

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)

ORDER DIRECTING FILING

Issue Date: January 19, 2007

Effective Date: January 19, 2007

On January 12, 2007, Middle Fork Water Company ("Middle Fork") filed an application requesting that the Missouri Public Service Commission "institute an investigation to ascertain: 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 the Company may make in plant betterments, improvements, additions, or extensions; and 3) how these investments will be characterized and treated by the Commission for ratemaking purposes."

Middle Fork's application explains that none of these determinations were made in conjunction with its last general rate case, Case No. WR-2006-0212, because "the parties to that case reached a 'black box' settlement that allowed [Middle Fork] the full amount of the rate increase it sought" but did not specify "any particular ratemaking principle in arriving at the amount of the annual operating revenue specified" therein. For this reason, and because Middle Fork now "needs to make additional investments in its plant and facilities" in order to "maintain and improve service to existing customers" and "effectively

participate in planning processes” currently being conducted by the Missouri Department of Natural Resources, Middle Fork avers that it “requires some assurance that these future investments, as well as investments made in the past, will be properly valued and categorized for ratemaking purposes.” Middle Fork cites Section 393.230, RSMo 2000, as the statutory basis for filing its application and requesting that the Commission make the three specific determinations contained therein.

Before proceeding any further, the Commission would like to hear from its Staff concerning the threshold issue of whether the facts and circumstances pled by Middle Fork in its application invoke substantive principles of law entitling Middle Fork to some or all of the relief it has requested – in other words, whether the application states a claim upon which relief may be granted by the Commission.

IT IS ORDERED THAT:

1. The Staff of the Commission shall, by no later than February 2, 2007, file an appropriate pleading analyzing Middle Fork Water Company’s application and setting forth Staff’s legal position as to whether or not the application states a claim upon which relief may be granted by the Commission.
2. If the Office of the Public Counsel or Middle Fork Water Company wish to file a response to Staff’s pleading, they shall do so within ten days after it is filed.

3. This order shall become effective on January 19, 2007.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

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 19th day of January, 2007.