

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF EQUITABLE GAS)
COMPANY FOR AN ORDER AUTHORIZING)
THE ISSUANCE OF \$50,000,000 of) CASE NO. 8260
9-1/2% CONVERTIBLE SUBORDINATED)
DEBENTURES, DUE 2001)

O R D E R

On June 15, 1981, Equitable Gas Company ("Equitable") filed its duly verified application seeking authority to issue up to \$50,000,000 of 9-1/2% Convertible Subordinated Debentures, Due 2001 ("New Debentures") to exchange for the \$50,000,000 of 9-1/2% Convertible Subordinated Debentures, Due 2006 ("Old Debentures") issued in Case No. 8101.

The exchange is being made pursuant to the provisions of the Indenture under which the Old Debentures were issued. The Indenture contains a provision permitting Equitable and the trustee, The Chase Manhattan Bank, N.A., with the consent of the holders of a majority in principal amount of the Old Debentures, to enter into a Supplemental Indenture so that Equitable can require holders of the Old Debentures to exchange the Old Debentures for an equal principal amount of new convertible subordinated debentures having terms and provisions identical in most respects to those of the Old Debentures. The exchange may take place at such time as Equitable shall specify within the six months following the execution and delivery of such Supplemental Indenture.

The Commission, after consideration of the application and being advised, is of the opinion and finds that the issuance by Equitable of up to \$50,000,000 of 9-1/2% Convertible Subordinated Debentures, Due 2001, 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 up to \$50,000,000 of Convertible Subordinated Debentures, Due 2001.

IT IS FURTHER ORDERED that the New Debentures authorized herein shall be used only for the 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 June, 1981.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary