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BERLIN
CHARTERED

May 22, 1998

VIA OVERNIGHT DELIVERY

John C. Crary, Secretary
New York Public Service Commission
Agency Building 3
Three Empire State Plaza
Albany, NY 12223-1350

Re: Joint Petition of UniDial Holdings, Inc. to Acquire Metracom Corporation

Dear Mr. Crary:

On behalf of UniDial Holdings, Inc. and Metracom Corporation (collectively "Petitioners"), enclosed for filing with the Commission are an original and nine (9) copies of the above-referenced petition, seeking Commission approval for UniDial Holdings, Inc. to acquire Metracom Corporation.

Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, stamped envelope. Should you have any questions, please do not hesitate to contact us.

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Respectfully submitted,

Nancy Killien Spooner

Nancy K. Spooner
Edward S. Quill, Jr.

Counsel for UniDial Holdings, Inc. and
Metracom Corporation

Enclosures

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

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Petitioners respectfully request expedited treatment of this Petition to permit them to consummate the transaction as soon as possible.

Petitioners submit the following information in support of this Joint Petition:

I. THE PARTIES

A. UniDial Holdings, Inc. ("UniDial")

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 Incorporated), is authorized to operate as a reseller of all forms of telephone services in New York pursuant to a Certificate of Public Convenience and Necessity issued by this Commission on November 18, 1993 in Case No. 93-C-0818.^{1/} In addition to UniDial Communications' New York 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.

^{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 New York law, UniDial has sought, by separate filing, Commission approval to complete its proposed reorganization. That matter was approved by The UniDial reorganization consists primarily of the name change of UniDial Incorporated to UniDial Communications, Inc. and the creation of a newly formed holding company, UniDial Holdings, above UniDial Communications. The UniDial reorganization will enable the Company to attract additional financing, reduce its operating expenses and realize operational and management efficiencies and other corporate benefits that ultimately will accrue to the benefit of UniDial customers. the Commission on April 29, 1998 in Docket No. 98-C-0455.

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. Further information demonstrating UniDial's legal, technical, managerial, and financial qualifications to provide service, and a tariff containing its New York rates and charges, were submitted with UniDial Communications' application for certification filed with the Commission in Case No. 93-C-0818, are therefore already matters of public record, and are herein incorporated by reference.

B. Metracom Corporation ("Metracom")

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 resell all forms of telephone services in New York pursuant to a Certificate of Public Convenience and Necessity issued by this Commission on May 10, 1996 in Case No. 96-C-0176.^{2/} In addition to the services Metracom provides to New York 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 three other states.

Information demonstrating Metracom's legal, technical, managerial, and financial qualifications to provide service, and a tariff containing its New York rates and charges, were submitted with Metracom's application for certification filed with the Commission in Case No. 96-C-0176, are therefore already matters of public record, and are herein incorporated by reference.

^{2/} *Petition of Metracom, Inc. for a Certificate of Public Convenience and Necessity to resell all forms of telephone service in New York, Order, Docket No. 96-C-0176 (May 10, 1996).*

C. Designated Contacts

Inquiries or copies of any correspondence, orders, or other materials pertaining to this

Petition should be directed to:

Nancy K. Spooner, Esq.
Edward S. Quill, Esq.
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
202/424-7500 (Tel)
202/424-7645 (Fax)

with copies to:

Jack Roth
UniDial Holdings, Inc.
One Corporate Center
9931 Corporate Campus Drive
Louisville, KY 40223
(888) 398-3425 (Tel)
(502) 426-2257 (Fax)

and:

Heather Bogaty
Metracom Corporation
210 South Street, 9th Floor
Boston, MA 02111
(617) 912-8898 (Tel)
(617) 912-8844 (Fax)

II. REQUEST FOR AUTHORITY FOR UNIDIAL TO ACQUIRE METRACOM

UniDial and Metracom have determined that they can realize significant economic and marketing efficiencies by establishing Metracom as a direct, wholly owned subsidiary of UniDial. Accordingly, UniDial and Metracom executed an Agreement and Plan of Merger ("Agreement") through which Metracom will merge with and into a newly created UniDial acquisition subsidiary,

Metracom Acquisition, that will then change its name to Metracom Corporation.^{3/} Upon completion of the proposed transaction, Metracom will be a wholly owned subsidiary of UniDial. Attached as Exhibit B is a chart which illustrates the corporate structure of Petitioners prior to and immediately following the consummation of the 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 New York customers. Specifically, Metracom will continue to provide high quality, affordable resold service to its New York customers pursuant to its certificate and its tariff on file with the Commission.^{4/} 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.

III. PUBLIC INTEREST CONSIDERATIONS

UniDial's acquisition of Metracom serves the public interest in promoting competition among interexchange telecommunications carriers by providing UniDial and Metracom the opportunity to strengthen their respective positions in the competitive telecommunications

^{3/} Copies of the Metracom Acquisition Corp.'s articles of incorporation are included as Exhibit A.

^{4/} Similarly, UniDial Communications will continue to provide services to New York customers under its existing service agreements and pursuant to its own grant of certification and tariff.

marketplace. The Transaction invigorates competition by enabling UniDial and Metracom to pursue their respective marketing and business plans more effectively by combining the Petitioners' financial and technical resources. Moreover, the Transaction combines the complementary managerial skills, background, and experience of UniDial and Metracom in providing telecommunications services to the public. Petitioners believe that the business combination has resulted in a company better equipped to accelerate its growth as a competitive telecommunications service provider. In addition, the Transaction allows Petitioners to manage their telecommunications operations more efficiently, thereby enhancing Petitioners' operational flexibility and efficiency as well as their financial viability. The Transaction, therefore, ensures that Metracom can continue to provide high quality and innovative telecommunications services to Metracom's existing customers and furthers competition in the New York telecommunications service market. In sum, the proposed acquisition benefits the public interest by enhancing the ability of UniDial and Metracom to offer competitively priced services to New York customers in the New York interexchange marketplace.

IV. CONCLUSION

Petitioners submit that UniDial's acquisition of Metracom serves the public interest and therefore respectfully request Commission approval to transfer Metracom to UniDial.

Respectfully submitted,

UNIDIAL HOLDINGS, INC.
METRACOM CORPORATION

By:



Nancy K. Spooner, Esq.
Edward S. Quill, Jr., Esq.
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
202/424-7500 (Tel)
202/424-7645 (Fax)

COUNSEL FOR PETITIONERS

Dated: May 22, 1998

EXHIBITS

Metracom Acquisition Corp.'s Articles of Incorporation A

Illustrative Chart of Proposed Reorganization B

Verifications

EXHIBIT A

Metracom Acquisition Corp.'s Articles of Incorporation

CERTIFICATE OF INCORPORATION
OF
METRACOM AQUISITION CORP.

FIRST: The name of the Corporation is Metracom Aquisition Corp.

SECOND: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes that the Corporation shall have authority to issue is 1,000 shares, par value \$0.01 per share, to be issued as shares of Common Stock.

FIFTH: Except as otherwise required by law or expressly provided in this Certificate of Incorporation, each share of Common Stock shall entitle the holder thereof to one (1) vote of each matter submitted to a vote of the stockholders.

SIXTH: The stockholders shall have the pre-emptive right to purchase or subscribe to additional shares of unissued stock, or any additional shares of any class of unissued stock, or additional shares of any class to be issued by any increase of the authorized capital stock of the Corporation before such shares are offered to third parties, when and if the board of directors of the Corporation (the "Board of Directors") shall decide that any stock is for sale. In addition, the Corporation shall have the right of first refusal to purchase any shares of common stock offered by a stockholder for sale to a third party.

SEVENTH: The name and mailing address of the incorporator of the Corporation are as follows:

| <u>Name</u> | <u>Address</u> |
|-------------------|--|
| Melanie J. Bosman | 3000 K Street, N.W. Suite 300 Washington, D.C. 20007 |

EIGHTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter or repeal the By-Laws of the Corporation, subject to any specific limitation on such power provided by any By-Laws adopted by the stockholders.

NINTH: Elections of directors need not be by written ballot unless the By-Laws of the Corporation so provide.

TENTH: The Corporation is to have perpetual existence.

ELEVENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon the stockholders herein are granted subject to this reservation

TWELFTH: A. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. If the General Corporation Law of the State of Delaware is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended. Any repeal or modification of this Section A by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

B. Each person who was or is made a party or is threatened to be made a party to or is or was involved in any action, suit, or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section C of this Article Twelfth with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person

only if such proceeding (or part thereof) was authorized by the Board of Directors . The right to indemnification conferred in this Section B shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of any undertaking by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section B or otherwise.

C. If a claim under Section B of this Article Twelfth is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct that make it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or stockholder) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

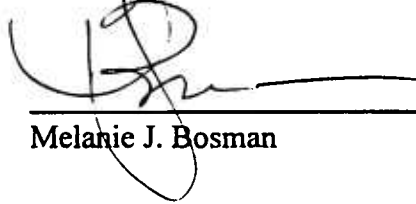
D. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article Twelfth shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

E. The Corporation may purchase and maintain insurance or furnish similar protection, including, but not limited to, providing a trust fund, letter of credit or self-insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expenses, liability or loss, whether or not the Corporation would have the power to indemnify such

person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

F. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any agent of the Corporation to the fullest extent of the provisions of this Article Twelfth with respect to the indemnification and advancement of expenses of directors, officers and employees of the Corporation.

THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, makes this Certificate, hereby declaring and certifying that the facts herein stated are true, and accordingly has hereunto set her hand and seal this 18th day of March, 1998.

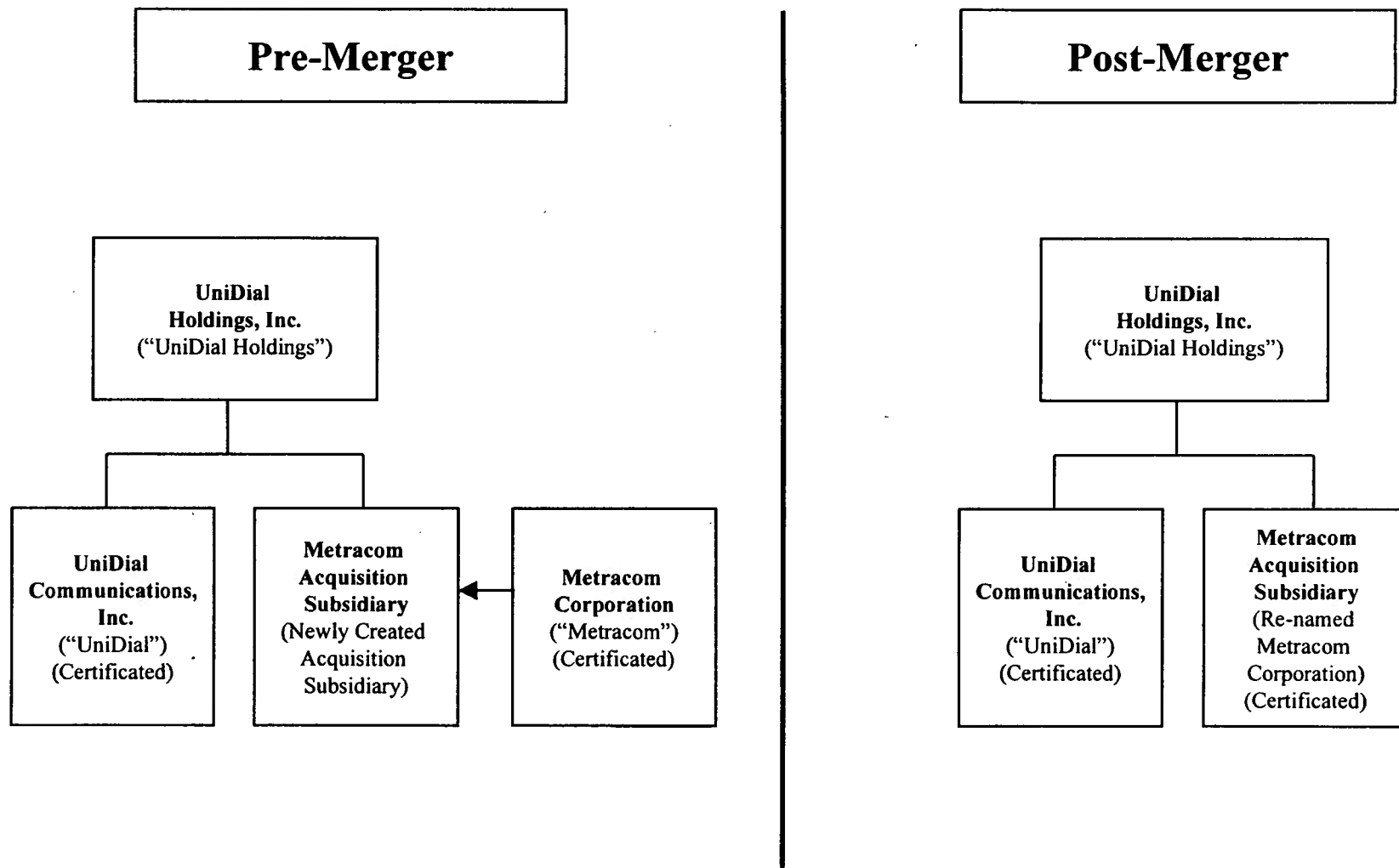


Melanie J. Bosman

EXHIBIT B

Illustrative Chart of Proposed Reorganization

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



Verifications

VERIFICATION

I, Jack Roth, hereby declare that I am Senior Vice President of Unidial Holdings, Inc.; that I am authorized to make this Verification on its behalf; that I have read the foregoing Petition and exhibits thereto. I declare that the same are true and correct to the best of my knowledge, information and belief.

By: _____



Unidial Holdings, Inc.

Subscribed and sworn to before me this 30th day of May, 1998.



Notary Public

My Commission expires: 6-5-2001

VERIFICATION

I, Kevin Estes, hereby declare that I am Treasurer and Vice President of Metracom Corporation; that I am authorized to make this Verification on its behalf; that I have read the foregoing Petition and exhibits thereto. I declare that the same are true and correct to the best of my knowledge, information and belief.

By: 

Metracom Corporation

Subscribed and sworn to before me this 19th day of May, 1998.


Notary Public

RENÉE J. SAWYER, Notary Public
My Commission Expires Oct. 26, 2001

My Commission expires: _____