

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EQUITABLE)	
RESOURCES, INC. FOR AN ORDER)	
AUTHORIZING THE ISSUANCE OF UP TO)	
\$130,000,000 OF DEBENTURES TO A)	CASE NO. 97-522
TRUST AND THE GUARANTEE OF UP TO)	
\$125,000,000 OF PREFERRED SECURITIES)	
ISSUED BY THE TRUST)	

O R D E R

On December 30, 1997, Equitable Gas Company ("Equitable"), a division of Equitable Resources, Inc. ("Equitable Resources"), filed an application seeking authority to issue indebtedness of up to \$130,000,000 in unsecured debentures to a trust and up to \$125,000,000 in unsecured preferred securities as a guarantee. 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.

Equitable Resources will issue \$130,000,000 of unsecured debentures to a business trust. The trust will purchase the debentures primarily with proceeds received from a public offering of up to \$125,000,000 of unsecured preferred securities. The terms of the issuances will be identical in virtually all respects. The proceeds will be used to fund Equitable Resources' 1998 capital expenditure program. The structure of the proposed transaction will provide tax benefits to Equitable Resources and help to preserve its debt rating. Equitable Resources does not propose to acquire, construct, install or improve any property in the Commonwealth of Kentucky.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Equitable Resources' issuance of up to \$130,000,000 of debentures to a trust and the guarantee of up to \$125,000,000 of preferred securities by the trust 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, will not impair its ability to perform that service, are reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

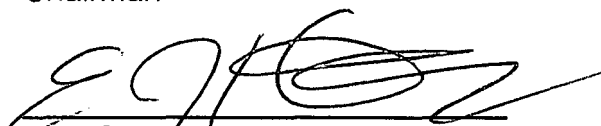
1. Equitable Resources is authorized to issue up to \$130,000,000 of debentures to a trust and the guarantee of up to \$125,000,000 of preferred securities to the trust as set out in its application.
2. Equitable Resources shall agree only to such terms and prices that are consistent with the parameters set out in its application.
3. Equitable shall, within 30 days after the issuance of any of the securities referred to herein, file with the Commission a statement setting forth the date or dates of the issuance, the price paid, the interest rate, term, purchasers, and all fees and expenses, including but not limited to underwriting discounts or commission or other compensation, the use of the proceeds, and a copy of the Registration Statement as filed with the Securities and Exchange Commission.
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

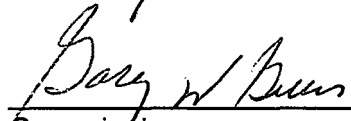
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 24th day of February, 1998.

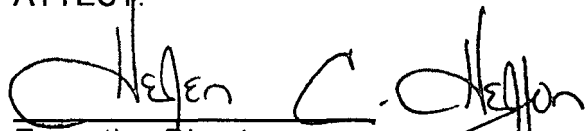
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director