

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EQUITABLE)
RESOURCES, INC. FOR AN ORDER)
AUTHORIZING THE ISSUANCE AND SALE)
OF UP TO 1,600,000 COMMON STOCK) CASE NO. 9884
WARRANTS AND UP TO 1,600,000)
SHARES OF COMMON STOCK ISSUABLE)
UPON EXERCISE OF THE COMMON)
STOCK WARRANTS)

O R D E R

On March 12, 1987, Equitable Resources, Inc., ("Equitable") filed an application seeking authority to issue and sell up to 1,600,000 common stock warrants and 1,600,000 shares of common stock. The common stock warrants will be sold in conjunction with \$75,000,000 of debentures whose sale has been previously approved by the Commission. However, at the time of this approval the interest rate was unknown and is still currently unknown to the Commission. Each common stock warrant will give its holder the right, for a period of 5 years from issuance, to buy one share of Equitable common stock at a price equal to approximately 140 percent of its current market value. If all of the common stock warrants are exercised, Equitable will sell to holders of the common stock warrants up to 1,600,000 share of common stock.

The Commission, after considering the application and being advised, is of the opinion and finds that the issuance and sale of up to 1,600,000 common stock warrants by Equitable, and the issuance and sale of up to 1,600,000 shares of common stock if the

common stock warrants are exercised are for lawful objects within the corporate purposes of Equitable, are necessary and appropriate for and consistent with the proper performance by Equitable of its service to the public and will not impair its ability to perform that service and are reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that:

1. Equitable be and it hereby is authorized to issue and sell up to 1,600,000 common stock warrants and up to 1,600,000 shares of common stock upon exercise of the common stock warrants.

2. Equitable shall file a Statement of Interest, outlining the terms and interest rates of the debentures.

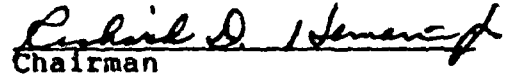
3. Equitable shall provide the Commission with a copy of the form of the Registration Statement on Form S-3 filed with the Securities and Exchange Commission, the warrant certificate proposed to be issued, as well as a copy of the actual statement of expenses incurred in the offering.

4. The proceeds from the securities authorized herein shall be used only for lawful purposes as set out in the application.

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 30th day of March, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director