

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

In the Matter of the Joint Application of)	
Silverleaf Resorts, Inc. and Algonquin Water)	
Resources of Missouri, LLC for Authority)	
for Silverleaf Resorts, Inc. to Sell Certain)	Case No. WO-2005-0206
Assets to Algonquin Water Resources of)	SO-2005-0207
Missouri, LLC and, in Connection Therewith,)	
Certain Other Related Transactions.)	

RESPONSE TO STAFF RECOMMENDATION

COME NOW Silverleaf Resorts, Inc. (Silverleaf) and Algonquin Water Resources of Missouri, LLC (Algonquin) (collectively, Applicants), and, in response to the Missouri Public Service Commission (Commission) Staff's Recommendation, state as follows:

1. On March 28, 2005, the Commission Staff filed its Staff Recommendation in this matter. That Recommendation suggested that "the Commission issue an Order that : 1) establishes a date for a settlement conference in this case; 2) directs the parties to participate in the settlement conference for the purpose of resolving as many of the acquisition premium issues identified by the Staff as is possible; and, 3) directs the parties to advise the Commission, within 10 days after the conclusion of the settlement conference, whether an evidentiary hearing will be needed."

2. Applicants hereby inform the Commission that they:

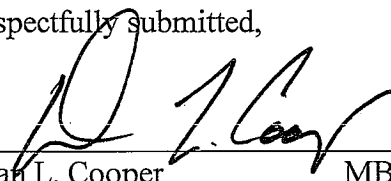
- a) Do not object to the setting of a settlement conference. Applicants have asked the Staff for possible dates and desire that this conference take place as soon as possible, preferably the week of April 11, 2005;
- b) Agree to participate in a settlement conference to the extent it furthers the objective of resolving this case in an expeditious manner; and,
- c) Recommend that the Commission direct the parties to file a proposed procedural schedule within seven days after the settlement conference, if the parties believe that

an evidentiary hearing will be necessary.

3. Additionally, in order to preserve their objections, Applicants state that they do not agree with Staff's conclusions as to the relevance of *State ex rel. Ag Processing, Inc. v. Public Service Commission*, 120 S.W.3d 732 (Mo. banc 2003) to this case and do not agree with the Staff's Findings and Conclusions as to its "Acquisition Premium Issues," to include "Recovery of Acquisition Premiums," "Purchased Price vs. Recorded Net Book Value of Assets," "Contributed Plant," "Construction Cost Overruns," "Plant-In-Service and Depreciation Reserves," and "Summary of the Staff's Calculated Rate Base and Related Acquisition Premium." Additionally, the Applicants do not agree with the Staff's Findings and Conclusions as to its issue identified as "Ratemaking Issue Identified by the Staff."

WHEREFORE, Silverleaf and Algonquin respectfully request the Commission consider this response.

Respectfully submitted,



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ATTORNEYS FOR SILVERLEAF RESORTS, INC.
AND ALGONQUIN WATER RESOURCES OF
MISSOURI, LLC

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by U.S. Mail, postage prepaid, or electronic mail, on April 7, 2005, to the following:

Mr. Cliff Snodgrass
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Jefferson City, Mo 65101

Ms. Ruth O'Neill
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