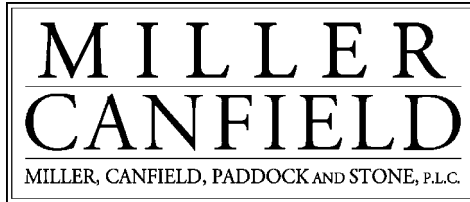


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June 30, 2006

Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way P O Box 31221
Lansing, MI 48990-7504

Re: In the matter, on the Commission's own motion, to examine the total service long run incremental costs of the **MICHIGAN EXCHANGE CARRIERS ASSOCIATION COMPANIES**, including **ACE TELEPHONE COMPANY, BARRY COUNTY, TELEPHONE COMPANY, DEERFIELD FARMERS' TELEPHONE COMPANY, KALEVA TELEPHONE COMPANY, LENNON TELEPHONE COMPANY, OGDEN TELEPHONE COMPANY, PIGEON TELEPHONE COMPANY**, the **UPPER PENINSULA TELEPHONE COMPANY**, and **WALDRON TELEPHONE COMPANY**. MPSC Case No. U-14781

Dear Ms. Kunkle:

Enclosed for electronic filing in the above matter is **Direct Testimony of Douglas Duncan Meredith**. UPPER PENINSULA TELEPHONE COMPANY'S Confidential TSLRIC Study in this docket is being filed today in a separate Confidential filing. The Confidential Study is being filed in accordance with § 210 of the Michigan Telecommunications Act. Thank you for your assistance.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE

Michael C.
Rampe
Michael C. Rampe

Digitally signed by Michael C. Rampe
DN: CN = Michael C. Rampe, C = US, O = Miller Canfield
Date: 2006.06.30 12:53:39 -0400

MCR/edl
Enclosure

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)
to examine the total service long run incremental)
costs of the **MICHIGAN EXCHANGE CARRIERS**)
ASSOCIATION COMPANIES, including **ACE**)
TELEPHONE COMPANY, BARRY COUNTY)
TELEPHONE COMPANY, DEERFIELD)
FARMERS' TELEPHONE COMPANY, KALEVA)
TELEPHONE COMPANY, LENNON TELEPHONE)
COMPANY, OGDEN TELEPHONE COMPANY,)
PIGEON TELEPHONE COMPANY, the UPPER)
PENNINSULA TELEPHONE COMPANY,)
and **WALDRON TELEPHONE COMPANY.**)
)

Case No. U-14781

Testimony of Douglas Duncan Meredith
On Behalf of
Upper Peninsula Telephone Company

1 **Q: PLEASE STATE YOUR FULL NAME, PLACE OF EMPLOYMENT AND**
2 **BUSINESS ADDRESS.**

3 A: My full name is Douglas Duncan Meredith. I am employed by John Staurulakis,
4 Inc. (JSI). JSI is a telecommunications consulting firm headquartered in
5 Greenbelt, Maryland. My office is located at 547 Oakview Lane, Bountiful, Utah
6 84010.

7
8 **Q: PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND**
9 **EDUCATIONAL BACKGROUND.**

10 A: At JSI, I am the Director of Economics and Policy. In this capacity, I assist clients
11 with the development of policy pertaining to economics, pricing and regulatory
12 affairs. I have been employed by JSI since 1995. Prior to my work at JSI, I was an
13 independent research economist in the District of Columbia and a graduate
14 student at the University of Maryland – College Park.

15
16 In my employment at JSI, I have participated in numerous proceedings for rural
17 and non-rural telephone companies. These activities include, but are not limited
18 to, the creation of forward-looking economic cost studies, the development of
19 policy related to the application of the rural safeguards for qualified local
20 exchange carriers, the determination of Eligible Telecommunications Carriers,
21 and the sustainability and application of universal service policy for
22 telecommunications carriers.

23

1 In addition to assisting telecommunications carrier clients, I have served as the
2 economic advisor for the Telecommunications Regulatory Board of Puerto Rico
3 since 1997. In this capacity, I provide economic and policy advice to the Board
4 Commissioners on all telecommunications issues that have either a financial or
5 economic impact.

6
7 I am participating or have participated in numerous national incumbent local
8 exchange carrier and telecommunications groups, including those headed by the
9 National Telephone Cooperative Association, the Organization for the Promotion
10 and Advancement of Small Telecommunication Companies, the United States
11 Telephone Association, and the Rural Policy Research Institute. My participation
12 in these groups focuses on the development of policy recommendations for
13 advancing universal service and telecommunications capabilities in rural
14 communities and other policy matters.

15
16 I have testified or filed pre-filed regulatory testimony in various states including
17 Michigan, North Dakota, South Dakota, South Carolina, Vermont, New
18 Hampshire, New York, Texas, Utah and Wisconsin. I have also participated in
19 regulatory proceedings in many other states that did not require formal testimony,
20 including Florida, Louisiana, Mississippi, North Carolina, Puerto Rico, Utah, and
21 Virginia. In addition to participation in state regulatory proceedings, I have
22 participated in federal regulatory proceedings through filing of formal comments

1 in various proceedings and submission of economic reports in an enforcement
2 proceeding.

3

4 I have a Bachelor of Arts degree in economics from the University of Utah, and a
5 Masters degree in economics from the University of Maryland – College Park.
6 While attending the University of Maryland – College Park, I was also a Ph.D.
7 candidate in Economics. This means that I completed all coursework,
8 comprehensive and field examinations for a Doctorate of Economics without
9 completing my dissertation.

10

11 **Q: ON WHOSE BEHALF ARE YOU PRESENTING THIS PRE-FILED**
12 **DIRECT TESTIMONY?**

13 A: I am testifying on behalf of Upper Peninsula Telephone Company (“Upper
14 Peninsula”), a rural telephone company operating in Michigan.

15

16 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17 A: The purpose of my testimony is to present Upper Peninsula’s updated Total
18 Service Long Run Incremental Cost (“TSLRIC”) Study. JSI was retained by
19 Upper Peninsula to update its TSLRIC study for this proceeding.

20

21 **Q: HAVE YOU COMPLETED A TSLRIC STUDY FOR UPPER**
22 **PENINSULA?**

1 A: Yes. I prepared the TSLRIC study, and thus I am familiar with its content, and I
2 am competent to testify thereto. Confidential Exhibit DDM-1 (A-_) reports the
3 results of the TSLRIC study. I incorporate by reference any statements contained
4 in the TSLRIC study regarding its preparation, including the Executive Summary
5 contained in Section A of the TSLRIC study. I also affirm that the data and
6 information presented in the TSLRIC study is true and accurate to the best of my
7 knowledge and belief. I prepared the TSLRIC study using the same methodology
8 that was approved by the Commission in 2000, in Case No. U-12471. I describe
9 the history surrounding the development of the TSLRIC study in Confidential
10 Exhibit DDM-1 (A-_), Section A – Executive Summary. Each section contains a
11 separate description and summary of results, just as was done in Case No. U-
12 12471.

13

14 **Q: IS THE UPPER PENINSULA TSLRIC STUDY YOU ARE PRESENTING**
15 **CONSISTENT WITH THE NINE COSTING PRINCIPLES IDENTIFIED**
16 **IN CASE NO. U-10620, EXHIBIT A TO THE COMMISSION’S**
17 **SEPTEMBER 4, 1994 ORDER IN THAT CASE?**

18 A: Yes.

19

20 **Q: IN ADDITION TO THE NINE COSTING PRINCIPLES, HAVE YOU**
21 **INCORPORATED THE COMMISSION STAFF’S RECOMMENDATIONS**
22 **FOR UPPER PENINSULA’S 2000 TSLRIC STUDY?**

1 A: Yes. The recommendations made by Staff for Upper Peninsula's prior approved
2 study were applied in this TSLRIC study. Several of these recommendations are
3 discussed in more detail in Confidential Exhibit DDM-1 (A-_), Section A.

4

5 **Q: WHAT IS YOUR RECOMMENDATION TO THIS COMMISSION**
6 **REGARDING THIS TSLRIC STUDY?**

7 A: I recommend the Commission adopt Upper Peninsula's updated TSLRIC study.

8

9 **Q: DOES THIS END YOUR DIRECT TESTIMONY?**

10 A: Yes.