

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Middle Fork Water)	
Company for an Order Initiating an Investigation)	
to Ascertain the Value of the Company's Property)	Case No. WO-2007-0266
Devoted to the Public Service)	

**RESPONSE OF MIDDLE FORK WATER COMPANY
TO ORDER DIRECTING FILING**

Middle Fork Water Company ("Middle Fork" or "Company"), by and through the undersigned counsel, hereby responds to the "Order Directing Filing" that was issued by the Missouri Public Service Commission ("Commission") on February 26, 2007.

1. On January 12, 2007, Middle Fork filed an application requesting that the Commission institute an investigation to ascertain or determine three issues: 1) the value of the Company's current investment in plant devoted to the public service; 2) the standards and principles that will govern the valuation of future investments that Middle Fork may make in plant betterments, improvements, additions, or extensions; and 3) how the Commission will characterize and treat these future investments for ratemaking purposes.

2. On January 19, 2007, the Commission Staff ("Staff") and the Office of the Public Counsel ("OPC") each filed a responsive pleading wherein they each stated that issue 1, above, states a claim upon which relief can be granted under Section 393.230, RSMo. However, both Staff and OPC argued that issues 2 and 3, above, do not state claims upon which the Commission can or should grant relief at this time.

3. In its February 26th order, the Commission directed Middle Fork to file an appropriate pleading stating whether, should the Commission dismiss issues 2 and 3 because they fail to state a claim, the Company intends to prosecute the remaining claim. The Company's answer to that question is as follows: Middle Fork desires and intends to prosecute issue 1 regardless of whether the Commission dismisses issues 2

and/or 3. All parties to this proceeding agree that issue 1 states a claim upon which relief can be granted under Section 393.230, RSMo, and Middle Fork believes it is important for the Commission to consider and resolve the issue of the value of the Company's plant that is devoted to the public service because of questions that remain regarding that valuation as a result of the settlement that was reached in the Company's last rate case.

Respectfully submitted,

/s/

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ATTORNEYS FOR MIDDLE FORK WATER
COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail on March 8, 2007, to:

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