

NEWS RELEASE

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North Carolina Utilities Commission Issues Carolina Telephone and Telegraph Company and Central Telephone Company Arbitration Order

The North Carolina Utilities Commission (NCUC) issued an Order today in an arbitration proceeding concerning local telephone service interconnection in a proceeding involving MCI Telecommunications Corporation (MCI) and Carolina Telephone and Telegraph Company and Central Telephone Company (CT&T/Central). This arbitration was undertaken pursuant to the Telecommunications Act of 1996 (TA96) and is the seventh arbitration that the NCUC has conducted.

In the MCI/CT&T/Central arbitration Order, concerning unbundled network elements, the NCUC adopted interim rates based on consideration of the Federal Communications 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. The NCUC concluded that a policy for recombining and pricing unbundled network elements should be adopted on a uniform statewide basis. This policy, is the same recombining and pricing policy adopted by the Commission in other arbitration proceedings. MCI is permitted to combine unbundled network elements in any manner it chooses, except when the purchase and combination of unbundled network elements by MCI produces a service offering that already is included in CT&T/Central's retail tariffs on the date of the interconnection agreement. In this case, the offering will be presumed to be a resold service and subject to the applicable resale rate. However, MCI can overcome this presumption by showing that it is using its own substantive functionalities and capabilities to produce the service.

In other matters, the NCUC ordered that CT&T/Central are not required to resell voice mail, inside wire, or inside wire maintenance plans. CT&T/Central must file with the Commission all interconnection agreements with competing companies to which it is a party, and all such agreements will be available for public inspection when filed. In comparison to prior arbitration proceedings, the MCI/CT&T/Central case involved substantially fewer issues, most of which were essentially of a technical nature.

Interested persons not parties to the arbitration and the parties themselves will have 30 days to file comments or objections to the Order. MCI and CT&T/Central will have 45 days to submit the texts of interconnection agreements consistent with the Order for NCUC approval. The NCUC will then have 30 days thereafter to approve or disapprove the agreements.