VIA FACSIMILE

September 13, 1996

Lee L. Selwyn, President

Economics & Technology, Inc.

One Washington Mall

Boston, MA 02108

RE: Rate Case Contract in Case No. USW-S-96-5

Dear Lee:

Enclosed for your review is the contract for consulting services in our U S WEST rate case.  Following our telephone conference earlier this week, the Staff has decided to concentrate your consulting assistance on the four basic tasks (depreciation, rate base, cost allocation, and service quality).

Although we must decline your full-blown proposal to investigate yellow pages and cellular licensing, we may seek your opinion and advice on these subjects in a less intensive manner.  You will note that the contract provides in paragraph No. 2 approximately $12,000 more than your basic bid (excluding travel).  We do not anticipate that your travel expenses will approximate this amount, but envision some of this amount being used to defray your fees when discussing yellow pages and the cellular license.

The work tasks identified in paragraph No. 1 mirror the work plan we discussed in our telephone conference.  You will also note paragraph No. 7 contains the language you suggested regarding unforseen circumstances which might result in a request for supplemental funding.

If you have any questions or concerns, please contact me at (208) 334-0312.  If this contract meets with your approval let me know and I will forward the originals for your signature.

Sincerely yours,

Donald L.  Howell, II

Deputy Attorney General

DH/cm/L:selwyn.dh2

Enclosure

cc:Barb Barrows