

**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	)	Case No. WO-2007-0266
Ascertain the Value of the Company's	)	
Property Devoted to the Public Service	)	

**OFFICE OF THE PUBLIC COUNSEL'S RESPONSE TO
STAFF'S RESPONSE TO ORDER DIRECTING FILING**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Response to Staff's Response to Order Directing Filing, states as follows:

1. On January 19, 2007, the Missouri Public Service Commission (Commission) issued an order directing Public Counsel to respond within 10 days to the Staff of Missouri Public Service Commission's (Staff) pleading analyzing Middle Fork Water Company's (Middle Fork) application and setting forth Staff's legal position as to whether the Application states a claim on which relief may be granted by the Commission.

2. Public Counsel agrees with Staff's determination that the Commission has the authority to make a determination of the value of Middle Fork's current investment in plant devoted to the public service, and therefore this request does state a claim on which relief may be granted.

3. Public Counsel agrees with Staff that Middle Fork's request that the Commission make determinations regarding the standards and principals which will govern the valuation of future investments made by Middle Fork as well as how these future investments will be characterized and treated by the Commission for ratemaking purposes do not state a claim on which relief may be granted by the Commission.

4. Public Counsel also agrees with Staff's statement that the Disposition Agreement in Case No. WR-2006-0212 was not a "black box" agreement as Middle Fork stated in its Application in this case. The Disposition Agreement was based on an audit of the Company's books and records, an inspection of the Company's facilities and a review of the Company's operation of its facilities and customer service practices and procedures. Staff's determination of rate base, which consisted of plant and contribution-in-aid-of-construction, was based upon this audit and Staff's supporting workpapers were filed in Case No. WR-2006-0212. Public Counsel reviewed and relied upon Staff's audit for its determination to sign the Disposition Agreement.

WHEREFORE, Public Counsel respectfully submits its Response to Staff's Response to Order Directing Filing.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 9th day of February 2007:

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