

MEMO

To: The Utah Public Service Commission

From: Legacy Sweetwater Inc.

Date: April 10, 2026

Subject: **Docket No. 25-2280-03**, Response to the Division of Public Utilities (DPU)
Requesting additional information.

The following explanations, sorted by the DPU's Reference ID, is provided below.

Reference ID.	Explanation
R746-700-50	Legacy's previous Annual Reports, completed before 2025, used expenses deemed accurate at the time. During the rate case review, Legacy discovered that some expenses were overstated. Following a meeting with the Division and the Attorney General's office, Legacy was instructed to ensure the 2025 filing correctly matches the amounts in the rate case Income Statement. Legacy will meet the filing deadline.
R746-700-50.A.4	<p>The DPU requested the latest information from the Division of Drinking Water (DW) showing how many connections DW has designated for the water service area. DW stated in its email dated April 9, 2026, Exhibit A; based on the current storage, source water, flow rate, and gallons produced per minute, the water system can support up to 126 connections.</p> <p>DW indicated in its email that:</p> <p><i>If additional wells or springs are developed to provide a higher source capacity, the maximum number of connections can be increased. It is acceptable for a public water system to grow incrementally and add source and storage as needed.</i></p> <p>Legacy is unlikely to need water for all 242 lots, as many owners have more than one lot and will only require a single connection. Given this and a projected slow rate of development, it is not anticipated Legacy will reach 126 connections in the near future. Instead of raising</p>

production, storage, and operational costs preemptively, it makes sense for Legacy to do so only when it becomes necessary.

Legacy acknowledges it will need to file for a rate case before increasing production and request an impact fee, paid by new construction/connection requests only (connections 127-142). This ensures original owners, already connected, (connections 1-126) are not funding additional infrastructure needed to meet DW requirements.

Regarding future needs, DW stated in its email that:


It is my understanding that the build-out capacity for Legacy Mountain is 242 connections. Applying the minimum design standards from R309-510 to 242 connections calculates that Legacy Mountain Water System will need approximately 135 gpm of total source capacity and approximately 97,000 gallons of total storage capacity. That would require an additional 65 gpm of source and 37,000 gallons of storage.

Also please refer to Exhibit A-1 for DW's calculations.

Legacy currently has a dormant well that can be put into service with minimal effort as needed.

The increase in case rate is based on 242 connections, consisting of 63 active connections and 179 standbys, all supported by existing infrastructure. It is common for water utilities to expand its production and storage facilities as needed. With 126 DW-approved lots, Legacy still has 63 connections available before further infrastructure will be required. Acquiring the initial 63 connections has taken nearly 20 years and reaching double that number will likely take considerable time as well. The Commission may include in its Order any safeguards it finds necessary to ensure Legacy maintains sufficient source water and storage capacity.

Legacy notes that if the number of connections is restricted to 126, there will be 116 standby lots subject to standby

	<p>fees, without an established mechanism for payment. Additionally, monthly rates will increase for connected lots from \$345 to \$492, while standby lot rates will rise from \$104 to \$147.50.</p>
R746-700-50.A.6	<p>Legacy is a privately owned public utility. It is owned by iMoney Tools LLC.</p>
R746-700-50.B.6	<p>As requested, Exhibit 3 of the original filing is a map of the service area. The following link from The Division of Water rights has much of the information you are seeking. The picture below shows the water source. I cannot provide a detailed picture, but you can access it from the link: https://maps.waterrights.utah.gov/EsriMap/map.asp?layersToAdd=State&wuse=11156</p> <p>Additionally, Exhibit B shows details, as requested, of the current infrastructure.</p> 
R746-700-50.B.9	<p>Most of the improvements are contained in the loan bidding details. In summary, all the original developer's infrastructure, still needing replacing, is included in the loan amount. The original developer's infrastructure is buried too shallow, made of PVC, and lacks adequate pressure relief valves. Projected costs and loan information are outlined in Exhibit 16, between lines 108 and 136. Also, Exhibit 16, lines 89 through 98, describes certain completed repairs for which the owners do not request reimbursement. The \$800,000 obligation has been formally dissolved.</p>
R746-700-50.D.2	<p>Current versions of the General Ledger are available upon request. Previous ledgers do not pertain to the present revenues and expenditures in this context. The 2026 accounting will be conducted based on the current methodology and will be traceable to the relevant rate case numbers and the 2025 Annual Report.</p>
R746-700-50.D.5 R746-700-50.D.5.b	<p>Please see attached Exhibit C for a Pro-Forma Revenue and Expenses.</p>
R746-700-50.D.8.a	<p>Exhibit 11 shows the most complete and accurate data available.</p>

<p>R746-700-50.D.8.g R746-700-50.D.8.h</p>	<p>Exhibit 12 shows the most complete and accurate possible.</p> <p>The Annual Report and the Company's records show no contributed assets (CIAC). The water company provided the most accurate information available at the time. CIAC often causes confusion, even for accountants. To be conservative, I listed all unverifiable assets as CIAC. For more details, please refer to Mark's Testimony, lines 217-236. This also cites relevant PSC rule R746-330-6. Going forward, the 2025 report will show accurate CIAC, aligning with the Income Statement and expenses from the rate case.</p>
<p>R746-700-50.D.8.i</p>	<p>Legacy failed to reference Exhibit 13 accurately, which states that there are no planned future acquisitions. Many items are documented within the bidding information. It should be noted that all the original developer's infrastructure is earmarked for replacement, which is included in the bids and loan amount. Projected costs and loan information can be found in Exhibit 16, specifically on lines 108-136.</p>
<p>R746-700-50.D.9</p>	<p>After consulting with the Analysts involved in this case, it was determined that income tax returns are not needed in this case. Should the DPU require these documents in the future, please notify Legacy, and they will be able to provide the necessary tax information.</p>
<p>R746-700-50.D.10.a R746-700-50.D.10.b R746-700-50.D.10.c R746-700-50.D.10.d</p>	<p>These concerns are addressed below:</p> <p>First, the \$800,000 loan will not be included in the 2025 Annual Report or in the Company's financial statements. Exhibit 15.1 shows the original loan amount and shows the entire amount adjusted to zero. Further confirmation that the \$800,000 is no longer a liability to the Company can be found in Exhibit 22, lines 172 to 177. Additionally, Exhibit 16, lines 89 to 98, confirms that repayment of the loan is not required.</p> <p>Second, loans for known and measurable amounts are typically included as expenses in water rate cases. The bidding process shows the known and measurable infrastructure needed. Consistent with standard practice in such cases, the Company will not be granted a loan until it demonstrates to the lender that its rates are adequate to cover loan repayments. Exhibit 16, lines 119 to 131, provides the requested details. Additionally, Exhibit 15.1</p>

presents the formula indicating a monthly payment of \$10,981 over 12 months, totaling \$131,772 annually. Additionally, Exhibit 22, lines 198 to 212 also describes the loan details:

Please note that on, or about, line 42 of this exhibit, a \$2,300,000 loan for infrastructure repairs is included. This loan has a 4% interest rate and a term of 30 years. The annual payment of \$131,772 is derived by multiplying the monthly payment of \$10,981 by 12 months.