

Before the Public Service Commission of Utah

IN THE MATTER OF THE APPLICATION OF LEGACY SWEETWATER, INC. FOR APPROVAL OF A GENERAL RATE INCREASE	DOCKET NO. 25-2280-03 LEGACY SWEETWATER, INC. EXHIBIT NO. 20
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DIRECT TESTIMONY OF SHANE BERRY

For Legacy Sweetwater, Inc.

Date: March 27, 2026

CONFIDENTIAL SUBJECT TO UTAH PUBLIC SERVICE COMMISSION RULES R746-1-602 AND 603

1 **IDENTIFICATION OF WITNESS**

2 **Q. Please state your name and position with Legacy Sweetwater, Inc.**
3 **(Legacy).**

4 A. My name is Shane Berry. I have been assigned to assist on this rate case.

5 **Q. What is the purpose of your testimony?**

6 A. I will describe the financial position of the company and the necessity of
7 increasing rates.

8 **LEGACY SWEETWATER, INC.**

9 **Q. Please describe the ownership structure of Legacy.**

10 A. Legacy is a privately owned public utility. It is owned by iMoney Tools LLC.

11 **Q. Where is it located?**

12 A. The water system is located in Sanpete County along the summit line of the
13 Wasatch Plateau.

14 **Q. Please describe Legacy's service area.**

15 A. The community is named Legacy Mountain. It is a luxury, gated mountain
16 community of custom-built cabins on large, forested lots ranging from two to four
17 acres each. There are 242 lots in Legacy Mountain. Cabins must be at least
18 1,800 square feet. Legacy Mountain lots are fully improved, with electrical power
19 provided by Mount Pleasant City and year-round culinary water.

20 **Q. Can you provide a brief history of Legacy since it became regulated with**
21 **the Public Service Commission (PSC)?**

22 A. Yes. On July 21, 1999, Legacy received its Certificate of Public Convenience and
23 Necessity (CPCN), No. 2265, to operate as a water company supplying culinary
24 water to its customers in Docket No. 99-2280-01. Effective September 26, 2006,
25 Legacy increased its monthly rates from a flat \$20 fee to \$25 for the first 5,000
26 gallons of water in Docket No. 06-2280-T01. Since then, Legacy has not had a
27 rate increase.

28 **Q. Can you tell us about the infrastructure challenges Legacy has been**

29 **dealing with?**

30 A. Legacy has been chasing a leak since the summer of 2024. After turning every
31 section off and testing each section the leak persisted. We were referred to Greg
32 Johnson with the Rural Water Association of Utah by Central District Engineer,
33 John Chartier. Greg spent over two weeks with us on the mountain walking miles
34 with listening devices without success. With his 40 years of experience, including
35 as a circuit rider, he said he had never seen anything like our system and was
36 baffled. He did find multiple unknown valves that were not on our as-built map
37 while metal detecting our system. His conclusion was we have pipes and valves
38 we don't know about in the old part of the system. The only way to find them was
39 to start digging.

40 In 2025 the leak progressed in size causing loss of pressure and flow to any lots
41 above 7,800 feet. This led to complaints and legal action by the HOA.

42 Legacy started digging in July 2025. We found multiple leaks in the pipe we dug
43 up and we replaced them, allowing pressure to be restored. The Division of
44 Drinking Water removed Legacy's deficiency status and restored our compliance
45 with the Drinking Water Division.

46 **Q. Can you give a brief explanation of why it has taken so long to file this**
47 **request for a rate increase?**

48 A. Briefly, On January 14, 2025, Legacy filed its Notice of Intent to File a rate
49 increase under Docket 25-2280-01. After speaking with several attorneys,
50 Legacy concluded that it qualified as an exempt company and filed for an
51 exemption letter instead. Therefore, on March 5, 2025, Legacy withdrew its intent
52 to file a rate increase.

53 On March 11, 2025, Legacy filed for a Letter of Exemption under Docket No. 25-
54 2280-02. On April 11, 2025, Legacy Mountain HOA attorney, Sean Robinson,
55 filed a leave to intervene on behalf of the HOA. Robinson also sent a
56 memorandum opposing Legacy's request for a letter of exemption. On April 29,
57 2025, an order was issued granting intervention of the HOA.

To comply with the Public Service Commission's mandate to qualify as an exempt water utility, all members (customers) must have an ownership interest and voting rights in the company. To that end, on May 5th to the 9th, 2025, Legacy's counsel, Chris Bramhall, presented a summary of proposed reorganization options to Sean Robinson. The HOA ultimately rejected all proposed reorganization efforts that would give HOA members shares of Legacy stock and voting rights to increase rates and shared control of Legacy. Therefore, on June 24, 2025, Legacy withdrew its request for a letter of exemption.

On July 30, 2025, Legacy filed another Notice of Intent to File for a rate increase under Docket No. 25-2280-03. On September 11, 2025, A complaint filed by Sam Ray, a customer of Legacy's, paused work on the rate case until a judgment was made. Ultimately, on February 13, 2026, an order dismissing his complaint was filed. Work on Docket 25-2280-13 was resumed.

Q. How many customers does Legacy serve?

A. Legacy currently serves 242 customers (63 connected and 179 standby).

Q. How many employees does Legacy have?

A. Legacy has one full-time employee, and another employee that shares his work time between the parent company, iMoneyTools LLC, and Legacy. This part-time employee's, expenses for wages, payroll taxes and benefits are divided between the companies. Both employees are trained in various water-related fields.

Q. Is Legacy in good standing with the Utah Division of Corporations?

A. Legacy is an "Active" corporation in "Good Standing" with the Utah Division of Corporations.

Q. Is Legacy in compliance with the Utah Department of Environmental Quality, Division of Drinking Water?

A. Legacy is in compliance with the Utah Department of Environmental Quality, Division of Drinking Water.

Q. Can you provide some examples of the custom-built luxury cabins at

Legacy Mountain, in Legacy Sweetwater's service area?

A. Please see Exhibit 21 for a small sample of the cabins served by Legacy.

NEED FOR INCREASING RATES

Q. Have the owners of Legacy subsidized the company?

A. Yes. The owners of Legacy have provided the water company with over \$800,000 in subsidies. Some of these funds were used to purchase six new pumps, cover major repairs, and pay for daily operating expenses. The owners are not currently seeking reimbursement for this amount. If the owners of Legacy were seeking immediate reimbursement of the \$800,000, the requested rates would be significantly higher. Connected rates would be \$916 and standby rates would be \$275. The owners realize that a rate increase of this magnitude will be a huge shock to its customers. To help soften the financial blow to its customers, the owners are willing to forgive this obligation.

Q. Do the Owners own any lots in Legacy's water service area?

A. Yes, the owners own one connected lot and 23 standby lots.

Q. Do the Owners pay full price on all the lots it owns?

Y. Yes, the Owners have paid full price on all the lots in the past and will continue to pay full price of any rate increases.

Q. Can the owners of Legacy continue to subsidize the water company?

A. No. The parent company, iMoneyTools LLC, no longer has the reserves to subsidize Legacy. If Legacy does not get the requested rate and interim rate, Legacy will be forced into bankruptcy.

Q. How has Legacy determined what repairs are necessary to improve the water delivery system?

A. Legacy has approximately 48,000 linear feet of old PVC pipe that needs to be replaced. A vast majority of the problems over the last two years have arisen from leaks and failures in this outdated section of the water system.

Many of the problems were caused by the original developer who installed the

114 PVC pipes too shallow for year-round use. The original development was only
115 approved for part-time use.

116 The only permanent solution to the problems arising in the outdated section of
117 the water system is to replace the old PVC pipe completely and install new
118 valves and PRV stations.

119 **Q. How did legacy determine the amount of the loan required to start repairs?**

120 A. The Company advertised the needed work and received two bids. The Company
121 accepted the lowest bid and plans on doing some of the excavation work itself to
122 keep costs down. The replacement of the pipe would be done in phases over the
123 window of working time on the mountain with big equipment. I.E. summer only.
124 We estimate a three year or three phases to complete the job with all the new
125 valves and PRV stations in concrete vaults.

126 **Q. How much money is required for the repairs needed on the infrastructure?**

127 A. Since Legacy is no longer being subsidized and has no savings, it must secure a
128 30-year loan for \$2,300,000 at 4% interest.

129 **Q. When can Legacy close on the loan?**

130 A. Legacy cannot borrow any money until it can show the lender it is a financially
131 viable company with sufficient rates to make the loan payments.

132 **Q. Is this the reason Legacy is requesting Interim Rates from the Public
133 Service Commission (PSC)?**

134 A. Yes. In addition to securing the loan, the utility continues to operate at a
135 significant deficit, and these interim rates will provide some relief until the Public
136 Service Commission issues a final order.

137 **Q. In addition to securing a loan, what will the proposed rate increase mean to
138 the company and its customers?**

139 A. The proposed rates and structure will provide Legacy with enough funds to
140 deliver safe, reliable, and healthy culinary water to its customers. Additionally,
141 these rates and fees will generate the necessary revenue to build a capital
142 reserve fund and cover operational expenses.

143 **Q. Do you have an exhibit listing the current rates and fees and the proposed**
144 **rates and fees?**

145 A. Yes, please refer to Exhibit 19 for such a comparison.

146 **Q. Have you reviewed the proposed rate structure in this docket? Will these**
147 **rates allow sufficient revenues for Legacy to provide safe, healthy, and**
148 **reliable drinking water to the customers of Legacy?**

149 A. Yes, these rates will generate the necessary revenue for Legacy to meet
150 operational requirements and establish a capital reserve fund.

151 **Q. Do you believe the proposed rates are just, reasonable and in the public**
152 **interest?**

153 A. Yes.

154 **Q. Does this conclude your testimony?**

155 A. Yes.