

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

PRESS RELEASE

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**NORTH CAROLINA UTILITIES COMMISSION ISSUES
GTE LOCAL SERVICE ARBITRATION ORDERS**

The North Carolina Utilities Commission (NCUC) issued Orders today in two arbitration proceedings concerning local service interconnection in dockets involving GTE South, Inc. (GTE) and AT&T Communications of the Southern States, Inc. (AT&T) and GTE and MCI Telecommunications Corporation (MCI). These arbitrations were undertaken pursuant to the recently enacted Telecommunications Act of 1996 (TA96) and their resolution represents a significant step forward in the implementation of local service competition in North Carolina.

In the arbitration Orders the NCUC decided that GTE should offer a composite wholesale discount on resold services of 19.97%. Concerning the rates for unbundled network services, the NCUC adopted interim rates based on consideration of the Federal Communications Commission's so-called proxy rates on an interim basis 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 AT&T and MCI should be allowed to combine such elements however they wish. However, noting the argument that certain combinations of these elements should be priced under the resale pricing standard if they are the same or similar to existing GTE services, the NCUC will allow GTE to present additional information describing, if possible, practical criteria for identifying such combinations.

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