

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BEREА COLLEGE ELECTRIC)	
UTILITY AND BEREА COLLEGE WATER UTILITY)	
FOR AN ORDER AUTHORIZING THE ISSUANCE)	CASE NO. 97-203
AND SALE OF BEREА COLLEGE GENERAL)	
OBLIGATION BONDS IN THE PRINCIPAL AMOUNT)	
OF \$7,000,000 DUE ON OR BEFORE JUNE 1, 2017)	

O R D E R

On May 14, 1997, Berea College Electric Utility and Berea College Water Utility ("Berea College Electric and Water") filed an application requesting authority to issue certain securities in the approximate principal sum of \$7,000,000 for the purpose of refunding outstanding water system revenue bonds, specifically Series 1992 Bonds. The Series 1992 Bonds carry an outstanding balance of \$6,000,000 and bear interest at the rate of 7.25 percent per annum. Berea College Electric and Water estimates this refunding will result in annual gross savings of approximately \$81,000. The balance of \$1,000,000 of Series 1997 Bonds will be used to retire existing debt owed to Berea College for capital improvements and working capital. After reviewing the water utility's submission, the Commission finds the water utility's assumptions are reasonable and its calculation of savings accurate.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Berea College Electric and Water's proposal to issue \$7,000,000 of Series 1997 Bonds is for a lawful object within Berea College Electric and Water's corporate purposes, is necessary, appropriate for and consistent with the proper

performance of its service to the public, will not impair Berea College Electric and Water's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Berea College Electric and Water is authorized to issue \$7,000,000 of Series 1997 Bonds, at an interest rate between 5.75 percent and 6.00 percent per annum.

2. Berea College Electric and Water shall issue its proposed Series 1997 Bonds only on such terms that will result in a positive net present value savings and which are consistent with its application.

3. Berea College Electric and Water shall, within 30 days after issuance of the securities, advise the Commission in writing of the date or dates of issuance of the securities, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts, commissions, and any other compensation involved in the securities' issuance and distribution.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes specified in Berea College Electric and Water'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 May, 1997.

PUBLIC SERVICE COMMISSION

Lynda K. Breathitt
Chairman

Edwin J. Blevins
Vice Chairman

B. J. Helton
Commissioner

ATTEST:

Don Mills
Executive Director