

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

THE APPLICATION OF EQUITABLE GAS)
COMPANY FOR AN ORDER AUTHORIZING)
AN ISSUANCE AND SALE FROM TIME TO)
TIME OF 175,000 SHARES OF COMMON) CASE NO. 7898
STOCK FOR USE IN KEY EMPLOYEE)
RESTRICTED STOCK OPTION AND STOCK)
APPRECIATION RIGHTS INCENTIVE)
COMPENSATION PLAN)

O R D E R

On the 27th day of June, 1980, Equitable Gas Company filed its Application seeking authority to issue and sell from time to time not in excess of 175,000 shares of Common Stock for the Company's Restricted Stock Option and Stock Appreciation Rights Incentive Compensation Plan (hereinafter referred to as the "Plan"). Under the Plan, which was approved by Equitable's shareholders on May 30, 1980, a Compensation Committee comprised of three (3) members of Equitable Gas Company's Board of Directors will select key employees who are entitled to receive the option of purchasing Equitable's Common Stock at a price of not less than 75% or more than 100% of the closing price of the stock as reported by the Composite Transaction System on the date of the grant of the option. Nor can the price be less than the par value of the Common Stock.

The matter was set for hearing at the Commission's offices on the 2nd day of September, 1980, at which hearing there appeared no party of interest other than the Applicant.

The Commission, after consideration of the Application and being advised, is of the opinion and finds that the issuance and sale from time to time by Equitable Gas Company of its authorized shares of Common Stock is for a lawful object within the corporate purposes of the utility, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED, that Equitable Gas Company be and it hereby is authorized to issue and sell from time to time not in excess of 175,000 shares of Common Stock for the Company's Restricted Stock Option and Stock Appreciation Rights Incentive Compensation Plan.

IT IS FURTHER ORDERED, that Equitable Gas Company shall, as soon as reasonably possible, file with this Commission a statement setting forth the date that all requirements for issuance of the securities authorized herein have been met, the date or dates of issuance, the price per share, the number of shares the key employees are individually given the option of purchasing, the number of key employees exercising the option, a statement of all fees and expenses involved in this securities issue, and any amendments to the Registration Statement as filed with the Securities and Exchange Commission.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 17th day of September, 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary