

Edgar Filing: RGC RESOURCES INC - Form 8-K

RGC RESOURCES INC
Form 8-K
March 29, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): March 24, 2006

RGC RESOURCES, INC.
(Exact name of Registrant as specified in its charter)

| | | |
|--|--------------------------|-----------------------------------|
| Virginia | 000-26591 | 54-1909697 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| | | |
|--|-------------------|------------|
| 519 Kimball Ave., N.E. | Roanoke, Virginia | 24016 |
| (Address of principal executive offices) | | (Zip Code) |

Registrant's telephone number, including area code: 540-777-4427

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 240.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13c-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On March 24, 2006, RGC Resources, Inc. (the "Company"), entered into a new Promissory Note in the original principal amount of \$1,000,000, and its subsidiaries, Roanoke Gas Company, Bluefield Gas Company and Diversified Energy Company, each entered into a new Promissory Note in the original principal amount of \$24,000,000, \$6,000,000 and \$3,000,000, respectively, with Wachovia Bank, National Association, for the purpose of providing working capital financing for each company's operations. These Promissory Notes, a copy of each of which is being filed as an exhibit hereto, renews, extends, increases and/or modifies the expiring notes and each has an expiration date of March 31, 2007. The Promissory Notes for RGC Resources, Inc. and Diversified energy Company retain the same borrowing levels and extend the expiration of the underlying note by another year. The Promissory Notes for Roanoke Gas Company and Bluefield Gas Company represent increased principal amounts over the prior notes. The current line-of-credit arrangement with Wachovia Bank maintains the previous variable interest rates based upon 30-day LIBOR and a multiple-tier level for borrowing limits to accommodate seasonal borrowing demands. The multiple-tier approach minimizes the Company's borrowing costs by improving the level of utilization on its line-of-credit arrangement and providing greater credit availability as borrowing requirements increase.

In addition and in connection with the Promissory Notes for Roanoke Gas Company and Bluefield Gas Company, RGC Resources, Inc. executed separate Unconditional Guaranties in favor of Wachovia Bank, National Association unconditionally guaranteeing timely payment and performance of any obligations of Roanoke Gas Company and Bluefield Gas Company to Wachovia.

Total available limits under the new notes are as follows:

| Beginning | Available Line of Credit |
|--------------------|-----------------------------|
| March 24, 2006 | \$ 34,000,000 |
| April 1, 2006 | 14,000,000 |
| July 16, 2006 | 19,000,000 |
| September 16, 2006 | 29,000,000 |
| November 16, 2006 | 34,000,000 |
| February 16, 2006 | 27,000,000 |

ITEM 9.01. FINANCIAL STATEMENT AND EXHIBITS.

10.1 Promissory Note in the original principal amount of \$1,000,000 by RGC Resources, Inc. in favor of Wachovia Bank, National Association dated March 24,

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2006.

- 10.2 Promissory Note in the original principal amount of \$24,000,000 by Roanoke Gas Company in favor of Wachovia Bank, National Association dated March 24, 2006.
- 10.3 Promissory Note in the original principal amount of \$6,000,000 by Bluefield Gas Company in favor of Wachovia Bank, National Association dated March 24, 2006.
- 10.4 Promissory Note in the original principal amount of \$3,000,000 by Diversified Energy Company in favor of Wachovia Bank, National Association dated March 24, 2006.
- 10.5 Unconditional Guaranty by and between RGC Resources, Inc. and Wachovia Bank, National Association, dated March 24, 2006 for the benefit of Roanoke Gas Company.
- 10.6 Unconditional Guaranty by and between RGC Resources, Inc. and Wachovia Bank, National Association, dated March 24, 2006 for the benefit of Bluefield Gas Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RGC RESOURCES, INC.

Date: March 29, 2006

By: s/Howard T. Lyon

Howard T. Lyon
Vice-President, Treasurer and Controller
(Principal Financial Officer)