

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF UNIDIAL INCORPORATED )  
FOR AUTHORITY TO ENTER INTO CERTAIN ) CASE NO. 94-243  
FINANCING TRANSACTIONS PURSUANT TO )  
KRS 278.300 )

O R D E R

This matter arising upon petition of UniDial Incorporated ("UniDial") filed June 21, 1994, pursuant to 807 KAR 5:001, Section 7, for confidential protection of the amount of 8% Senior Debentures authorized by UniDial pursuant to its payment agreement with WilTel, Inc., ("WilTel") the rates for switched service and dedicated access service used as a component of a formula for payment by Senior Debentures, and the equity interest in UniDial represented by each share of common stock WilTel may acquire on the grounds that disclosure of the information is likely to cause UniDial competitive injury, and it appearing to this Commission as follows:

In this proceeding UniDial has applied for approval for certain financing transactions with WilTel. As part of its application UniDial has filed the amount of 8% Senior Debentures authorized pursuant to its payment agreement, the rates for switched service and dedicated access service used as a component of the formula for payment by the Senior Debentures, and the equity interest in UniDial represented by each share of common stock which

WilTel may acquire under the payment agreement. UniDial, by this petition, seeks to protect that information as confidential.

The information sought to be protected is not known outside of UniDial and is not known by UniDial's employees except on a need-to-know basis. UniDial seeks to protect and preserve the confidentiality of the information through all appropriate means.

KRS 61.872(1) requires information filed with the Commission to be available for public inspection unless specifically exempted by statute. Exemptions from this requirement are provided in KRS 61.878(1). That section of the statute exempts 11 categories of information. One category exempted in subparagraph (c) of that section is commercial information confidentially disclosed to the Commission. To qualify for that exemption, it must be established that disclosure of the information is likely to cause substantial competitive harm to the party from whom the information was obtained. To satisfy this test, the party claiming confidentiality must demonstrate actual competition and a likelihood of substantial competitive injury if the information is disclosed. Competitive injury occurs when disclosure of the information gives competitors an unfair business advantage.

UniDial provides long-distance telephone service in competition with other long-distance carriers certificated to do business in this state and throughout the United States. The information sought to be protected would provide UniDial's competitors with information about UniDial's business affairs including information concerning its cost, financial structure,

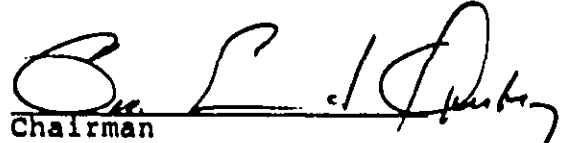
borrowing limits and funding calculations. Competitors could use this information to gain valuable pricing information that would enable them to structure their rates and market their services more effectively. The information would further assist competitors in determining the rates which UniDial must charge for its service in order to break even and would allow UniDial to undercut UniDial's rates in the marketplace. Therefore, disclosure of the information is likely to cause UniDial competitive injury and the information should be protected as confidential.

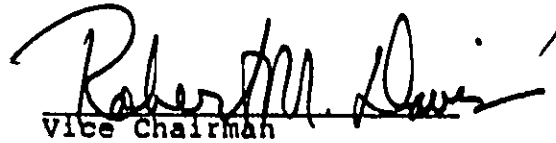
This Commission being otherwise sufficiently advised,

IT IS ORDERED that the amount of 8% Senior Debentures authorized by UniDial pursuant to its payment agreement with WilTel, the rates for switched service and dedicated access service used as a component of the formula for payment by Senior Debentures under the payment agreement, and the equity interest in UniDial represented by each share of common stock which WilTel may acquire under the payment agreement, which UniDial has petitioned to be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

Done at Frankfort, Kentucky, this 21st day of July, 1994.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director