

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BEREА COLLEGE)	
ELECTRIC UTILITY AND BEREА COLLEGE)	
WATER UTILITY FOR AN ORDER)	
AUTHORIZING THE ISSUANCE AND SALE)	CASE NO. 92-125
OF BEREА COLLEGE COLLATERALIZED)	
GENERAL OBLIGATION BONDS IN THE)	
PRINCIPAL AMOUNT OF \$6,000,000 DUE)	
ON JUNE 1, 1992)	

O R D E R

On March 25, 1992, Berea College Electric Utility and Berea College Water Utility ("Berea College Utility") filed its application seeking authority to issue and sell \$6,000,000 of its Collateralized General Obligation Bonds. Berea College Utility's Collateralized General Obligation Bonds will carry an expected interest rate of 7 to 7.5 percent per annum, which is dependent on market conditions at the time the bonds are sold.

The proceeds will be used to refund \$2,500,000 of outstanding 8.5 percent Berea College General Obligation Bonds, Series 1987 ("1987 Series Obligation Bonds") due and payable June 1, 1992; and to redeem on June 1, 1992, \$3,500,000 of the 1987 Series Obligation Bonds bearing an interest rate of 9 percent due and payable on June 1, 1997, at a redemption price of 102 percent of the principal amount redeemed.

Berea College proposed to pledge as collateral U.S. Government Securities or obligations guaranteed by federal agencies in an amount equal to 200 percent of the outstanding

principal indebtedness evidenced by the bonds. The Collateralized General Obligation Bonds will be rated "Aaa" by Moody's and will be sold at par value.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed issuance and sale by Berea College Utility of \$6,000,000 of its Collateralized General Obligation Bonds is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public, and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Berea College Utility be and it hereby is authorized to issue and sell \$6,000,000 of its Collateralized General Obligation Bonds at an expected interest rate of 7 to 7.5 percent per annum.

2. Berea College Utility shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

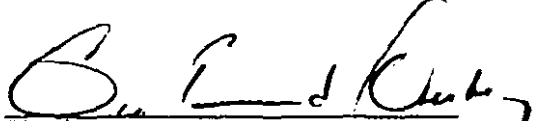
3. Berea College Utility shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

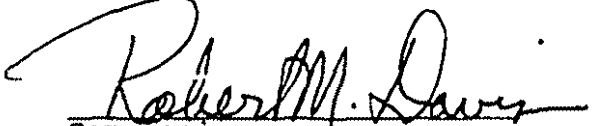
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 26th day of May, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director , Acting