

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

In the Matter of Liberty Utilities (Missouri )                      File No.      WR-2018-0170  
Water) LLC's Application for a Rate Increase.                      )                      SR-2018-0171

**SILVERLEAF RESORTS, INC. AND ORANGE LAKE COUNTRY CLUB, INC.'S  
RESPONSE TO THE NON-UNANIMOUS STIPULATION AND AGREEMENT**

Comes now, Silverleaf Resorts, Inc. and Orange Lake Country Club, Inc. (herein "Silverleaf"), by and through undersigned counsel, and files this response to the Non-Unanimous Stipulation and Agreement filed by Staff on August 3, 2018. For its cause, Silverleaf provides the following:

1.        On August 3, 2018, Liberty Utilities (Missouri Water) LLC ("Liberty Utilities") and the Public Service Commission Staff ("Staff") inscribed their approval of a Non-unanimous Stipulation and Agreement regarding Liberty Utilities requested rate increase. The Stipulation agrees to, among other things, a return on equity ("ROE") of 9.75% and uses that number to calculate Liberty Utilities revenue requirements for the various water and sewer utilities.
2.        Silverleaf does not support the recommended return on equity of 9.75%. Silverleaf supports a return on equity of between 8% - 9%. See Surrebuttal, Stannard, P. 4, ll 18-20, Refiled Rebuttal, Stannard, P. 9-10, ll. 17-3. Silverleaf recommends this ROE with a capital structure of 42.83% equity and 57.17% debt. Refiled Rebuttal, Stannard, P. 8, ll. 15-16.
3.        Silverleaf also cannot support the Non-Unanimous Stipulation and Agreement because it fails to include a corresponding capital structure. It is impossible to understand the effect or meaning of a return on equity without a corresponding capital structure. For instance, if the Commission awarded a 9.5% ROE with a capital structure of 40% equity and 60% debt the policy rational and financial effect on the utility's revenue requirement would be substantial different that a 9.5% ROE on a

capital structure of 55% equity and 45% debt. An ROE without a capital structure is only one half of the equation.

For this reason, Silverleaf Resorts, Inc. and Orange Lake Country Club, Inc. does not support the Non-Unanimous Agreement filed on August 3, 2018.

Respectfully Submitted,

STINSON LEONARD STREET LLP

/s/Joshua Harden

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**Certificate of Service**

I hereby certify that a true and correct copy of the foregoing was served electronically on this 13th day of August, 2018, with notice of the same being sent to all counsel of record.

/s/ Joshua Harden