

COMMONWEALTH OF KENTUCKY

BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

APPLICATION OF EQUITABLE)
GAS COMPANY FOR AN ORDER)
AUTHORIZING THE ISSUANCE) CASE NO. 8101
OF UP TO \$79,000,000 OF)
CONVERTIBLE SUBORDINATED)
DEBENTURES, DUE 2006)

O R D E R

On the 23rd day of December, 1980, Equitable Gas Company filed its duly verified application seeking authority to issue and sell up to \$79,000,000 of Convertible Subordinated Debentures, due 2006. The proceeds from the sale of such securities will be used by the Company to refund currently outstanding term loan notes and preferred stock and to finance the balance of the 1981, 1982 and a portion of the 1983 construction program. The terms of the offering will be negotiated at the pricing date.

The matter was set for hearing at the Commission's offices on the 8th day of January, 1981, at which hearing there appeared no party of interest other than the Applicant.

The Commission, after consideration of the application and record and being advised, is of the opinion and finds that the issuance and sale by Equitable Gas Company of up to \$79,000,000 of Convertible Subordinated Debentures, due 2006, 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 in a negotiated offering through underwriters up to \$79,000,000 of Convertible Subordinated Debentures, due 2006, provided that the interest rate results in the lowest possible cost of money to the Company.

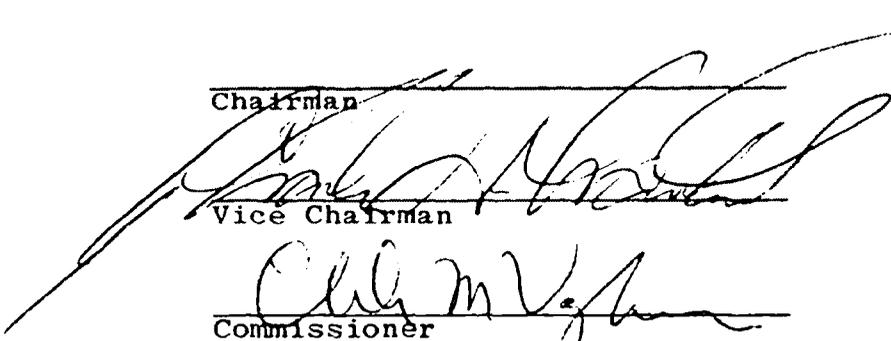
IT IS FURTHER ORDERED, that the proceeds from the sale of the Debentures authorized herein shall be used only for the lawful purposes as set out in the application and record.

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 debentures authorized herein have been met; the actual date(s) of the issuance of the debentures authorized herein; a statement of all fees and expenses involved in the debentures issued, including underwriting discounts; the annual cost of money to the Company; 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 9th day of January, 1981.

ENERGY REGULATORY COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary