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 Devoted to the Public Service	))))	**Case No. WO-2007-0266**

ORDER DIRECTING FILING

Issue Date: January 2, 2008 Effective Date: January 2, 2008

On January 12, 2007,[1] Middle Fork Water Company ("Middle Fork") filed an application requesting that the Missouri Public Service Commission commence an investigation into three issues specified therein. On March 20, the Commission issued an order dismissing two of the three issues raised by Middle Fork for failure to state a claim upon which relief could be granted by the Commission. No party filed a request for reconsideration of that order, and it went into effect on March 30.

By order dated August 22, the Commission directed the parties to file a pleading updating the Commission on the status of the remaining portion of the case, which involved ascertaining the value of Middle Fork's current investment in plant devoted to the public service, on or before September 6. On September 7, the parties filed such a pleading, in which they informed the Commission that although some relevant information had been gathered and work had begun, Staff needed additional time and to visit Middle Fork's offices before it could attempt to ascertain that value. The parties further indicated that Staff would, by no later than September 21, either: (1) complete its determination of the

[1] Unless otherwise specified, all dates refer to the year 2007.

value of Middle Fork's plant in service and submit another pleading regarding that determination; or (2) file a status report stating when it would file such a pleading.

On September 21, Staff filed a Status Report in which Staff stated that it needed another 60 days to complete its work in determining the value of Middle Fork's current investment in plant devoted to the public service. Therefore, Staff requested that it be permitted to submit its pleading regarding that issue by no later than November 20. The Commission granted that request by order dated September 25. In particular, the Commission stated:

> On or before November 20, 2007, Staff shall file an appropriate pleading regarding the results of its investigation into the proper amortization of Middle Fork Water Company's Contributions In Aid of Construction, its determination of the corresponding CIAC balance, and the value of Middle Fork's current investment in plant devoted to the public service.

On November 20, Staff filed its recommendation, which included three documents as attachments, including Staff's Recommendation Memo (Attachment A), Rate Base Analysis (Attachment B); and Calculation of CIAC (Attachment C). In the same pleading, Staff requested that the Commission issue an order "accepting Staff's Findings as stated in Attachment A . . . as the proper investment in plant for Middle Fork Water Company" as of September 30, 2007.

Nine days later, Middle Fork filed its "Request for Order Directing Staff to State and Explain the Factual and Legal Bases for Its Recommendation." In this pleading, Middle Fork sought a Commission order "requiring Staff to clearly and completely state and explain, in writing, the factual and legal bases for the allegation stated in its Staff Recommendation that the majority – or, indeed, any – of the Company's investment in Plant in Service qualifies and properly should be categorized as a Contribution in Aid of

Construction." Middle Fork explained that it needs this information because it intends to challenge Staff's conclusion that approximately 85% of Middle Fork's net Plant in Service should be categorized as a Contribution In Aid of Construction, and cannot properly do so "because nowhere in its filing does Staff explain the factual or legal bases" for that conclusion. The Commission granted Middle Fork's request by order dated December 12, and on December 21, Staff filed its "Explanation of the Factual and Legal Bases for Its Recommendation That Plant In Service be Classified as Contributions In Aid of Construction."

On December 28, Middle Fork filed a pleading requesting that it be "given the opportunity to respond, in writing, to Staff's recommendations and to the factual and legal arguments offered in support" thereof, and asked that it be allowed until January 11, 2008 to do so. As Staff has no objection to the company's request and this information will aid the Commission in ascertaining the value of Middle Fork's current investment in plant devoted to the public service, Middle Fork's "Request for an Opportunity to Respond to Staff's Recommendation and Explanation" shall be granted.

IT IS ORDERED THAT:

1. Middle Fork Water Company's "Request for an Opportunity to Respond to Staff's Recommendation and Explanation," which was filed on December 28, 2007, is granted. Middle Fork shall, by no later than January 11, 2008, file a pleading which addresses Staff's pleadings of November 20, 2007 and December 21, 2007 and clearly and completely sets forth the factual and legal bases for its position that none of Middle Fork's net Plant in Service can or should properly be categorized as Contributions In Aid of Construction.

2. This order shall become effective on January 2, 2008.

BY THE COMMISSION

Colleen M. Dale
Secretary

(S E A L)

Benjamin H. Lane, Regulatory
Law Judge, by delegation of authority
Under Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 2nd day of January, 2008.