenturyLink or customer's end users.
 - 7.3.3 The failure or malfunction of customer equipment, applications or systems.
 - 7.3.4 Customer's failure to release a Service for testing or repair and continuing to use the Service on an impaired basis.
 - 7.3.5 If the root cause is determined to be malicious in nature or from malware targeted against customer.
 - 7.3.6 Scheduled Service maintenance, scheduled alteration or scheduled implementation if coordinated via approved change management processes.
 - 7.3.7 CenturyLink's lack of access to the Customer premises where reasonably required to restore the Service.

State's Initial Response: Unacceptable, a change to the Scope of Work is not required to meet this exception. CenturyLink's response state the service being provided under this solicitation.

CenturyLink's Response:

CenturyLink respectfully requests that the State consider CenturyLink's exception. CenturyLink's pricing, as it relates to SLA compliance, is based on generally accepted conditions, such as force majeure events, being excluded items with respect to SLA remedies being available. CenturyLink is available to discuss this topic with the State in further detail.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands. CTL's concern is addressed within SOW section 7.2.4.2.1.

26) Solicitation section reference: Scope of Work

- 8.1.1.4.1 Quote shall be in compliance with the Quote form provided by ASET-EIC.

CenturyLink Exception:

CenturyLink respectfully requests the following clarification:

These quotes are valid for 45 days from the 'Quote Date' and all quotes will be verified by CenturyLink QCC order entry at the time a Service

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Order is submitted. The provided pricing is based on availability of the current LEC's infrastructure and the associated Special Access Tariff rate elements. Any special construction required will increase these charges and will be reflected in an updated Quote. CenturyLink QCC will charge an additional monthly recurring charge (MRC) for CPA (Customer Provided Access). This charge is in place for DS-0 through OC-192 services and needs to be applied to allow CenturyLink™ QCC to recoup costs associated with capital expenditures for entrance facilities.

Rationale: CenturyLink leverages available infrastructure from regulated ILEC utilities within Arizona in order to provide a seamless network option for our customers. Where current infrastructure requires special constructions, the construction charges will be disclosed for customer acceptance.

State's Initial Response: Unacceptable, the State is asking for quotes to be honored for 90days

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

27) Solicitation section reference: Scope of Work

8.1.1.4.2 NRC's quotes shall be firm fixed, ranges shall not be accepted.

CenturyLink Exception:

CenturyLink respectfully requests clarification that work necessary to deliver conduit is a range, typically allowing for multiple conduit paths. *Rationale: CenturyLink recognizes Customers actively consider diversity on conduit to provide Disaster Recovery options on the premises.*

CenturyLink Alternative Language:

8.1.1.4.2 NRC's quotes shall be ~~ranges firm fixed, ranges shall not be accepted.~~

State's Initial Response: Unacceptable, the State is looking for firm fixed pricing

CenturyLink's Response:

CenturyLink respectfully restates our exception. CenturyLink cannot provide firm fixed prices for NRC's associated with entrance conduit work on customer owned or leased property. When work is done outside of a CenturyLink easement and/or on property not owned by CenturyLink, a physical site survey must be performed before costs can be accurately determined. Additionally, after a physical site survey and quote are provided, some conduit work can require a change order to the original quote due to unknown factors that would be impossible to determine at the initial site survey. Thus, CenturyLink will provide an estimated quote range for conduit work on customer owned or leased property. This quote range is an estimate that is subject to the findings of the physical site survey that will be performed after circuit award.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands. The State does offer clarification as follows: The only time when ranges shall be accepted by the State is when the contractor is requested to provide a budgetary quote. Language to this matter is found within the Quote Form that will be provided by ASET-EIC. Additional time maybe allowed to provide a firm fixed NRC, again this shall be stated within the Quote Form when presented to the Contractor. The customer has the final acceptance authority to accept an NRC that may be higher than originally quoted due to unforeseen circumstances, as an example: issues that arise when dealing with leased buildings.

28) Solicitation section reference: Scope of Work

8.1.2.4 Carrier sends e-mail confirmation to AZNet within 24 hours of receipt of the order.

CenturyLink Exception:

CenturyLink respectfully requests clarification of how the CSO incorporates into the Ordering Process.

Rationale: CenturyLink has clarified the Ordering Process.

CenturyLink Alternative Language:

CenturyLink respectfully replaces this section with alternative language.

8.1.2.4 Carrier sends e-mail and Customer Service Order (CSO) to AZNet for signature within 48 hours of receipt of the order. AZNet returns the signed CSO to CenturyLink initiating the order.

State's Initial Response: Unacceptable, initial email from AZNet is confirmation to initiate order and receipt of order should be sent received within 24 hours.

CenturyLink's Response:

CenturyLink respectfully restates our exception.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

29) Solicitation section reference: Scope of Work

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Mutually agreed to by the State of Arizona and CenturyLink.

8.1.2.5.1 Circuit Number;

Centurylink Exception:

CenturyLink respectfully clarifies the circuit number is not available upon order entry.

Rationale: CenturyLink requests clarification that the Carrier Order Number and Due Date is typically available in advance of the Circuit Number, which is assigned when the circuit is designed.

Centurylink Alternative Language:

CenturyLink respectfully replaces this section with alternative language.

8.1.2.5.1 Circuit Number; once assigned

State's Initial Response: Unacceptable, a change to the Scope of Work is not required to meet this exception

CenturyLink's Response:

CenturyLink respectfully restates our exception.

State's Final Response: Accepted as clarification, however no change to the original language of the RFP required.

30) Solicitation section reference: Scope of Work

CenturyLink respectfully adds section 8.3.1.3 below:

Centurylink Exception:

CenturyLink respectfully clarifies the disconnect process.

Rationale: CenturyLink requests clarification to the Disconnect Order Process.

Centurylink Alternative Language:

8.3.1.3 Service Termination Notices. Customer's notice of termination for CenturyLink QCC Services must be sent via mail, facsimile or e-mail to: CenturyLink, Attn.: GBM Disconnects, 112 Sixth St., Bristol, TN 37620, and Fax: 866.887.6633, e-mail: GBMdisconnects@CenturyLink.com. Such termination is effective 30 days after CenturyLink's receipt of the notice, unless a longer period is otherwise required.

CenturyLink respectfully requests that the State accept the following new Section 8.3.1.4:

8.3.1.4. Acceptance of Major Service Implementations. If a customer does not provide written notice of deficiency or failure of a Major Service Implementation within 30 days of the turn-over or turn-up date of the Services to Customer, Customer will be deemed to have accepted the Major Service Implementation, and its related Services, upon the turn-over or turn-up date and Contractor may commence billing as of that date.

State's Initial Response: Unacceptable, a change to the Scope of Work is not required to meet this exception

CenturyLink's Response:

CenturyLink respectfully restates our exception.

State's Final Response: Not Accepted, language shall not be added to the RFP, rather CTL will address this language within CSO templates.

31) Solicitation section reference: Scope of Work

8.3.2.2 Modifications or Cancellations after Order Acceptance:

Customer may modify or cancel an Order after Order acceptance. Contractors may modify Orders as authorized by the Customer. Modifications or cancellations shall be executed in writing or electronically. Any unauthorized modification or cancellation by Contractor shall constitute a material breach of the Contract and, at the Customer's option, cause the Order to be void. Customer liability for modifications or cancellation made after Offer acceptance shall be limited to the full cost of all non-recoverable expenses, including any special construction charges, caused by the modification, not to exceed the non-recurring costs for products and services in the Order. Customers may cancel an Order due to Contractor's failure to perform in accordance with the Order notification, and/or the service level agreements contained in the Contract. Cancellation for Contractor default shall limit Customer liability to the reoccurring and non-reoccurring costs already accepted and in use by Customer.

Centurylink Exception:

CenturyLink respectfully requests the following modifications to the language in Section 8.3.2.2:

Rationale: Where current infrastructure requires special constructions, the construction charges

Centurylink Alternative Language:

8.3.2.2 Modifications or Cancellations after Order Acceptance:

Customer may modify or cancel an Order after Order acceptance. Contractors may modify Orders as authorized by the Customer. Modifications or cancellations shall be executed in writing or electronically. Any unauthorized modification or cancellation by Contractor shall constitute a material breach of the Contract and, at the Customer's option, cause the Order to be void. Customer liability for modifications or cancellation made after Offer acceptance shall be limited to the full cost of all non-recoverable expenses, including any special construction charges provided in an updated Quote, caused by the modification, not to exceed the non-recurring costs for products and services in the Order. Customers may cancel an Order due to Contractor's failure to perform in accordance with the Order notification, and/or the service level agreements contained in the Contract. Cancellation for Contractor default shall limit Customer liability to the reoccurring and non-reoccurring costs already accepted and in use by Customer installed or completed.

State's Initial Response: Unacceptable, a change to the Scope of Work is not required to meet this exception

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Mutually agreed to by the State of Arizona and CenturyLink.

CenturyLink's Response:

CenturyLink respectfully restates our exception.

State's Final Response: After verbal discussions on 1/23/15, CTL withdrew exception. Therefore, the exception is "Not Accepted" language shall not be added to the RFP.

32) Solicitation section reference: Scope of Work

- 9.2.2 Service Maps. Contractors shall provide maps of their current and planned broadband infrastructure in KMZ or an equivalent digital format for counties in which they intend to offer services under this contract, such maps need to include physical layer fiber routes, including long haul, middle mile and last mile segments; points-of-presence, interconnection/peering points, central offices, and data centers; other access points such as: manholes, splice points, etc. Direct information with regard to served customers need not be included. These maps are to be updated on a semi-annual basis and submitted to the State Procurement Office.

CenturyLink Exception:

CenturyLink respectfully takes exception to Section 9.2.2.

Homeland Security treats Telecommunications Services as critical infrastructure, and therefore CenturyLink treats KMZ maps and equivalent maps of its current and planned broadband infrastructure as confidential and proprietary information that are not subject to public disclosure. CenturyLink is willing to work with the State to provide information reasonably necessary related to CenturyLink's network for the State's planning purposes, however, the information provided will be subject to CenturyLink's prior approval on content and format, and will be subject to the parties reaching a mutually acceptable non-disclosure agreement.

State's Initial Response: Acceptable. This will be subject to an NDA that must be executed prior to award.

CenturyLink's Response:

CenturyLink will work with the State to reach a mutually acceptable non-disclosure agreement. CenturyLink will provide only pdf maps and not kmz maps. CenturyLink will not display access points such as manholes, splice points, etc.

State's Final Response: After verbal discussions on 1/23/15, CTL withdrew exception. Therefore, the exception is "Not Accepted" language shall not be added to the RFP. CTL is providing the State a Revised SPO Form 204 which will request the State keep Service Maps confidential.

33) Solicitation section reference: Scope of Work

10.1 The originating FCC Form 470 number for this RFP is 426480001240887.

As required by federal law, providers of eligible services must comply with the Lowest Corresponding Price (LCP) rule:

a. 47 CFR § 54.500(f)

Lowest corresponding price is the lowest price that a service provider charges to non-residential customers who are similarly situated to a particular school, library, or library consortium for similar services. ("Similarly situated" means the "geographic service area" in which a service provider is seeking to serve customers with any of its E-rate services.)

b. 47 CFR § 54.511(b)

Providers of eligible services shall not charge schools, school districts, libraries, library consortia, or consortia including any of these entities a price above the lowest corresponding price for supported services, unless the Federal Communications Commission, with respect to interstate services or the state commission with respect to intrastate services, finds that the lowest corresponding price is not compensatory.

CenturyLink Exception:

CenturyLink respectfully requests the following clarification:

In accord with FCC requirements, CenturyLink will charge you its lowest corresponding price for the eligible E-Rate supported services provided to you as an entity eligible to receive E-Rate supported services. The lowest corresponding price is the lowest price that CenturyLink charges to non-residential customers who are similarly situated to you for similar services, including quantity commitments, term commitments, and special features.

Rationale: CenturyLink respectfully submits clarifications regarding E-Rate.

State's Initial Response: No action necessary, clarification does not change or modify contract language.

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

34) Solicitation section reference: Scope of Work

The Billed Entity Applicant Reimbursement (BEAR) FCC Form 472 is filed by the applicant and approved by the service provider after the applicant has paid for services in full. The Service Provider Invoice (SPI) FCC Form 474 is filed by the service provider after the applicant has been billed for the non-discount portion of the cost of eligible services. Note: Applicants can choose their method of invoicing; service providers cannot force applicants to use a particular method.

CenturyLink Exception:

CenturyLink respectfully requests the following clarification:

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CenturyLink is happy to provide both methods of E-rate invoicing. CenturyLink will provide discounted billing upon the customer's receipt of a funding commitment decision letter, approved 486, CenturyLink data grid, and copy of item 21. This is required on an annual basis and customers will be responsible for payment in full until discounts can begin. Note that as part of the recent E-rate Modernization Order, beginning funding Year 2015 the BEAR method is changing to a direct invoice and disbursement process by the applicant. Providers will no longer need to certify/approve those invoices.

Rationale: CenturyLink respectfully submits clarifications regarding E-Rate.

State's Initial Response: No action necessary, clarification does not change or modify contract language

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

35) Solicitation section reference: Scope of Work

11. PRICING STRUCTURE

Providers shall only charge the pricing found within 'Attachment II, Pricing Structure', which shall be firm fixed pricing.

Providers are required to provide pricing as lowest corresponding price, which is defined as the lowest price that a service provider charges to non-residential customers, such as, schools, libraries, consortiums, and businesses who are similarly situated customers for similar services. "Similarly situated" means the "geographic service area" in which a service provider is seeking to serve customers.

Centurylink Exception:

CenturyLink respectfully requests the following clarification:

In accord with FCC requirements, CenturyLink will charge you its lowest corresponding price for the eligible E- Rate supported services provided to you as an entity eligible to receive E-Rate supported services. The lowest corresponding price is the lowest price that CenturyLink charges to non-residential customers who are similarly situated to you for similar services, including quantity commitments, term commitments, and special features.

Rationale: CenturyLink respectfully submits clarifications regarding E-Rate.

State's Initial Response: No action necessary, clarification does not change or modify contract language

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

36) Solicitation section reference: Special Terms and Conditions

4. ELIGIBLE AGENCIES (Statewide)

This Contract shall be for the use of all State of Arizona departments, agencies, commissions and boards. In addition, eligible State Purchasing Cooperative members may participate at their discretion. In order to participate in this contract, a cooperative member shall have entered into a Cooperative Purchasing Agreement with the Department of Administration, State Procurement Office as required by Arizona Revised Statutes § 41-2632.

Membership in the State Purchasing Cooperative is available to all Arizona political subdivisions including cities, counties, school districts, and special districts. Membership is also available to all non-profit organizations, as well as State governments, the US Federal Government and Tribal Nations. Non-profit organizations are defined in A.R.S. § 41- 2631(4) as any nonprofit corporation as designated by the internal revenue service under section 501(c)(3) through 501(c)(6).

Centurylink Exception:

SPECIAL TERMS AND CONDITIONS, 4. Eligible Agencies(Statewide). CenturyLink respectfully requests the following clarification:

All of the State of Arizona Departments, agencies, commissions and boards (aka Mandatory Customers) and any customers who are E-Rate Eligible Entities will be transitioned to this new contract and its pricing effective July 1st 2015. Eligible State Purchasing Cooperative members (aka Permissive Customers) will be subject to their existing CSOs under the CenturyLink Carrier Service Agreement, ADSP011-000402 (the "Existing Agreement"), until the Permissive Customers execute renewal CSOs or migrate to new services under this Contract.

State's Initial Response: Unacceptable. Current contract expires September 21, 2015

CenturyLink's Response:

SPECIAL TERMS AND CONDITIONS, 4. Eligible Agencies(Statewide). CenturyLink respectfully requests the following clarification:

~~All of the State of Arizona Departments, agencies, commissions and boards (aka Mandatory Customers) will be transitioned to this new contract and its pricing effective September 21, 2015. All customers who are E-Rate Eligible Entities will be transitioned to this new contract and will need to sign a CSO by September 21, 2015. All other Eligible State Purchasing Cooperative members (aka Permissive Customers) will be subject to their existing CSOs under the CenturyLink Carrier Service Agreement, ADSP011-000402 (the "Existing Agreement"), until the Permissive Customers execute renewal CSOs or migrate to new services under this Contract.~~

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

State's Final Response: The State is accepting the original language submitted as clarification, however no change to original language of the RFP required.

37) Solicitation section reference: Special Terms and Conditions

6. ADMINISTRATIVE FEE / USAGE REPORTS
- 6.1 Method of Assessment. At the completion of each quarter, the Contractor reviews all sales under their contract in preparation for submission of their Usage Report. The Contractor identifies all sales receipts transacted by members of the State Purchasing Cooperative and assesses one percent (1.0%) of this amount in their Usage Report. An updated list of State Purchasing Cooperative members may be found at: <https://spo.az.gov/state-purchasing-cooperative>. At its option, the State may expand or narrow the applicability of this fee. The State shall provide thirty (30) written notice prior to exercising or changing this option. The Contractor shall summarize all sales, along with all assessed Administrative Fee amounts within their Usage Report,

Centurylink Exception:

SPECIAL TERMS AND CONDITIONS, 6. Administrative Fee / Usage Reports. CenturyLink respectfully requests the following clarification:

CenturyLink will comply except to the extent that USAC or the FCC advise that no providers may pay such fees back to an entity under E-rate program rules, such as Gift Rules or Prohibition of Free Services. CenturyLink understands that the issue is currently under review with USAC/FCC.

State's Initial Response: No action necessary, clarification does not change or modify contract language

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: The State has revised section 6.1 Method of Assessment to now read as follows within all resultant contracts:

6.1 Method of Assessment. At the completion of each quarter, the Contractor reviews all sales under their contract in preparation for submission of their Usage Report. The Contractor identifies all sales receipts transacted by members of the State Purchasing Cooperative and assesses one percent (1.0%) of this amount in their Usage Report. An updated list of State Purchasing Cooperative members may be found at: <https://spo.az.gov/state-purchasing-cooperative>. At its option, the State may expand or narrow the applicability of this fee.

For this contract only, the State of Arizona will not assess the 1% administrative fee to Contractors for E-Rate eligible purchases. E-Rate eligible purchases can be made by eligible recipients per 47 CFR §54.501. To determine if a customer is an eligible recipient the Contractor shall refer to the following web address: <http://usac.org/sl/applicants/beforeyoubegin/definitions.aspx>

The Contractor shall summarize all sales, along with all assessed Administrative Fee amounts within their Usage Report, including total amounts for the following:

- o Total sales receipts from State agencies, boards and commissions;
- o Total sales receipts from members of the State Purchasing Cooperative; and
- o Total Administrative Fee amount based on the one percent (1.0%) of the sales receipts from members of the State Purchasing Cooperative.

38) Solicitation section reference: Special Terms and Conditions

6. LICENSES
- The Contractor shall maintain in current status all Federal, State and Local licenses and permits required for the operation of a business conducted by the Contractor.

Centurylink Exception:

SPECIAL TERMS AND CONDITIONS, 7. Licenses.

CenturyLink respectfully requests the following clarification:

While CenturyLink, bidding under its affiliate, CenturyLink Communications, LLC f/k/a Qwest Communications Company, LLC ("QCC") does not hold an Arizona contractor's license under A.R.S. § 32-1121 et seq., CenturyLink Communications, LLC believes it is exempt from such licensing requirements because it is a public utility, as provided under A.R.S. §32-1121(A)(3). Indeed, CenturyLink Communications, LLC f/k/a Qwest Communications Company, LLC ("QCC") is a "public service corporation" regulated by the Arizona Corporation Commission, holding a Certificate of Convenience and Necessity to provide local exchange and long distance telecommunications services in the State of Arizona. The grant of authority is in A.C.C. Decision No. 68447, entered February 2, 2006.

State's Initial Response: No action necessary, clarification does not change or modify contract language

CenturyLink's Response:

CenturyLink would like the clarification to be reflected in the finally awarded exceptions.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

39) Solicitation section reference: Special Terms and Conditions

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

8. SUBCONTRACTORS
- Supplemental to the Subcontractor term in the Uniform Terms and Conditions, Contractor shall not enter into any Subcontract under this Contract, for the provision of supplies or performance of services under this Contract, without the advance written approval, by way of bilateral contract amendment, of the State Procurement Office. When requesting the Procurement Officer's approval, the Contractor shall list all new subcontractors, their contact information, certifications required of them, their Minority and Women Owned Enterprise status (cite any certifications use in determining such status) as well as the subcontractor's proposed responsibilities under the Contract. The Subcontractor's most current certificate of insurance shall be provided at this time as well. With the request, Contractor shall certify that all Subcontracts incorporate by reference the terms and conditions of this Contract.
- Wholesale/Inter-carrier Agreements shall not be considered as subcontractor relationships that need to be disclosed or approved by the State Procurement Office.

Centurylink Exception:

SPECIAL TERMS AND CONDITIONS, 8.Subcontractors.

CenturyLink respectfully replaces this section with alternative language.

8. **Subcontractors.** With the exception of standard non-customer /project-specific subcontractors that provide support across Contractor's entire product offering and/or customer-base, Contractor shall not enter into any other Subcontract under this Contract for the performance of this contract without the advance written approval of the Procurement Officer. The Contractor shall clearly list any proposed subcontractors Team Members and the subcontractor's Team Member's proposed responsibilities. The Subcontract and agreements with Team Members shall incorporate by reference the terms and conditions of this Contract. "Team Member" means the entity, corporation or legal organization identified by Contractor as a Team Member which has a contract with Contractor to furnish Services under the terms of this Contract, directly to the State or other Mandatory or Permissive Customers, either wholly as described in this Contract, or in support of or as part of other Services provided hereunder, which is the responsibility of the Team Member, not of Contractor, but for which Contractor shall act as the point of contact. The terms and conditions of this Contract will be binding upon each Team Member. Wholesale/Inter-carrier Agreements shall not be considered as subcontractor relationships that need to be disclosed or approved by the State Procurement Office.

Rationale: CenturyLink may enlist the products and services of its vendors which are not specific to any one transaction or customer. In addition, CenturyLink will be entering into agreements with Team Members who are specifically identified in this bid proposal and others yet to be identified.

State's Initial Response: Acceptable,

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted. Language to replace original RFP language shall read as follows:

Subcontractors. With the exception of standard non-customer /project-specific subcontractors that provide support across Contractor's entire product offering and/or customer-base, Contractor shall not enter into any other Subcontract under this Contract for the performance of this contract without the advance written approval of the Procurement Officer. The Contractor shall clearly list any proposed subcontractors Team Members and the subcontractor's Team Member's proposed responsibilities. The Subcontract and agreements with Team Members shall incorporate by reference the terms and conditions of this Contract. "Team Member" means the entity, corporation or legal organization identified by Contractor as a Team Member which has a contract with Contractor to furnish Services under the terms of this Contract, directly to the State or other Mandatory or Permissive Customers, either wholly as described in this Contract, or in support of or as part of other Services provided hereunder, which is the responsibility of the Team Member, not of Contractor, but for which Contractor shall act as the point of contact. The terms and conditions of this Contract will be binding upon each Team Member. Wholesale/Inter-carrier Agreements shall not be considered as subcontractor relationships that need to be disclosed or approved by the State Procurement Office.

40) Solicitation section reference: Special Terms and Conditions

10. NEW EQUIPMENT
- All equipment, materials, parts and other components incorporated in the work or an item covered by this Contract shall be new, of the latest model and of the most suitable grade for the purpose intended. Any and all work under this Contract shall be performed in a skilled and workmanlike manner.

Centurylink Exception:

Rationale: CenturyLink respectfully requests to modify the language to reflect network management may include grooming or installing circuits on existing infrastructure devices, which would not be considered new, in order to meet or exceed network standards.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 10. New Equipment.

CenturyLink respectfully requests the following changes to the language:

All equipment, materials, parts and other components incorporated in the work or an item covered by this Contract shall be ~~new, of the latest model and of the most~~ suitable grade for the purpose intended. Any and all work under this Contract shall be performed in a skilled and workmanlike manner.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted. Language to replace original RFP language shall read as follows:

All equipment, materials, parts and other components incorporated in the work or an item covered by this Contract shall be suitable

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Mutually agreed to by the State of Arizona and CenturyLink.

grade for the purpose intended. Any and all work under this Contract shall be performed in a skilled and workmanlike manner.

41) Solicitation section reference: Special Terms and Conditions

- 14.1 Liens. The Contractor warrants that the Materials supplied under this Contract are free of liens and shall remain free of liens.
- 14.2 Quality. Unless otherwise modified elsewhere in the terms and conditions, the Contractor warrants that, for one year after acceptance by the State, the Materials shall be:
- Of a quality to pass without objection in the trade under the Contract description;
 - Fit for the intended purposes for which the Materials are used;
 - Conform to the written promises or affirmations of fact made by the Contractor; and
 - Fully compatible with the State's computer hardware and software environment.
- 14.3 Fitness. The Contractor warrants that any Materials supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.
- 14.4 Inspection/Testing. The warranties set forth in subparagraphs 7.1 through 7.3 of this paragraph are not affected by inspection or testing of or payment for the Materials by the State.
- 14.5 Compliance with Applicable Laws. The Materials and services supplied under this Contract shall comply with all applicable Federal, state and local laws, and the Contractor shall maintain all applicable license and permit requirements. Contractor represents and warrants to the State that Contractor has the skill and knowledge possessed by members of its trade or profession and Contractor will apply that skill and knowledge with care and diligence so Contractor and Contractor's employees and any authorized subcontractors shall perform the Services described in this Contract in accordance with the Statement of Work. Contractor represents and warrants that the Materials provided through this Contract and Statement of Work shall be free of viruses, backdoors, worms, spyware, malware and other malicious code that will hamper performance of the Materials, collect unlawful personally identifiable information on users or prevent the Materials from performing as required under the terms and conditions of this Contract.

Centurylink Exception:

Rationale: CenturyLink is not the manufacturer of any equipment or materials proposed and/or provided under this Contract; therefore warranties provided by the manufacturer under its applicable warranty terms and conditions will be passed-through to the State. CenturyLink believes that any sale of CPE under this Contract will be limited by the provisions of Section 4.9 of the Scope of Work.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 14. Warranty.

CenturyLink respectfully replaces this section with alternative language.

14. **Warranty.** Any materials or Customer Premise Equipment ("CPE") offered hereunder will be provided by Contactor as a pass-through provider under existing distributor arrangements with the CPE manufacturers. Contractor is not a manufacturer of equipment or materials; therefore, any warranties and other terms and conditions for such equipment or materials will be those provided by the manufacturer under its applicable warranty terms and conditions. Contractor may provide warranty support for the requested period however any warranty covering the materials or equipment would be from the manufacturer. Equipment including CPE is designed and engineered to meet the specifications and purposes established by the manufacturer in response to the market.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted as clarification, no change to original RFP language required. This is not a contract for CPE.

42) Solicitation section reference: Special Terms and Conditions

15. **AUTHORIZATION FOR SERVICES**
Authorization for purchase of services shall be made only upon the issuance of a Purchase Order that is signed by an authorized agent. The Purchase Order will indicate the contract number and the dollar amount of funds authorized. The Contractor shall only be authorized to perform services up to the amount on the Purchase Order. The State shall not have any legal obligation to pay for services in excess of the amount indicated on the Purchase Order. No further obligation for payment shall exist unless a) the Purchase Order is changed or modified with an official Change Order, and/or b) an additional Purchase Order is issued for purchase of services under this Contract.

Centurylink Exception:

SPECIAL TERMS AND CONDITIONS, 15. Authorization for Services. CenturyLink respectfully requests the following clarification:

CenturyLink and the State use Customer Service Orders ("CSOs") which are the same as "Purchase Order" used in this section.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

43) Solicitation section reference: Special Terms and Conditions

- 17.1 Billing Detail
Invoices submitted for payment shall contain the same description detail as provided in the Quote Form, at a minimum, shall identify all products and services (e.g. circuit number, BTN, WTN), the unit price, units of quantity, extended price, service address or location of Service, and invoice total, for both paper and electronic media. Additionally, the approved electronic media shall also include at a minimum; Call Detail Records identifying the actual originating phone extension (unless ANI not sent by customer for dedicated facilities), Discount Details, Tax Details, Feature Details, Other Fees and Surcharges details, approved Adjustment details, circuit detail at the CSR level, and USOC level invoice details. Invoice Identification Information. Invoice Identification Information (III) shall include at a minimum the following 16 data elements: 1) Vendor Name; 2) Vendor Account Number; 3) Invoice Date; 4) Total Invoice Amount; 5) Total Current Charges; 6) Vendor Remit Address; 7) Account-Level Late Fees; 8) Account Level Outstanding Balance; 9) Account Level Payment Received; 10) Account Level Miscellaneous Fees; 11) Point of Service ID (e.g., Circuit number, phone number, etc.); 12) Monthly Fees; 13) Usage-based Charges; 14) Feature Charges; 15) Taxes; and 16) Total Charges for Point of Service

Centurylink Exception:

Rationale: CenturyLink will continue waiving our Green Fee, which is a fee billable when a customer requests a paper invoice.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 17.1 Billing Detail.

CenturyLink respectfully requests the following changes to the language:

- 17.1 **Billing Detail.** Invoices submitted for payment shall contain the same description detail as provided in the Quote Form, at a minimum, shall identify all products and services (e.g. circuit number, BTN, WTN), the unit price, units of quantity, extended price, service address or location of Service, and invoice total, for both paper and electronic media, at no additional charge. Additionally, the approved electronic media shall also include at a minimum; Call Detail Records identifying the actual originating phone extension (unless ANI not sent by customer for dedicated facilities), Discount Details, Tax Details, Feature Details, Other Fees and Surcharges details, approved Adjustment details, circuit detail at the CSR level, and USOC level invoice details. Invoice Identification Information. Invoice Identification Information (III) shall include at a minimum the following 16 data elements: 1) Vendor Name; 2) Vendor Account Number; 3) Invoice Date; 4) Total Invoice Amount; 5) Total Current Charges; 6) Vendor Remit Address; 7) Account-Level Late Fees; 8) Account Level Outstanding Balance; 9) Account Level Payment Received; 10) Account Level Miscellaneous Fees; 11) Point of Service ID (e.g., Circuit number, phone number, etc.); 12) Monthly Fees; 13) Usage-based Charges; 14) Feature Charges; 15) Taxes; and 16) Total Charges for Point of Service.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

44) Solicitation section reference: Special Terms and Conditions

- 17.5 Billing Adjustments
Revised invoices or billing adjustments shall apply only to Contractor's Services that can be verified by the Customer, and requests for such adjustments must be submitted in writing to the Customer within 60 days of Service invoice delivery; shall reference the original invoice in which the error was made, and contain sufficient level of detail to make a reasonable determination of fact. Billing Adjustments, once determined to be fact, shall be documented in writing on all forms of billing, paper and electronic, in the next billing cycle.

Centurylink Exception:

Rationale: CenturyLink respectfully request the time frame be extended to 90 days to allow for additional time for Agencies to view invoices from the State of Arizona TEMProvider.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 17.5 Billing Adjustments.

CenturyLink respectfully requests the following changes to the language:

Revised invoices or billing adjustments shall apply only to Contractor's Services that can be verified by the Customer, and requests for such adjustments must be submitted in writing to the Customer within ~~90~~ 60 days of Service invoice delivery; shall reference the original invoice in which the error was made, and contain sufficient level of detail to make a reasonable determination of fact. Billing Adjustments, once determined to be fact, shall be documented in writing on all forms of billing, paper and electronic. ~~in the next billing cycle~~ within 60 days.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted. Language to replace original RFP language shall read as follows:

Revised invoices or billing adjustments shall apply only to Contractor's Services that can be verified by the Customer, and requests for such adjustments must be submitted in writing to the Customer within 90 days of Service invoice delivery; shall reference the original invoice in which the error was made, and contain sufficient level of detail to make a reasonable determination of fact. Billing Adjustments, once determined to be fact, shall be documented in writing on all forms of billing, paper and electronic, within 60 days.

45) Solicitation section reference: Special Terms and Conditions

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

19.2 Price Reduction
Price reductions may be submitted in writing to the State for consideration at any time during the contract period. The State at its own discretion may accept a price reduction.

In relation to recurring costs based on most favored term pricing, after 3 years of completed service **customer may request a review of the contract to bring pricing into line with current market pricing.**

Any price reductions requests that are accepted by the State will be acknowledged by the issuance and acceptance of a fully executed bilateral contract amendment. Any accepted price reduction shall be available to all customers who may utilize this contract.

Centurylink Exception:

Rationale: CenturyLink will provide pricing in accordance with the requirements of this Contract, including any low cost provider requirements related to E-Rate Eligible Entities. None of the pricing is subject to a most favored term pricing or subject to review 3 years into this Contract.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 19.2 Price Reduction.

CenturyLink respectfully requests the following changes to the second paragraph.

Delete the following sentence: "In relation to recurring costs based on most favored term pricing, after 3 years of completed service customer may request a review of the contract to bring pricing into line with current market pricing."

State's Initial Response: See highlighted text above, no action necessary, exception does not alter the language of the solicitation. Section references that the customer may request, not that it is given.

CenturyLink's Response:

CenturyLink respectfully requests that the State accept CenturyLink's clarification that no pricing under the Contract is subject to a most favored term pricing provision.

State's Final Response: Exception withdrawn by CTL.

46) Solicitation section reference: Special Terms and Conditions

20.2 Security Requirements for Contractor Personnel.

Each individual proposed to provide services through this contract agrees to security clearance and background check procedures, including fingerprinting, as defined by the Arizona Department of Administration in accordance with Arizona Revised Statutes §41-710. The results of the individual's background check procedures must meet all HIPAA and law enforcement requirements. Contractor is responsible for all costs to obtain security clearance for their consultants providing services through this contract. Contractor personnel, agents or sub-contractors that have administrative access to the State's networks may be subject to any additional security requirements of ADOA-ASET as may be required for the performance of the contract. The Contractor, its agents and sub-contractors shall provide documentation to ADOA-ASET confirming compliance with all such additional security requirements for performance of the contract. Additional security requirements include but are not limited to the following:

Centurylink Exception:

Rationale: CenturyLink agrees to comply with the State's internal rules and regulations for safety, security, and conduct, including background checks, subject to CenturyLink's existing labor agreements and employment policies requiring individual and/or labor union consent.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 20.2 Security Requirements for Contractor Personnel. CenturyLink respectfully requests the following changes to the first sentence:

To the extent permitted under Contractor's labor agreements, Each individual proposed to provide services through this contract agrees to security clearance and background check procedures, including fingerprinting, as defined by the Arizona Department of Administration in accordance with Arizona Revised Statutes §41-710.

State's Initial Response: Unacceptable, the State is not accepting changes to these requirements

CenturyLink's Response:

CenturyLink respectfully requests that a clarification be provided that CenturyLink will comply with this provision to the extent that CenturyLink employees would be granted actual access to State IT Systems that contain sensitive information. For the Services that CenturyLink has bid under this RFP, CenturyLink does not anticipate that CenturyLink will require access to "the operation of computer systems that contain or transmit data to which access is restricted by virtue of applicable federal or state laws, rules or regulations and that requires access to the restricted data" to provide transport or carrier services, as would be required for the operation of 41-710. If CenturyLink was required to access these systems, CenturyLink expects that any State customer will require compliance with Section 41-710 by any such personnel prior to granting access. Upon the request of the State customer, CenturyLink will comply with the background check requirements prior to accessing any computer systems that are subject to 41-710.

State's Final Response: Accepted. Language of 1st sentence to replace original RFP language shall read as follows:

To the extent permitted under Contractor's labor agreements, each individual proposed to provide services through this contract agrees to security clearance and background check procedures, including fingerprinting, as defined by the Arizona Department of Administration in accordance with Arizona Revised Statutes §41-710.

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

47) Solicitation section reference: Special Terms and Conditions

22. **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996**

The Contractor warrants that it is familiar with the requirements of HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH Act) of 2009, and accompanying regulations and will comply with all applicable HIPAA requirements in the course of this Contract. Contractor warrants that it will cooperate with the State in the course of performance of the Contract so that both the State and the Contractor will be in compliance with HIPAA, including cooperation and coordination with the Arizona Strategic Enterprise Technology (ASET) Group, Statewide Information Security and Privacy Office (SISPO), Chief Privacy Officer and HIPAA Coordinator and other compliance officials required by HIPAA and its regulations. Contractor will sign any documents that are reasonably necessary to keep the State and Contractor in compliance with HIPAA, including but not limited to, business associate agreements.

If requested, the Contractor agrees to sign a "Pledge to Protect Confidential Information" and to abide by the statements addressing the creation, use and disclosure of confidential information, including information designated as protected health information and all other confidential or sensitive information as defined in policy. In addition, if requested, Contractor agrees to attend or participate in job related HIPAA training that is: (1) intended to make the Contractor proficient in HIPAA for purposes of performing the services required and (2) presented by a HIPAA Privacy Officer or other person or program knowledgeable and experienced in HIPAA and who has been approved by the ASET/SISPO Chief Privacy Officer and HIPAA Coordinator.

Centurylink Exception:

SPECIAL TERMS AND CONDITIONS, 22 Health Insurance Portability and Accountability Act of 1996. CenturyLink respectfully requests the following clarification:

HIPAA. CenturyLink does not require or intend to access Customer data in its performance hereunder, including but not limited to any confidential health related information of Customer's clients, which may include group health plans, that constitutes Protected Health Information ("PHI"), as defined in 45 C.F. R.

§160.103 under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA Rules"). To the extent that any exposure to PHI is incidental to CenturyLink's provision of Service and not meant for the purpose of accessing, managing the PHI or creating or manipulating the PHI, such exposure is allowable under 45 CFR 164.502(a)(1)(iii). However, to the extent that CenturyLink is required to access PHI in the course of providing Services to Customer and acts in the capacity of a Business Associate, the parties' obligations will be governed by this Contract.

Rationale: This Contract is for the provision of transport services to State customers. As such, CenturyLink will not have access to any PHI as a result of merely providing the communication services to any State customer

State's Initial Response: Unacceptable

CenturyLink's Response:

CenturyLink will withdraw the exception if the State will accept the following clarification: When CenturyLink provides data transport or voice services to the State or customers under this Contract, CenturyLink services are a "conduit" for the transport of any PHI and CenturyLink will not be a Business Associate under HIPAA solely by virtue of providing these services under the Contract. CenturyLink will comply with HIPAA requirements to the extent CenturyLink is required to access, maintain or store PHI to perform Services under this Contract.

State's Final Response: Accepted as Clarification, no change to original RFP language required.

48) Solicitation section reference: Special Terms and Conditions

23. **FIRST PARTY LIMITATION OF LIABILITY**

Contractor's liability for first party damages to the State arising from this Contract shall be limited to two (2) times the maximum-not-to-exceed amount of this Contract. The foregoing limitation of liability shall not apply to: (i) liability, including indemnification obligations, for third party claims, including but not limited to, infringement of third party intellectual property rights; (ii) claims covered by any specific provision of the Contract calling for liquidated damages or other amounts, including but not limited to, performance requirements; or (iii) costs or attorneys' fees that the State is entitled to recover as a prevailing party in any action.

Centurylink Exception:

Rationale: CenturyLink requests that the State consider a limitation of liability that caps all consequential damages and that limits aggregate direct damages to 12 months of charges under the contract preceding the claim.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 23. First Party Limitation of Liability. CenturyLink respectfully replaces this section with alternative language.

Neither party, its affiliates, agents, nor contractors will be liable for any indirect, incidental, special, reliance, punitive, or consequential damages or for any lost profits or revenues or lost data or cost of cover relating to the services or this Contract, regardless of the legal theory under which such liability is asserted. Excluding Contractor's indemnification obligations for personal injury, property damage, or Intellectual Property infringement, Contractor's total aggregate liability arising from or related to this Contract will not exceed the total charges paid or payable by the State to Contractor under this Contract in the 12 months immediately preceding the occurrence of the event giving rise to the claim. Notwithstanding anything else in this Contract to the contrary, it is specifically understood and agreed that nothing contained in this Contract shall be construed as an express or implied waiver by the State of its governmental immunity granted under A.R.S. Title 12, Chapter 7, Article 2

State's Initial Response: Unacceptable, the State is not accepting changes to these requirements

CenturyLink's Response:

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

CenturyLink respectfully restates its exception which is consistent with other CenturyLink AZ State contracts and with the existing AZ Carrier Services Contract.

State's Final Response: Accepted. Language to replace original RFP language shall read as stated in CTL Alternative Language proposed above.

49) Solicitation section reference: Special Terms and Conditions

24. INDEMNIFICATION

Contractor shall indemnify, defend with counsel reasonably approved by the State, and hold harmless, the State, its departments, agencies, boards, commissions, universities, officers, agents and employees (collectively, the "Indemnitee") from and against any and all claims, actions, damages, costs (including attorneys' fees), and losses arising under this Contract, including, but not limited to, bodily injury or personal injury (including death) or loss or damage to tangible or intangible property, but excluding damages arising solely from the gross negligence or willful misconduct of the Indemnitee. This indemnification obligation includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of Contractor to comply with any federal, state or local law, statute, ordinance, rule, regulation or court decree. Contractor shall have control, subject to the reasonable approval of the State, of the defense of any action on such claim and all negotiations for its settlement or compromise, provided, however, that when substantial principles of government or public law are involved, or when involvement of the State is otherwise mandated by law, the State may elect, in its sole and absolute discretion, to participate in such action at its own expense with respect to attorneys' fees and costs, but not liability, and the State shall have the right to approve or disapprove any settlement, which approval shall not be unreasonably withheld or delayed. The State shall reasonably cooperate in its defense and any related settlement negotiations.

Centurylink Exception:

Rationale: CenturyLink requests that the State consider an indemnification provision limits CenturyLink indemnity to CenturyLink's negligence and that does not include loss of intangible property.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 24. Indemnification.

CenturyLink respectfully replaces this section with alternative language.

To the extent allowed by law, Contractor shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law to the extent of Contractor's negligence or arising out of the failure of such contractor to conform to any applicable federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising to the extent of the negligent or willful acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents and employees for losses arising from the work performed by the Contractor for the State of Arizona and to the extent caused by the negligent or willful act or omission of the Contractor. This indemnity shall not apply if the contractor or sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.

State's Initial Response: Unacceptable, the State is not accepting changes to these requirements

CenturyLink's Response:

CenturyLink respectfully restates its exception which is consistent with other CenturyLink AZ State contracts and with the existing AZ Carrier Services Contract.

State's Final Response: Accepted. Language to replace original RFP language shall read as stated in CTL Alternative Language proposed above.

50) Solicitation section reference: Special Terms and Conditions

25. IP INDEMNIFICATION

Indemnification - Patent and Copyright. With respect solely to Materials provided or proposed by Contractor or Contractor's agents, employees, or subcontractors (each a "Contractor Party") for performance of this Contract, Contractor shall indemnify, defend and hold harmless the State, its departments, agencies, boards, commissions, universities, officers, agents and employees (collectively, the "Indemnitee"), against any third-party claims for liability, including, but not limited to, reasonable costs and expenses, including attorneys' fees, for infringement or violation of any patent, trademark, copyright or trade secret, by such Materials or the State's use thereof.

In addition, with respect to claims arising from computer hardware or software manufactured or developed solely by a third party, Contractor shall pass through to the State such indemnity rights as it receives from such third party (the "Third Party Obligation") and will cooperate in enforcing them; provided, however, that (i) if the third party manufacturer fails to honor the Third Party Obligation, or (ii) the Third Party Obligation is insufficient to fully indemnify the State, Contractor shall indemnify, defend and hold harmless the State against such claims in their entirety or for the balance of any liability not fully covered by the Third Party Obligation.

Centurylink Exception:

Rationale: CenturyLink requests that the State consider that the limitation of liability apply to CenturyLink's indemnification obligations for third

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Mutually agreed to by the State of Arizona and CenturyLink.

party IP.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 25. IP Indemnification.

CenturyLink respectfully requests the following changes to the language in the first sentence of the second paragraph:

In addition, with respect to claims arising from computer hardware or software manufactured or developed solely by a third party, Contractor shall pass through to the State such indemnity rights as it receives from such third party (the "Third Party Obligation") and will cooperate in enforcing them; provided, however, that (i) if the third party manufacturer fails to honor the Third Party Obligation, or (ii) the Third Party Obligation is insufficient to fully indemnify the State, Contractor shall indemnify, defend and hold harmless the State against such claims in their entirety or for the balance of any liability not fully covered by the Third Party Obligation, and notwithstanding any contrary provisions, Contractor's damages for Third Party Obligations is subject to the direct damages cap in the Sec 23, First Party Limitation of Liability.

State's Initial Response: Unacceptable, the State is not accepting changes to these requirements

CenturyLink's Response:

CenturyLink respectfully restates its exception which is consistent with other CenturyLink AZ State contracts and with the existing AZ Carrier Services Contract.

State's Final Response: Accepted. Language of 1st sentence in 2nd paragraph shall now read as below, replacing the original RFP language

In addition, with respect to claims arising from computer hardware or software manufactured or developed solely by a third party, Contractor shall pass through to the State such indemnity rights as it receives from such third party (the "Third Party Obligation") and will cooperate in enforcing them; provided, however, that (i) if the third party manufacturer fails to honor the Third Party Obligation, or (ii) the Third Party Obligation is insufficient to fully indemnify the State, Contractor shall indemnify, defend and hold harmless the State against such claims in their entirety or for the balance of any liability not fully covered by the Third Party Obligation, and notwithstanding any contrary provisions, Contractor's damages for Third Party Obligations is subject to the direct damages cap in the Sec 23, First Party Limitation of Liability.

51) Solicitation section reference: Special Terms and Conditions

26. INTELLECTUAL PROPERTY

26.1 Ownership of Intellectual Property. Any and all intellectual property, including but not limited to copyright, invention, trademark, trade name, service mark, or trade secrets created or conceived solely pursuant to or as a result of this Contract and any related subcontract (collectively, the "Intellectual Property"), shall be work made for hire and the State shall be the owner of such Intellectual Property. The agency, department, division, board or commission of the State of Arizona requesting the issuance of this Contract shall own (for and on behalf of the State) the entire right, title and interest to the Intellectual Property throughout the world. Software and other Materials developed or otherwise obtained by or for Contractor or its affiliates independently of this Contract ("Independent Materials") do not constitute Intellectual Property. If Contractor creates derivative works of Independent Materials, then the elements of such derivative works created pursuant to this Contract shall constitute Intellectual Property owned by the State. Contractor shall notify the State, within thirty (30) days, of the creation of any Intellectual Property by it or its subcontractor(s). Contractor, on behalf of itself and any subcontractor(s), agrees to execute any and all document(s) necessary to assure ownership of the Intellectual Property vests in the State and shall take no affirmative actions that might have the effect of vesting all or part of the Intellectual Property in any entity other than the State. The Intellectual Property shall not be disclosed by Contractor or its subcontractor(s) to any entity not the State without the express written authorization of the agency, department, division, board or commission of the State of Arizona requesting the issuance of this Contract.

Notwithstanding the foregoing, if the State elects, in its sole and absolute discretion, to relinquish its ownership interest in any or all of the Intellectual Property, the State shall have the rights to use, modify, reproduce, release, perform, display, sublicense or disclose such Intellectual Property within State government and operations without restriction for any activity in which the State is a party (collectively, "Government Purpose Rights").

Centurylink Exception:

SPECIAL TERMS AND CONDITIONS, 26. IntellectualProperty.

CenturyLink respectfully requests the following clarification to section 26. Intellectual Property:

As proposed, the commercial services and products offered hereunder are not considered works-made-for- hire and, therefore, this provision is not applicable or appropriate to CenturyLink.

Rationale: CenturyLink is proposing commercially available services on a use basis and no work product or new intellectual property will be created for the State.

State's Initial Response: No action required, clarification does not modify the solicitation language.

CenturyLink's Response:

CenturyLink would like the clarification to be reflected in the finally awarded exceptions.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

52) Solicitation section reference: Special Terms and Conditions, Insurance Exceptions.

Centurylink Exception:

Final Exception Document

Mutually agreed to by the State of Arizona and CenturyLink.

Rationale: A company of our size has to use blanket additional insured endorsements and they provide no less protection to the State of AZ. CenturyLink respectfully requests blanket endorsements remain acceptable to the State of Arizona, as previously approved under ADSP014-079526.

Rationale: CenturyLink does not maintain a separate network security and privacy policy, but these claims are covered under the Errors and Omissions policy maintained by CenturyLink.

Rationale: CenturyLink respectfully requests blanket endorsements remain acceptable to the State of Arizona, as previously approved under ADSP014-079526.

Rationale: CenturyLink requests that the reason for providing insurance policies be limited to situations where the policy must be provided in a discovery proceeding under a filed claim.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 28. Insurance Requirements.

CenturyLink respectfully requests the following changes to the language in Section 28. Insurance Requirements.

28.1 MINIMUM SCOPE AND LIMITS OF INSURANCE: Contractor shall provide coverage with limits of liability not less than those stated below.

28.1.1. Commercial General Liability – Occurrence Form

28.1.1.1 The policy shall be endorsed (Blanket Endorsements are ~~not~~ acceptable) to include the following additional insured language: “The State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees. ~~shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor.~~” Such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.

28.1.1.2 Policy shall contain a waiver of subrogation endorsement (Blanket Endorsements are acceptable) in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

28.1.2. Business Automobile Liability

28.1.2.1 The policy shall be endorsed (Blanket Endorsements are ~~not~~ acceptable) to include the following additional insured language: “The State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees. ~~shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor.~~” Such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.

28.1.2.2 Policy shall contain a waiver of subrogation endorsement (Blanket Endorsements are ~~not~~ acceptable) in favor of the “State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees” for losses arising from work performed by or on behalf of the Contractor.

28.1.3. Worker's Compensation and Employers' Liability

28.1.3.1 Policy shall contain a waiver of subrogation endorsement (Blanket Endorsements are ~~not~~ acceptable) in favor of the “State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees” for losses arising from work performed by or on behalf of the Contractor.

28.1.4. Technology Errors and Omissions Insurance, Network Security (Cyber) and Privacy Liability.

28.1.4.1 Such insurance shall cover any and all errors, omissions, or negligent acts in the delivery of products, services, and/or licensed programs under this contract. Such insurance shall include but not limited to coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs – includes breach notification costs, credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage.

28.1.5 Network Security (Cyber) and Privacy Liability (If applicable to service to be provided by the Contractor)

~~Each Claim \$2,000,000~~

~~Annual Aggregate \$2,000,000~~

28.1.5.1 ~~Such insurance shall include but not limited to coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs – includes breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage, funds transfer fund~~

28.1.5.2 ~~In the event that the Network Security and Privacy Liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.~~

28.2 ADDITIONAL INSURANCE REQUIREMENTS: The policies shall include, or be endorsed (Blanket Endorsements are ~~not~~ acceptable) to include, the following provisions:

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Mutually agreed to by the State of Arizona and CenturyLink.

28.3 **NOTICE OF CANCELLATION:** With the exception of (4012) days notice of cancellation for non- payment of premium, any changes material to compliance with this contract in the insurance policies above shall require (30) days written notice to the State of Arizona. Such notice shall be sent directly to Charlotte Righetti, CPPB 100 N 15th Ave, Suite 201, Phoenix AZ 85007 and shall be sent by certified mail, return receipt requested.

28.5 **VERIFICATION OF COVERAGE:** Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Contract. The certificates for each insurance policy are to be signed by an authorized representative.

All certificates and endorsements (Blanket Endorsements are ~~not~~ acceptable) are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this Contract shall be sent directly to Charlotte Righetti, CPPB 100 N 15th Ave, Suite 201, Phoenix AZ 85007. The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by this Contract ~~at any time where required by law pursuant to discovery proceedings under a filed claim.~~

State's Initial Response: Unacceptable, the State will accept no exception to the insurance requirements.

CenturyLink's Response:

CenturyLink respectfully restates its exception which is consistent with other CenturyLink AZ State contracts and with the existing AZ Carrier Services Contract.

State's Final Response: Accepted. Language as marked above by CTL has been accepted as has been approved by State Risk Department.

53) Solicitation section reference: Special Terms and Conditions

28.6 **SUBCONTRACTORS:** Contractors' certificate(s) shall include all subcontractors as insured under its policies or Contractor shall furnish to the State of Arizona separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.

Centurylink Exception:

Rationale: CenturyLink requests clarification for coverages to be relevant and appropriate for the products and/or services provided by each Subcontractor.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, 28.6 Subcontractors.

CenturyLink respectfully requests the following changes to the language:

28.6 **SUBCONTRACTORS:** Contractors' certificate(s) shall include all subcontractors as insured under its policies or Contractor shall furnish to the State of Arizona separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be ~~subject to the minimum requirements identified above appropriate for the types of products and/or services they are providing.~~

State's Initial Response: Unacceptable, the State is not accepting changes to these requirements

CenturyLink's Response:

CenturyLink respectfully requests that its exception be considered by the State. CenturyLink complies with the insurance requirements of the Agreement, as modified by CenturyLink's exceptions, is responsible for the performance of any of its subcontractors, and secures appropriate insurance from its subcontractors as it relates to the work to be performed by the respective subcontractor.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

54) Solicitation section reference: Special Terms and Conditions

31. **NON-RECURRING COSTS (NRC)**
Providers are required to quote NRC for services provided within their awarded County(ies) and Categories as outlined within Attachment II, Pricing Structure. In the event that a Contractor elects to quote a Customer an additional NRC, over and above the listed NRC within Attachment II, the Contractor shall comply with the following:

- The reason for the 'Extension' NRC is based on extending the Provider's transport medium to an off-net location;
- 'Extension' NRC should not exceed six (6) times the firm fixed monthly recurring cost (MRC) for the service in question; and
- No more than 20% of the requested quotes submitted within a one year period, for the service in question, shall have an Extension NRC.

Final acceptance of the Extension NRC is at the sole option of the customer. Customer reserves the right to negotiate the proposed Extension NRC. Extension NRC shall not be permitted in lieu of or in connection with a Contractors Broadband Expansion Projects

Centurylink Alternative Language:

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

SPECIAL TERMS AND CONDITIONS, NEW SECTION 31 Non-Recurring Costs (NRC).

CenturyLink respectfully replaces this section with alternative language:

31. NON-RECURRING COSTS (NRC).

Providers are required to quote NRC for services provided within their awarded County(ies) and Categories as outlined within Attachment II, Pricing Structure. In the event that a Contractor elects to quote a Customer an additional NRC, over and above the listed NRC within Attachment II, the Contractor shall comply with the following:

The reason for the 'Extension' NRC is based on extending the Provider's transport medium to an off-net location, and does not apply to Special Construction Charges.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: After discussion with CTL on 1/26/15, the state rescinds the original response of acceptable. This exception is Not Accepted, and CTL will address this concern within resultant CSO's.

CSO is technically last in the order of precedence as stated in Uniform Terms and Conditions section 2.3. However Section 30, Customer Service Orders (CSO') found within the Special Terms and Conditions allows for a customer to enter into an agreement with the contractor directly. This agreement may have terms and conditions that are not parallel with the State's overarching terms and conditions, and if the customer accepts the CSO the terms and conditions of the CSO prevail for that specific CSO. The Special Term address the fact that Additional Terms and Conditions found within the Contractors CSO shall not become part of the State of Arizona's Master Contract.

55) Solicitation section reference: Special Terms and Conditions

CenturyLink respectfully requests the addition of a new Section 32 Security:

Centurylink Exception:

Rationale: CenturyLink does not provide transport services that are described under this RFP response with warranties regarding data security. Customers are responsible for selecting the appropriate level of security for data while in transport.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, NEW SECTION 32 SECURITY.

32. Security. CenturyLink has adopted and implemented, and will maintain, a corporate information security program designed to protect State information, materials and data accessed and possessed by CenturyLink from loss, misuse and unauthorized access or disclosure. Such program includes formal information security policies and procedures. The CenturyLink information security program is subject to reasonable changes by CenturyLink from time to time. CenturyLink's standard service offerings do not include managed security services such as encryption, intrusion detection, monitoring or managed firewall. State is responsible for selecting and using the level of security protection needed for all State data stored or transmitted via the Service and using reasonable information security practices, including those relating to the encryption of data. CenturyLink will not be deemed to have accessed, received, or be in the possession of Customer Confidential Information solely by virtue of the fact that State transmits, receives, accesses or stores such information through its use of CenturyLink's Services. CENTURYLINK MAKES NO WARRANTIES OR REPRESENTATIONS THAT ANY SERVICE WILL BE FREE FROM LOSS OR LIABILITY ARISING OUT OF HACKING OR SIMILAR MALICIOUS ACTIVITY, OR ANY ACT OR OMISSION OF THE STATE.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted. Additional provision shall be added to Special Terms and Conditions and shall read as stated above by CTL.

56) Solicitation section reference: Special Terms and Conditions

CenturyLink respectfully requests the addition of a new Section 33. Regulatory Filings:

Centurylink Exception:

Rationale: CenturyLink provides certain local and interstate services under filed Tariffs and is required by law to provide services under filed tariffs. If awarded, CenturyLink will comply with tariff requirements as provided under applicable law.

Centurylink Alternative Language:

SPECIAL TERMS AND CONDITIONS, NEW SECTION 33 REGULATORY FILINGS.

33. Regulatory Filings.

33.1

Filing Concurrence. Centurylink may be required to submit this Contract and pricing attachments, and any subsequent addenda for Service to certain regulatory agencies for approval because the rates or certain other terms are being offered on an individual case basis ("ICB"). Although the general terms and conditions of this Contract are effective on the Contract effective date, those service-specific rates and/or terms, and

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

conditions that require filing with or approval by regulatory agencies ("ICB Terms") will not become effective for a given jurisdiction until the filing and approval requirements for that jurisdiction are fulfilled. Service will be offered in accordance with the applicable Tariff until the ICB terms become effective. If Customer receives reduced pricing under a pricing attachment and a regulatory agency later invalidates the ICB Terms after they became effective, Customer will pay Centurylink any difference in the amounts listed in the applicable Tariff for the Service and the amounts Customer was charged for the Service. When approved by the regulatory agencies, Customer may add additional quantities of Services under the same terms and conditions with no further filing required. In the event a regulatory agency does not approve the ICB Terms, the parties will enter into good faith negotiations to mutually resolve the failure to receive the necessary approval. The subject addenda containing the ICB Terms will remain in effect in all other jurisdictions. Each addenda will explain which rates or terms are ICB.

33.2 Rates: The rates for any CenturyLink Service provided will be those in effect at the time the Service is installed and CenturyLink Services will renew at the rate and for the term specified in the applicable Tariff, RSS, or this Contract.

33.3 Conflicts Provision. If Services are provided pursuant to a Tariff, RSS, or ISS, the order of precedence will apply in the following descending order of control: Tariff, this Contract, RSS, ISS, and if applicable, CenturyLink Tech Pubs.

33.4 Changes. CenturyLink may amend, change, or withdraw the Tariffs, RSS, ISS or AUP, with such updated Tariffs, RSS, ISS or AUP effective upon posting or upon fulfillment of any necessary regulatory requirements.

33.5 Definitions.

"ISS" means CenturyLink's Information Services Schedule incorporated by this reference and posted at:

http://www.centurylink.com/tariffs/qcc_info_services.pdf.

"RSS" means as applicable CenturyLink QCC's Rates and Services Schedules incorporated by this reference and posted at

http://www.centurylink.com/tariffs/fcc_clc_ixc_rss_no_2.pdf

International RSS and at for CenturyLink QCC's

http://www.centurylink.com/tariffs/fcc_clc_ixc_rss_no_3.pdf

Interstate RSS, and at for CenturyLink QCC's

http://www.centurylink.com/tariffs/fcc_qc_acc_rss_no_1.pdf for CenturyLink QC's Interstate RSS.

"Tariff" includes as applicable: CenturyLink QCC or CenturyLink QC FCC

#1state tariffs, price lists, price schedules, administrative guidelines, catalogs, and rate and term schedules incorporated by this reference and posted at <http://www.centurylink.com/tariffs>.

"Tech Pub" means the technical publication specific to each CenturyLink service, all of which are located at <http://www.centurylink.com/techpub/>.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required. The State understands CenturyLink will complete regulatory filings in accordance with applicable laws.

57) Solicitation section reference: Uniform Terms and Conditions

3.1 Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.

Centurylink Exception:

Rationale: CPNI must be excluded from disclosure as required by federal regulation.

Centurylink Alternative Language:

UNIFORM TERMS AND CONDITIONS, 3.1 Records.

CenturyLink respectfully requests the following changes to the language:

3.1 Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records. Such inspection and audit will include those records directly relating to this Contract and may not include proprietary network information ("CPNI") of customers not purchasing under this Contract, which information Contractor is required to protect under federal law and regulation.

State's Initial Response: Unacceptable, the request is not required to be changed within the Uniform Terms and Conditions, when such stipulations are written within the code.

CenturyLink's Response:

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

CenturyLink respectfully requests that this language be reformatted as a new Section 34 of the Special Terms and Conditions.

State's Final Response Accepted. Language to replace original RFP language shall read as stated in CTL Alternative Language proposed above.

58) Solicitation section reference: Uniform Terms and Conditions

- 3.4 Facilities Inspection and Materials Testing. The Contractor agrees to permit access to its facilities, subcontractor facilities and the Contractor's processes or services, at reasonable times for inspection of the facilities or materials covered under this Contract. The State shall also have the right to test, at its own cost, the materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor materials testing shall constitute final acceptance of the materials or services. If the State determines non-compliance of the materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.

Centurylink Exception:

Rationale: For the protection of State and other network customers, such inspection must conform to the applicable security procedures at each of CenturyLink's facilities.

Centurylink Alternative Language:

UNIFORM TERMS AND CONDITIONS, 3.4 Facilities Inspection and Materials Testing. CenturyLink respectfully requests the following changes to the language:

- 3.4 Facilities Inspection and Materials Testing. The Contractor agrees to permit access to its facilities, subcontractor facilities and the Contractor's processes or services, at reasonable times for inspection of the facilities or materials covered under this Contract. For security purposes, the inspector must be escorted by a Contractor employee when inspecting any Contractor-owned facilities, and by a Team Member employee when inspecting any facilities owned by a Team Member. The State shall also have the right to test, at its own cost, the materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor materials testing shall constitute final acceptance of the materials or services. If the State determines non-compliance of the materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.

State's Initial Response: Unacceptable, modification is not necessary for requirements to be followed

CenturyLink's Response:

CenturyLink accepts State's clarification that CenturyLink may require escorting of any State inspectors while inspecting CenturyLink facilities without an express statement in the contract.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

59) Solicitation section reference: Uniform Terms and Conditions

- 3.7 Property of the State. Any materials, including reports, computer programs and other deliverables, created under this Contract are the sole property of the State. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State.

Centurylink Exception:

UNIFORM TERMS AND CONDITIONS, 3.7 Property of the State.

CenturyLink respectfully requests the following clarification to section 3.7 Property of the State:

To the extent Contractor develops or creates project or State-specific reports or other documentation such as, but not limited to, diagrams, specifications, usage profiles or statistics, the State may take ownership of the State-specific data contained therein. However, Contractor retains ownership of any tools, systems, designs, applications, report format/template, or other intellectual property used or created by Contractor to provide the subject data.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

60) Solicitation section reference: Uniform Terms and Conditions

- 3.11 Offshore Performance of Work Prohibited.
Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and involve access to secure or sensitive data or personal client data shall be performed within the defined territories of the United States. Unless specifically stated otherwise in the specifications, this paragraph does not apply to indirect or 'overhead' services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

Centurylink Exception:

UNIFORM TERMS AND CONDITIONS, 3.11 Offshore Performance of Work Prohibited.

CenturyLink respectfully requests the following clarification to section 3.11 Offshore Performance of Work Prohibited:

CenturyLink may perform certain ancillary ticket initiation and troubleshooting services related to locally provided services offshore. CenturyLink considers these administrative services indirect.

Rationale: CenturyLink has defined ancillary functions with any potential offshore work that could be performed.

State's Initial Response: No action required as clarification makes no changes to solicitation.

CenturyLink's Response:

CenturyLink would like the clarification to be reflected in the finally awarded exceptions.

State's Final Response: Accepted as clarification, however no change to original language of the RFP required.

61) Solicitation section reference: Uniform Terms and Conditions

- 5.1 Amendments. This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the procurement officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.

Centurylink Exception:

Rationale: Under federal law, the tariff, as may be modified from time to time, will govern those federally- regulated telecommunication services purchased by the State from CenturyLink

Centurylink Alternative Language:

UNIFORM TERMS AND CONDITIONS, 5.1 Amendments.

CenturyLink respectfully requests the following changes to the language:

- 5.1 Amendments. This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the procurement officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes, except for modifications to FCC Tariff No. 1.

State's Initial Response: Unacceptable, modification to the language is not required for proposed actions to be met.

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

62) Solicitation section reference: Uniform Terms and Conditions

- 6.4 Force Majeure.
- 6.4.1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

Centurylink Exception:

Rationale: As mutually agreed in the Existing Agreement, each party is responsible for exercising reasonable diligence.

Centurylink Alternative Language:

UNIFORM TERMS AND CONDITIONS, 6.4.1 Force Majeure.

CenturyLink respectfully requests the following changes to the language:

- 6.4.1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence, and which such party is unable to prevent by exercising reasonable diligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions- intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

Final Exception Document
Mutually agreed to by the State of Arizona and CenturyLink.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Exception withdrawn by CTL.

63) Solicitation section reference: Uniform Terms and Conditions

- 8.4 Nonconforming Tender. Materials or services supplied under this Contract shall fully comply with the Contract. The delivery of materials or services or a portion of the materials or services that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials or services, the State may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.

Centurylink Exception:

Rationale: The State's termination right should be limited to material compliance and CenturyLink should have an opportunity to correct any non-compliance prior to termination.

Centurylink Alternative Language:

UNIFORM TERMS AND CONDITIONS, 8.4 Nonconforming Tender. CenturyLink respectfully requests the following changes to the language:

- 8.4 Nonconforming Tender. Materials or services supplied under this Contract shall fully comply with the Contract. The delivery of materials or services or a portion of the materials or services that do not ~~fully materially~~ comply which non-compliance is not cured within 30 days of written notification, will constitutes a breach of contract. ~~On delivery of nonconforming materials or services, and~~ the State may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.

State's Initial Response: Acceptable

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Exception withdrawn by CTL.

64) Solicitation section reference: Uniform Terms and Conditions

- 8.5 Right of Offset. The State shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.

Centurylink Exception:

Rationale: Certain federal laws and regulations prohibit CenturyLink from accepting financial responsibility for Team Members and others. In order to comply with all federal requirements, off-set rights may only be made against the party providing the affected service.

Centurylink Alternative Language:

UNIFORM TERMS AND CONDITIONS, 8.5 Right to Offset.

CenturyLink respectfully requests the following changes to the language:

- 8.5 Right to Offset. ~~Subject to the restrictions set forth immediately below,~~ The State shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.
- ~~Although Contractor will be the single point of contact for services provided by Contractor and Team Members, and will monitor and assist in facilitating compliance by Team Members with terms and conditions of this Contract by Team Members, off-sets may only be made against the party providing the affected service. Rights of offset against Contractor would apply only to charges for services directly provided by Contractor, and not to charges for services provided by Team Members. An off-set may be made against the charges for services provided by that Team Member but not against services provided by other Team Members. Section 271 of the Communications Act of 1934, as amended, governs, in part, this provision and Contractor's and Team Members' respective financial responsibilities under this Contract.~~

State's Initial Response: Unacceptable, the State is not accepting changes to these requirements

CenturyLink's Response:

CenturyLink accepts the State's response.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

65) Solicitation section reference: Uniform Terms and Conditions

- 9.4 Termination for Convenience. The State reserves the right to terminate the Contract, in whole or in part at any time when in

Final Exception Document

Mutually agreed to by the State of Arizona and CenturyLink.

the best interest of the State, without penalty or recourse. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R2-7-701 shall apply.

Centurylink Exception:

Rationale: This requirement needs to be limited to work made for hire. In addition, for QC interstate services governed by a tariff, the termination provisions of the applicable federal tariff will apply

Centurylink Alternative Language:

UNIFORM TERMS AND CONDITIONS, 9.4 Termination for Convenience. CenturyLink respectfully requests the following changes to the language:

- 9.4 Termination for Convenience. The State reserves the right to terminate the Contract, in whole or in part at any time when in the best interest of the State, without penalty or recourse except as set forth below. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph and to the extent considered work-made-for-hire, all documents, data and reports prepared-created by the Contractor under the Contract shall become the property of and be delivered to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R2- 7-701 shall apply.
- If any QC FCC-regulated interstate service is terminated for convenience, then termination liability as set forth in the applicable FCC tariff shall apply.

State's Initial Response: Unacceptable, the State is not accepting changes to these requirements

CenturyLink's Response:

CenturyLink accepts State's position with the understanding that tariffs will apply.

State's Final Response: Not Accepted, CenturyLink language has been struck and shall not be considered. Original RFP language stands.

66) Solicitation section reference: Uniform Terms and Conditions

- 9.5 Termination for Default.
- 9.5.1 In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.
- 9.5.2 Upon termination under this paragraph, all goods, materials, documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State on demand.
- 9.5.3 The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring materials or services in substitution for those due from the Contractor.

Centurylink Exception:

Rationale: The State's termination right should be limited to material non-compliance and should include a right to cure so that CenturyLink will have an opportunity to correct any non-compliance prior to termination.

Rationale: To be consistent with the other provisions of this Contract, only works made for hire should become property of the State upon termination

Rationale: CenturyLink can agree to cost of cover after the 30-day cure period, so long as the State agrees to mitigate those costs and the replacement products or services are substantially similar to those provided by CenturyLink.

Centurylink Alternative Language:

UNIFORM TERMS AND CONDITIONS, 9.5 Termination for Default.

CenturyLink respectfully requests the following changes to the language in Section 9.5 Termination for Default, Subsections 9.5.1, 9.5.2, and 9.5.3:

- 9.5.1. In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any material term or condition of the Contract. The Procurement Officer shall provide written notice to Contractor of the State's intent to terminate with a description of the alleged material breach; after which, Contractor shall have thirty (30) days in which to cure the breach, termination and the reasons for it to the Contractor.
- 9.5.2. Upon termination under this paragraph and to the extent considered works-made-for-hire, all goods, materials, documents, data and reports prepared-created by the Contractor under the Contract shall become the property of and be delivered to the State on demand.
- 9.5.3. The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring materials or services in substitution for those due from the Contractor. In the event of a material breach by Contractor with respect to a particular product or service under this Contract, which breach is not cured within the 30-day cure period, Contractor shall be liable to the State for costs of cover incurred by State in procuring a replacement product or service.

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Mutually agreed to by the State of Arizona and CenturyLink.

State's Initial Response: **Unacceptable, the State is not accepting changes to these requirements**

CenturyLink's Response:

CenturyLink respectfully restates its exception which is consistent with the existing AZ Carrier Services Contract.

State's Final Response: Accepted, language to replace original RFP language is as follows:

- 9.5.1. In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any material term or condition of the Contract. The Procurement Officer shall provide written notice to Contractor of the State's intent to terminate with a description of the alleged material breach; after which, Contractor shall have thirty (30) days in which to cure the breach.**
- 9.5.2. Upon termination under this paragraph and to the extent considered works-made-for-hire, all goods, materials, documents, data and reports created by the Contractor under the Contract shall become the property of and be delivered to the State on demand.**
- 9.5.3. In the event of a material breach by Contractor with respect to a particular product or service under this Contract, which breach is not cured within the 30-day cure period, Contractor shall be liable to the State for costs of cover incurred by State in procuring a replacement product or service.**

The State of Arizona has revised language within resultant contracts as follows:

1. Scope of Work section 7.2.4.1, shall be deleted in its entirety and replaced with the following language:

7.2.4.1 If Full Service Restoration is not completed the Contractor shall be liable for 1/720 of the MRC for each hour after the allowable response time has been exhausted. This will be seen in the form of a credit against the billed amount at the end of the month.

An "Outage" is an interruption in Service or use of the Equipment caused by a failure of the Contractor's Network, excluding degradation or disruption due to planned or emergency maintenance or an event outside of the Contractor's direct control.
2. Special Terms and Conditions section 6.1 Method of Assessment shall be deleted in its entirety and replaced with the following language:

6.1 Method of Assessment. At the completion of each quarter, the Contractor reviews all sales under their contract in preparation for submission of their Usage Report. The Contractor identifies all sales receipts transacted by members of the State Purchasing Cooperative and assesses one percent (1.0%) of this amount in their Usage Report. An updated list of State Purchasing Cooperative members may be found at: <https://spo.az.gov/state-purchasing-cooperative>. At its option, the State may expand or narrow the applicability of this fee.

For this contract only, the State of Arizona will not assess the 1% administrative fee to Contractors for E-Rate eligible purchases. E-Rate eligible purchases can be made by eligible recipients per 47 CFR §54.501. To determine if a customer is an eligible recipient the Contractor shall refer to the following web address:

<http://usac.org/sl/applicants/beforeyoubegin/definitions.aspx>

The Contractor shall summarize all sales, along with all assessed Administrative Fee amounts within their Usage Report, including total amounts for the following:

- o Total sales receipts from State agencies, boards and commissions;
- o Total sales receipts from members of the State Purchasing Cooperative; and
- o Total Administrative Fee amount based on one percent (1.0%) of the sales receipts from members of the State Purchasing Cooperative.