

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EQUITABLE RESOURCES,)
INC. FOR AN ORDER AUTHORIZING THE)
INCURRENCE OF INDEBTEDNESS UNDER A) CASE NO. 95-035
\$500,000,000 CREDIT AGREEMENT)

O R D E R

On February 10, 1995, Equitable Gas Company ("Equitable"), a division of Equitable Resources, Inc. ("Equitable Resources"), filed an application seeking authority to enter, with one or more banks, a \$500,000,000 revolving credit agreement having a term not to exceed five years. Equitable is subject to the jurisdiction of the Commission. However, as a division of Equitable Resources, it does not have a separate capital structure, and the securities are to be issued by Equitable Resources subject to the approval of this Commission. On March 30, 1995, Equitable filed the credit agreement dated January 5, 1995 between Equitable Resources and a consortium of ten banks.

The credit agreement would be used primarily to provide credit support for Equitable Resources' commercial paper. Equitable Resources would also be able to borrow money, on a revolving basis, under the credit agreement up to the difference between \$500,000,000 and the amount of commercial paper outstanding at the time the credit agreement went into effect. As of December 31, 1994, Equitable Resources had \$256,000,000 in commercial paper outstanding. Any additional borrowings would be for general

corporate purposes including the refunding of maturing long-term debt.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and acceptance by Equitable Resources of a \$500,000,000 unsecured revolving credit agreement are for lawful objects within the corporate purposes of Equitable Resources' utility operations, are necessary and appropriate for and consistent with the proper performance of its service to the public, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Equitable Resources be and it hereby is authorized to enter, with a consortium of ten banks, a \$500,000,000 revolving credit agreement having a term not exceeding five years as set out in its application.

2. Equitable Resources shall agree only to such terms and prices that are consistent with the parameters set out in its application.

3. Equitable shall, within 30 days from the end of each calendar year, report the dates on which it withdrew funds under the agreement during the preceding calendar year and the amount, interest rate, use of the proceeds, and date of repayment of the funds withdrawn.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes 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 27th day of June, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director