

NEWS RELEASE

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North Carolina Utilities Commissions Issues **Sprint Local Service Arbitration Orders**

The North Carolina Utilities Commission (NCUC) issued Orders today in two arbitration proceedings concerning local service interconnection in dockets involving Sprint Communications Company, L.P. (Sprint), and GTE South Incorporated (GTE) and Sprint and BellSouth Telecommunication, Inc. (BellSouth). These arbitrations were undertaken pursuant to the Telecommunications Act of 1996 (TA96) and they are the fifth and sixth arbitrations that the NCUC has conducted.

In the Sprint/GTE arbitration Order, the NCUC decided that GTE should offer a composite wholesale discount on resold services of 19.97%. Concerning the rates for unbundled network elements, the NCUC adopted interim rates based on consideration of the Federal Communication Commission's so-called proxy rates, pending final resolution of ongoing legal appeals regarding pricing in the federal courts. These interim rates will be subject to a "true-up" mechanism when the NCUC establishes final rates.

In other matters, the NCUC ordered GTE to make most of its retail services available for resale at wholesale rates, with certain exceptions such as cross-class resale of residential service, to business customers and special promotions of under 90-days duration. Concerning the combination of unbundled network elements, the NCUC concluded that Sprint should be permitted to combine unbundled network elements in any manner it chooses, but the purchase and combination of unbundled network elements by Sprint which produce a service offering that is included in GTE's retail tariffs on the date of the interconnection agreement will be presumed to be a resold service and subject to the applicable resale rate. Sprint can overcome this presumption by showing that it is using its own substantive functionalities and capabilities to produce the service.

The Sprint/BellSouth case involved substantially fewer issues. The issues that were resolved were essentially of a technical nature.

Interested persons not parties to the arbitrations and the parties themselves will have 30 days to file comments or objections to the Orders. GTE, BellSouth, and Sprint will have 45 days to submit the texts of interconnection agreements consistent with the Orders for NCUC approval. The NCUC will then have 30 days thereafter to approve or disapprove the agreements.