

NEWS FEATURE

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NEW PARADIGM RESOURCES GROUP FINDS SYNERGIES FOR CHICAGO ENERGY COMPANY AND COMPETITIVE LOCAL TELECOM CARRIERS

Bridging the Worlds of Energy and Local Telecommunications:
Unicom Thermal's Fiber Network and Access To Chicago Buildings Open Doors For
Two Telcos, NEXTLINK and Metromedia Fiber Networks

CHICAGO, IL, JANUARY 12, 1998 -- What does an entrepreneurial provider of chilled-water air conditioning have that might seem "pretty cool" to companies in the growing competitive local exchange carrier (CLEC) industry? Quite simply, it's access to some of the biggest buildings and most important prospective customers in downtown Chicago, through priceless rights-of-way agreements. But how does a startup utility in the alternative energy business go about finding the right strategic partners in a totally different business arena -- competitive local telecommunications?

Unicom Thermal Technologies, Inc. (UTT) sought solutions from New Paradigm Resources Group (NPRG), the nation's leading business consulting and research organization focused on the CLEC industry, on how to explore new opportunities to leverage UTT's rights-of-way assets.

Building Access: A Hidden "Hot Property" In UTT's Cool Water System

In building out its chilled water distribution network to serve its current 40+ prime commercial properties in Chicago's central business district, UTT had the foresight to deploy fiber optic cable and fiber conduit connecting its distribution plant with each of its customer buildings. The chilled water network, packed with fiber optics, passes by more than 200 buildings that could be future customers.

"UTT naturally assumed that the fiber itself was the principal asset of interest to potential telecommunications partners," says Terry Barnich, NPRG President. "While the fiber is important, sometimes a new set of eyes can help uncover hidden value."

NPRG quickly pointed out that -- just as important as the new fiber optic network -- UTT held rights-of-way access to all the buildings served by its cooling system. In today's intensely competitive local telecommunications marketplace, one of the biggest hurdles is quite literally "getting in the door," that is, negotiating the right to gain access to a property in order to provide new telecom services. Access is golden.

"Even before we began the process of looking for partners, NPRG helped UTT evaluate the assets that would be most valuable to competitive telecommunications companies," said UTT President Donald A. Petkus. "It became apparent that UTT's most valuable asset, to a CLEC, would be the access itself."

NEXTLINK and Metromedia Fiber Networks Come Knocking

NPRG began a months-long process of working with UTT to analyze the market and opportunities, identify potential partners, and to assist in negotiations.

Ultimately, NPRG helped find not one suitor, but two. In September 1997, UTT entered into an agreement with NEXTLINK, a leading CLEC held largely by Craig McCaw, the self-made wireless industry billionaire. NEXTLINK was drawn by UTT's fiber and access, which would help facilitate a quick build-out of the CLEC's Chicago network, and to jumpstart its entry to selling competitive local dial tone.

In December 1997, UTT reached an agreement providing Metromedia Fiber Networks (MFN) with capacity on the UTT network, enabling MFN to market its wholesale fiber services to end users. Like NEXTLINK, MFN can leverage UTT's assets to gain quick entry to Chicago's lucrative local telecom marketplace.

"This is a win-win arrangement for UTT, NEXTLINK and MFN," said NPRG's Terry Barnich. "The CLECs win fast access to customers. UTT wins by gaining the ability to provide the next generation of info-services to its customers, and by staking out a pioneering role in two converging industries."

New Paradigm's Window on the CLEC Industry

New Paradigm Resources Group is the only national research and consulting organization focused exclusively on the competitive local exchange carrier (CLEC) industry -- a new breed of companies that compete with the big phone monopolies. NPRG also advises other energy companies regarding their telecom plans and strategies.

New Paradigm Resources Group produces the Annual Report on Local Telecommunications Competition, widely-recognized as the CLEC industry bible. The nearly 600-page 1997 Annual Report covered over 90 providers representing the competitive local industry, and included a "Watch List" section on companies that offer the potential to provide competitive local service. The 1998 Annual Report, to be available in the first quarter of 1998, will cover more than 120 facilities-based CLECs.

New Paradigm Resources Group, Inc., based in Chicago, IL, has provided strategic planning, business case development, competitive assessment, market analysis, regulatory advice & guidance, and governmental representation to leading competitive telecommunications and energy companies since 1993. New Paradigm Resources Group, Inc., can be reached at 312-980-7848, or on the Internet at <http://www.nprg.com>