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**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

January 8, 2003

South Dakota Public Utilities Commission  
ATTN: Pam Bonrud – Executive Director  
Capital Building, 1<sup>st</sup> Floor  
Pierre, SD 57501

**RE: Request for Contract Restructure.**

Dear Ms. Bonrud,

QSI Consulting, Inc. respectfully requests that its contract to provide consulting services in Docket No. TC01-098 be increased to cover the costs associated with unanticipated additional work in that case. Following, is an outline of events that have taken place over the last 30 days, which have resulted in QSI Consulting requesting this increase.

- QSI established an internal deadline for a 1<sup>st</sup> draft of testimony for December 20, 2002. This schedule would allow QSI consultants and Staff three weeks to internally review and finalize the testimony which, according to the original procedural schedule, was due January 10, 2003. Normally, a two week internal review period would be adequate, but, due to the Holidays, an extra week was added.
- At the Qwest technical conference held at the Qwest headquarters in Denver on December 17, Qwest announced that it planned to file a new switching model. This model was touted by Qwest to be more transparent than its previously filed switching model which had been criticized previously as being a “black box” model. Because switching costs will likely be an important component of this case, and the model was thought to be a newer and better tool that would allow a more comprehensive review of switching costs Staff and QSI did not oppose this filing.

- Prior to Qwest’s announcement that a new model was to be filed, QSI was very close to completing our first draft of testimony.
- In late December, Qwest filed the new switching model and testimony corresponding to the model.
- As noted, switching costs represent a significant piece of Qwest’s case. In order to fully evaluate the new model, serve and receive responses to discovery regarding the new model and testimony, QSI and Staff need to essentially start from scratch on that portion of the case.
- Because of the augmentation of the case, and the additional work involved, QSI and Staff have worked with Qwest to develop a new, extended, procedural schedule that would allow for the completion of the additional work.

With the additional filing, QSI estimates up to an additional 100 hours of work will be required to complete its analysis in this case. Estimates of the time associated with the completion of the additional tasks broken down as follows.

<b>Additional Tasks</b>	<b>Time (Approximate Hours)</b>
Review and analyze supplemental testimony and new switching model.	30
Develop discovery resulting from the above.	12
Review discovery responses incorporate supporting data into analysis.	12
Perform sensitivity analysis. (Develop adjustments to model and run model incorporating adjustments).	15
Draft and finalize testimony	30
<b>Total</b>	<b>99</b>

Given the unforeseen additional work required in this case, QSI requests a \$15,000 increase in the original budget (100 hours multiplied by QSI’s discounted hourly rate of \$150/Hour). Barring any additional unforeseen events, this amount would allow QSI to cover the costs incurred to complete this case. QSI wants to make it perfectly clear that we fully intend to complete the case, and provide the Commission and its Staff with a

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product of the highest quality regardless of the Commission's decision. This request is only the result of events that were entirely beyond QSI's control that resulted in additional work that will have to be done. This additional work was obviously not anticipated when developing the original work plan and budget for this case.

Thank you for your consideration and please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark L. Stacy". The signature is fluid and cursive, with a large, stylized "S" at the end.

Mark L. Stacy  
Senior Consultant  
QSI Consulting, Inc.