

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BEREA COLLEGE WATER UTILITY)	
FOR AN ORDER AUTHORIZING THE REFUNDING)	
OF ITS GENERAL OBLIGATION BONDS SERIES)	CASE NO.
OF 1988 IN THE AMOUNT OF \$3,875,000 AS OF)	98-223
JULY 1, 1998)	

ORDER

On April 28, 1998, the Berea College Water Utility ("Berea") submitted its application for authority to issue certain securities, as required by KRS 278.300, in the principal sum not to exceed \$3,875,000 for the purpose of refunding certain outstanding water system revenue bonds which bear interest at rates ranging from 7.2 to 8.0 percent per annum. The bond proceeds will be used to refinance Berea's General Obligation Bonds Series of 1988 ("1988 Series"). Berea estimates the refunding will result in total gross savings of \$591,525. The Series 1998 Bonds mature in various annual amounts from 1999 through 2008 and will bear interest anticipated to be between 4.1 percent and 4.875 percent. Berea stated the issuance of the securities will not impair its ability to perform its services and is reasonably necessary and appropriate for the stated purpose.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Berea's proposal to issue these bonds for purposes of refinancing its outstanding bonds is for a lawful object within Berea's corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and should therefore be approved.

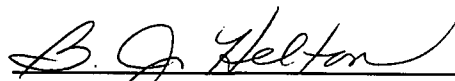
IT IS THEREFORE ORDERED that:

1. Berea is authorized to issue bonds for an approximate principal amount not to exceed \$3,875,000, at an interest rate between 4.1 percent 4.875 percent per annum.
2. Berea shall issue its proposed Series 1998 Bonds only on such terms that will result in a positive net present value savings and which are consistent with its application.
3. Berea shall, within 30 days after issuance of the securities, advise the Commission in writing of the date or dates of the securities, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commissions, or other compensation involved in the issuance and distribution.
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes specified in Berea's 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 29th day of June, 1998.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director