

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EQUITABLE)	
RESOURCES, INC. FOR AN ORDER)	
AUTHORIZING THE ISSUANCE AND)	
SALE OF UP TO 330,000,000 SHARES)	CASE NO. 98-070
OF COMMON STOCK AND UP TO)	
500,000 SHARES OF PREFERRED)	
STOCK TO BE USED IN CONNECTION)	
WITH A SHAREHOLDER RIGHTS PLAN)	

O R D E R

On February 26, 1998, Equitable Resources, Inc. ("Equitable") filed an application, pursuant to KRS 278.300(1), for authority to issue additional shares of common and preferred stock to be used in connection with a shareholder rights plan that will be triggered by an unsolicited offer to acquire Equitable's stock. An informal conference was held at the Commission's offices on May 11, 1998 to discuss both the substance of the application as well as the status of Equitable as a provider of gas service pursuant to KRS 278.485, commonly known as the "farm tap" statute.

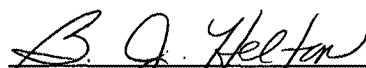
In response to the issues raised at the informal conference, Equitable filed on May 20, 1998 a letter, which the Commission will treat as an amended application, requesting the Commission to determine that either: 1) Equitable is not a utility under KRS 278.010(3), but is the operator of a farm tap gas system and is not subject to the jurisdiction of the Commission for approval of indebtedness under KRS 278.300; or 2) the Commission's jurisdiction under KRS 278.300 is limited to approving the issuance of securities for financing purposes only and does not include the issuance of securities to existing shareholders for the limited purpose of preventing a hostile corporate takeover.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that Equitable operates a gas system for an affiliate pipeline company which obtains its gas from intrastate production wells. The gas system provides service only to those customers whose property is located within one-half air mile of a producing gas well or gas gathering pipeline. Equitable does not hold itself out as being ready, willing, and able to provide gas service to the general public. Equitable performs for its pipeline affiliate only those functions which are statutorily required of a farm tap system under KRS 278.485. Therefore, Equitable is not a utility as defined by KRS 278.010(3), but is only the operator of a farm tap system and, thus, is not subject to the Commission's jurisdiction under KRS 278.300 for approval of the issuance of securities.

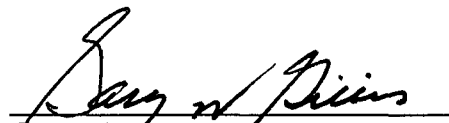
IT IS THEREFORE ORDERED that Equitable's application for approval of financing is dismissed for lack of jurisdiction as set forth in the findings herein.

Done at Frankfort, Kentucky, this 6th day of July, 1998.

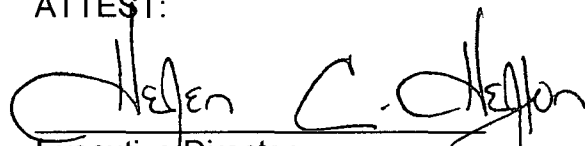
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director