

NEWS RELEASE

FOR RELEASE: Friday, May 30, 1997

FOR FURTHER INFORMATION CONTACT:

Bridget Szczech (919) 715-4006

Mary Steel (919) 733-0846

NORTH CAROLINA UTILITIES COMMISSION APPROVES PRICE REGULATION PLAN FOR THE CONCORD TELEPHONE COMPANY

The North Carolina Utilities Commission today issued an Order approving a price regulation plan for The Concord Telephone Company (Concord) which will enable all customers within the Company's nine exchanges to call each other as a local call for one fixed monthly rate.

The price regulation plan, which was sought by Concord to more closely align its rates with the costs of providing service, was supported by the overwhelming majority of the public who made comments on the plan. Although the plan will mean an increase of from \$2.75 to \$2.95 in the average basic residential local exchange service rate, the expanded local calling scope and the elimination of touchtone service as a separate charge will result in a net reduction of Concord's revenues of approximately \$700,000 annually.

The plan contains a cap on basic residential local exchange service rates for three years. The plan also allows various services to be grouped together into what are known as "baskets". Rates for "baskets", or a defined group of services, can be adjusted up or down on the basis of inflation and other factors. The Commission can make changes to the plan at any time if conditions change or the Commission determines the public interest requires a change. In addition, the Commission will review the plan within five years to determine if changes are needed.

The majority of the plan resulted from negotiations between the company and the Public Staff, which represents the using and consuming public. Concord and the Public Staff presented a joint agreement, or stipulation, to the Commission for approval in March. After a public hearing in Concord and an evidentiary hearing, the Commission approved the plan with minor modifications. The plan will go into effect within 90 days of the company's acceptance of the Commission's modifications.

Concord's price regulation plan is the fifth telephone price regulation plan approved by the Commission. Plans previously approved for BellSouth Telecommunications, Inc., Carolina Telephone and Telegraph Company, Central Telephone Company, and GTE South, Incorporated are almost identical to the plan approved for the company.

Price regulation plans are a more limited form of regulation than traditional rate base/rate of return regulation. Price regulation was allowed by the General Assembly in 1995 to help open local telephone service to competition by providing local companies greater flexibility in pricing its services. The Commission is required to protect the public interest by balancing the interests of the incumbent telephone company, the potential competitors and consumers.