

RGC RESOURCES INC
Form 8-K
April 01, 2008

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 28, 2008

RGC RESOURCES, INC.

(Exact name of Registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

000-26591
(Commission File Number)

54-1909697
(IRS Employer
Identification No.)

519 Kimball Ave., N.E. Roanoke, Virginia
(Address of principal executive offices)

24016
(Zip Code)

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

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(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))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On March 28, 2008, RGC Resources, Inc. (Resources), entered into a Modification Number Two to Promissory Note with Wachovia Bank, National Association (Wachovia), with respect to a Promissory Note dated March 24, 2006, in the original principal amount of \$1,000,000 delivered by Resources to Wachovia. This Modification extends the expiration of the underlying Note by another year to March 31, 2009, and otherwise retains the same borrowing level and terms. This Modification has an effective date of April 1, 2008.

Also on March 28, 2008, Roanoke Gas Company, Resources utility subsidiary (Roanoke), entered into a new Promissory Note in the original principal amount of \$15,000,000 in favor of Wachovia. This Note renews, extends and modifies a Promissory Note dated March 20, 2007, in the original principal amount of \$20,000,000 delivered by Roanoke in favor of Wachovia. The new Note decreases the principal amount of the existing Note and extends the expiration date to March 31, 2009. The new Note has an effective date of April 1, 2008.

Resources remains a party to an Unconditional Guaranty dated March 24, 2006, in favor of Wachovia by which Resources unconditionally guarantees timely payment and performance of any obligations of Roanoke to Wachovia.

The purpose of these Notes is to provide working capital financing for each company s operations. These current Notes with Wachovia maintain 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. The Notes provide for the following tiered aggregate borrowing limits:

| Beginning | Available Line of Credit |
|--------------------|-------------------------------------|
| April 1, 2008 | 3,000,000 |
| July 16, 2008 | 6,000,000 |
| September 16, 2008 | 11,000,000 |
| November 16, 2008 | 16,000,000 |
| February 16, 2008 | 11,000,000 |

ITEM 9.01. FINANCIAL STATEMENT AND EXHIBITS.

(d) Exhibits.

10.1 Modification Number Two to Promissory Note in the original principal amount of \$1,000,000 by RGC Resources, Inc. in favor of Wachovia Bank, National Association dated March 28, 2008.

10.2 Promissory Note in the original principal amount of \$15,000,000 by Roanoke Gas Company in favor of Wachovia Bank, National Association dated March 28, 2008.

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: April 1, 2008

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