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May 21, 1998

VIA OVERNIGHT DELIVERY

Blanca S. Bayo
Director, Division of Public Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

980681-TI

Re: Application Letter of Proposed Acquisition of
Metracom Corporation to UniDial Holdings, Inc.

Dear Ms. Bayo:

UniDial Holdings, Inc. ("UniDial") and Metracom Corporation ("Metracom") (together "the Parties"), respectfully request Commission approval of a transaction whereby UniDial will acquire Metracom. UniDial and Metracom are not currently affiliated with each other. Metracom is a nondominant carrier authorized by the Commission to provide telecommunications services within the State of Florida. The proposed acquisition will be accomplished through a transaction whereby Metracom will merge with and into a wholly owned acquisition subsidiary of UniDial, Metracom Acquisition Corp. ("Metracom Acquisition"), which will then change its name to Metracom Corporation. Following the proposed transaction, Metracom will be a wholly owned subsidiary of UniDial that continues to operate under the Metracom name. Accordingly, the transaction will be virtually transparent to Metracom's customers.

An original and five (5) copies of this letter are enclosed. Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, stamped envelope.

Description of the Parties

UniDial is a newly created holding company organized under the laws of the State of Delaware. UniDial's operating subsidiary, UniDial Communications, Inc. ("UniDial Communications" formerly UniDial, Inc.), is authorized to provide interexchange telecommunications service in Florida pursuant to a Certificate of Public Convenience and Necessity

issued by this Commission on December 2, 1993 in Docket No. 930865-TI.^{1/} In addition to UniDial Communications' Florida operations, UniDial Communications is authorized to provide resold interexchange telecommunications services in 47 other states.

UniDial has the technical, managerial and financial resources necessary to acquire Metracom. Upon consummation of the proposed transaction, Metracom's operations will be overseen by a management team that, by virtue of its continuing oversight of UniDial Communications, Inc.'s operations, has obtained extensive telecommunications experience. Moreover, UniDial has access to extensive financial resources. In 1997, UniDial's operating subsidiary, UniDial Communications, had operating gross revenues in excess of \$112 million and assets in excess of \$30 million.

Metracom is a privately held corporation organized under the laws of the Commonwealth of Massachusetts with principal offices located at 210 South Street, Boston MA 02111. Metracom is authorized to provide interexchange telecommunications service in Florida pursuant to a Certificate of Public Convenience and Necessity issued by this Commission on January 4, 1995 in Docket No. 940923-TI.^{2/} In addition to the services Metracom provides to Florida consumers, Metracom is authorized to provide intrastate interexchange telecommunications services in 21 other states pursuant to a certification, tariff, registration or deregulated basis. Metracom is also authorized to provide resold competitive local exchange services in four states.

Description of the Transaction

UniDial and Metracom have determined that they can realize significant economic and marketing efficiencies by establishing Metracom as a wholly owned subsidiary of UniDial. Accordingly, UniDial and Metracom have executed an Agreement and Plan of Merger whereby Metracom will merge with and into a newly created UniDial acquisition subsidiary, Metracom Acquisition, that will then change its name to Metracom Corporation. Upon completion of the

^{1/} UniDial determined several months ago that it could enhance the operational efficiency and competitive position of the Company through internal reorganization. In order to ensure regulatory compliance with Florida law, UniDial sought, by letter filed on March 27, 1998, Commission approval to complete its proposed reorganization. That application was handled by the Commission in Docket No. 980440-TI and approved by the Commission by Order effective May 10, 1998. The UniDial reorganization, which consists primarily of the name change of UniDial, Inc. to UniDial Communications, Inc. and the creation of UniDial Holdings above UniDial Communications, will enable the Company to attract additional financing, reduce its operating expenses and realize operational and management efficiencies and other corporate benefits.

^{2/} *Metracom Corporation, Telephone Certificate of Public Convenience and Necessity*, Docket No. 940923-TI, Order No. PSC-94-1549-FOF-TI, Certificate No. 3960 (Jan. 4, 1995).

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proposed transaction, Metracom will be a wholly owned subsidiary of UniDial. Attached hereto as Exhibit A is a chart which illustrates the corporate structure of the Parties prior to and immediately following consummation of the proposed transaction.

Although the proposed transaction will result in a change in the ownership of Metracom, the transaction will not involve a change in the manner in which Metracom provides service to its Florida customers. Specifically, Metracom will continue to provide high quality, affordable resold service to its Florida customers pursuant to its certificate and its tariff on file with the Commission.^{2/} Moreover, Metracom will continue to be led by a team of well-qualified telecommunications managers, comprised, in large part, of existing Metracom personnel. As a result, the proposed transaction will not adversely impact Metracom's operations or involve a change in the primary interexchange carrier of Metracom's customers. Indeed, the proposed transaction will be virtually transparent to Metracom's customers in terms of the rates, terms and conditions of services those consumers receive.

Public Interest Considerations

Consummation of the proposed transaction will serve the public interest in promoting competition among interexchange telecommunications carriers by enhancing the respective abilities of UniDial and Metracom to compete in the Florida telecommunications market. UniDial and Metracom expect that the complementary managerial skills, background, and experience of the Parties will result in a company better equipped to manage their operations more efficiently, thereby enhancing the Parties' operational flexibility and efficiency as well as their financial viability. The proposed transaction therefore ensures that the Parties can continue to provide high quality and innovative services to Metracom's existing and prospective Florida customers. The proposed transaction will therefore benefit the public interest by ensuring the continued provision of high quality and innovative telecommunications services to Metracom's existing customers and should promote competition in the Florida telecommunications service market.

^{2/} Similarly, UniDial Communications will continue to provide services to Florida customers under its existing service agreements and pursuant to its own grant of certification and tariff.

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Conclusion

For the reasons set forth above, the Parties Applicants submit that UniDial's acquisition of Metracom serves the public interest and therefore respectfully request Commission approval of the transaction described above. The Parties also respectfully request expedited treatment to allow the Parties to close the transaction as soon as possible.

Please do not hesitate to contact the undersigned with any questions or comments regarding this transaction.

Respectfully submitted,



Nancy K. Spooner
Edward S. Quill, Jr.

Counsel for UniDial Holdings, Inc. and
Metracom Corporation

Attachment

cc: Jack Roth (UniDial)
Heather Bogaty (Metracom)

EXHIBIT A

Illustrative Chart of Proposed Transaction

UniDial Holdings, Inc.'s Proposed Acquisition of Metracom Corporation

