

BEFORE THE UTAH PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF CORIX UTAH CITY HEATING AND COOLING LLC TO ESTABLISH A THERMAL TARIFF WITH RATES AND TERMS OF SERVICE	Docket No. 26-2666-01
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**DIRECT TESTIMONY OF
ERROL SOUTH FOR CORIX**

May 1, 2026

CORIX EXHIBIT 2.0

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I. INTRODUCTION

Q. Please state your name, business address, and position with Corix.

A. My name is Errol South and I am the Vice President of Regulatory Affairs for the Corix group of companies. My business address is 1188 W Georgia Street, Suite 1160, Vancouver, BC V6E 4A2.

Q. Please describe the responsibilities of your current position.

A. I am responsible for regulatory affairs across Corix’s portfolio, which include leadership and governance over regulatory approvals, compliance, regulatory risk management and regulatory strategy. My scope focuses on the economic regulation of utilities, including but not limited to general rate cases, applications for certificates of public convenience and necessity (CPCN), and applications for capital project approvals, and excludes technical safety regulation.

Q. What are your qualifications to testify in this proceeding?

A. I have a Master of Business Administration (MBA) degree from the University of Victoria in British Columbia, Canada and I have over 12 years of professional experience in utility regulation. After obtaining my MBA, I worked at the British Columbia Utilities Commission (BCUC) for 4.5 years as a regulatory analyst supporting and leading the BCUC’s regulatory review of various types of energy utility filings including but not limited to revenue requirement and rate applications, rate design applications, applications for CPCNs, and energy supply cost filings. I then joined Corix, where I have spent the last 7.5 years working directly in regulatory affairs, in roles of increasing responsibility, to ensure Corix submitted all compliance filings in a timely manner and obtained all relevant approvals from the energy and water utility regulators for up to 14

24 different utilities in two jurisdictions (British Columbia and Alberta). This included
25 leading the preparation of revenue requirement and rate applications, CPCN applications,
26 annual report filings, and other types of regulatory filings for district energy utilities,
27 water utilities, and small natural gas, electric and propane distribution utilities.

28 **Q. On whose behalf are you providing testimony in this proceeding?**

29 A. I am testifying on behalf of Corix Utah City Heating and Cooling LLC (Corix).

30 **Q. Have you testified in previous regulatory proceedings before this Commission?**

31 A. No.

32 **II. PURPOSE OF TESTIMONY**

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

34 A. My testimony supports Corix's general rate case application as well as its request for
35 interim rates. My testimony addresses the topics listed below.

- 36 ▪ Test Period
- 37 ▪ Relief requested and proposed rates
- 38 ▪ GRC Filing Requirements
- 39 ▪ Proposed regulatory process
- 40 ▪ Organizational Structure and Utility resourcing
- 41 ▪ Support Services cost allocations

42 **Q. Please summarize your recommendations.**

43 A. As set forth in more detail below, I recommend that the Commission approve UCDEU's
44 proposed Test Period, reliefs requested, the proposed Capacity Charge, the proposed
45 Energy Charge and approve the proposed support services cost allocations.

46

47 **Q. Is your testimony supported by exhibits, workpapers, or other documents?**

48 A. Yes, my testimony is supported by, and incorporates the exhibits, workpapers, and
49 appendices referenced herein. This includes Sections 2, 3, 9, 13, 19, and 26
50 of the document labeled Attachment 1: Supplement to the Application. Attachment
51 1 consolidated all of the information and support for all aspects of this rate case filing. I
52 wrote and am responsible for the materials in the Sections of Attachment 1
53 referenced above, and those portions of Attachment 1 are incorporated into my
54 testimony.

55 I also include herewith the following exhibits, which I discuss below:

- 56 • Index pertaining to GRC Filing Requirements for UCDEU (Corix Exhibit
57 2.1)
- 58 • Simplified Ownership Chart – Parent Companies (Corix Exhibit 2.2)
- 59 • Simplified Ownership Chart – Relevant Affiliates (Corix Exhibit 2.3)
- 60 • Support Services Diagram (Corix Exhibit 2.4)
- 61 • Regional Cost Allocation Methodology Manual (Corix Exhibit 2.5)
- 62 • Corporate Cost Allocation Methodology Manual (Corix Exhibit 2.6)
- 63 • Corporate Cost Allocation Methodology Model (Highly Confidential
64 Corix Exhibit 2.7);
- 65 • Regional Cost Allocation Methodology Model (Highly Confidential Corix
66 Exhibit 2.8);
- 67 • Affiliate Services Agreement – US to UCDEU (Corix Exhibit 2.9); and
- 68 • Affiliate Services Agreement – Canada to UCDEU (Corix Exhibit 2.10).

69

III. TEST PERIOD

70 **Q. Did you prepare or prepare under your direction Section 2 in Attachment 1**
71 **regarding the Test Period?**

72 A. Yes.

73 **Q. What Test Period is Corix proposing to use in this case?**

74 A. Corix proposes to use the Test Period from August 1, 2026 to July 31, 2027. Corix will
75 provide service as a heat corporation to the Utah City development in Vineyard, Utah.
76 The start date of the proposed 12-month test period coincides with the scheduled service
77 commencement date for the first customer building in the development on August 1,
78 2026. Corix presently has no connected customers and currently expects to commence
79 utility service on August 1, 2026. This Test Period also aligns with the start date for
80 Corix's upcoming request for interim rates. Shortly after filing this GRC Application,
81 Corix expects to file an Interim Rate Request to have interim rates effective August 1,
82 2026 for this first customer building.

83 **Q. What Base Period is the Utility proposing to use in this case?**

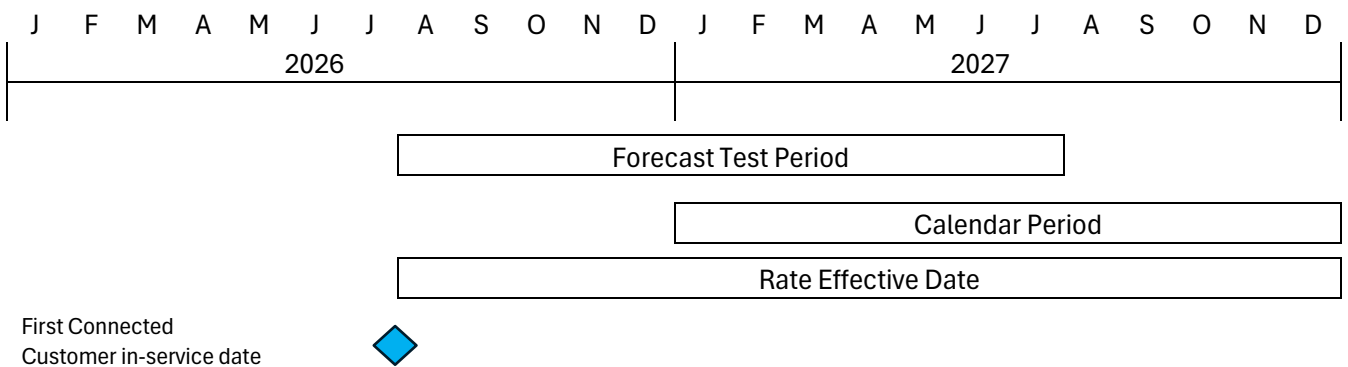
84 A. There is no Base Period in this GRC Application since there has been no historical period
85 of utility operations.

86 **Q. What Calendar Period is provided in this case?**

87 A. The Utility has also provided additional information that includes the full calendar period
88 from January 1, 2027 to December 1, 2027. The GRC Financial Model in Highly
89 Confidential Corix Exhibit 7.1 contains information for the Test Period, from August 1,
90 2026 to July 31, 2027, as well as for the Calendar Period, from January 1, 2027 to
91 December 31, 2027. Figure 1 below shows the Test Period, Calendar Period and the

92 period of time over which the proposed rates would be in effect. This means the rates
93 approved in this docket would be in effect for a period spanning from August 1, 2026 to
94 December 31, 2027. Corix intends to file its next general rate case in 2027 with a rate
95 effective date of January 1, 2028, to align future test periods with the calendar year from
96 2028 onwards.

97 **FIGURE 1**
98



99
100 **Q. Is the proposed test period consistent with the Utah Public Service Commission’s**
101 **(Commission) test period requirements found in Utah Code Section 54-4-4(3)(a)?**

102 **A.** Yes. Section 54-4-4(3)(a) provides that, “the Commission shall select a test period that,
103 on the basis of evidence, the Commission finds best reflects conditions that a public
104 utility will encounter during the period when the rates determined by the Commission
105 will be in effect.” The Commission may use a future test period based on projected data
106 not exceeding 20 months from the date a proposed rate change is filed. The Utility’s
107 proposed test period complies with this requirement in that it is based on projected data
108 that does not exceed 15 months from the May 1, 2026 filing date. The Calendar Period

109 (January 1, 2027 to December 31, 2027) also complies with the Utah Code since it is
110 based on projected data that is within 20 months of a May 1, 2026 filing date.

111 **IV. RELIEF REQUESTED**

112 **Q. Please provide some context for the relief requested in this GRC.**

113 A. The relief requested is detailed in the GRC Application in Section IX Relief Requested.
114 This utility is unique since it is the first heat corporation in Utah offering both heating
115 and cooling services in combination. Additionally, UCDEU is a greenfield utility being
116 built to provide service to the master-planned Utah City development which has a
117 buildout schedule that spans from 2026 to 2044. Once the initial start-up is achieved the
118 utility will continuously add new customer connections until all the lots with buildings
119 are connected to the UCDEU system. As a result, the UCDEU will be in a cycle of
120 continuous major projects throughout the buildout of the utility. This is a fast growing
121 and ever-changing utility.

122 **Q. How is the relief requested similar to approvals for other public utilities?**

123 A. In this GRC Corix is proposing the establishment of a tariff for this heat corporation,
124 which Corix refers to as the Thermal Tariff. Since this is Corix's first rate application
125 with this Commission, Corix requests approval for its energy supply revenue requirement
126 that leads to the setting of an Energy Charge in the Thermal Tariff. Additionally, Corix
127 also requests approval for its delivery revenue requirement that leads to the setting of a
128 Capacity Charge. Once the rates are established, the Capacity Charge would be amended
129 in future general rate cases. The Energy Charge would be amended in annual pass-
130 through applications. The process of setting rates and revenue requirements are similar to

131 other gas and electric utilities in Utah. The Energy Charge and Capacity Charge are
132 discussed in more detail in Corix Exhibit 3.0, the Direct Testimony of Douglas Chong.

133 **Q. How is the relief requested different from other public utilities?**

134 A. While certain aspects of the rate application are similar to Utah's gas and electric utilities,
135 there are some notable differences for a greenfield thermal utility with a long-term build-
136 out. The large mature gas and electric utilities in Utah have an established customer base,
137 a relatively stable rate base, and a record of historical results. UCDEU in contrast is a
138 small greenfield thermal utility with a customer buildout that grows as the Utah City
139 community grows and develops. UCDEU is not mature, not stable, and does not have a
140 long history of actual results to inform a rate case.

141 Corix is requesting the creation of a Revenue Deficiency Deferral Account
142 (RDDA) that addresses the unique situation of a greenfield utility with a long-term
143 buildout of the customer base while maintaining levelized rates over the long-term
144 period. Corix Exhibit 3.0 in the Direct Testimony of Douglas Chong addresses in detail
145 how the RDDA functions and its need.

146 ***A. Proposed Capacity Charge for Test Period***

147 **Q. What is the proposed Capacity Charge for the Test Period?**

148 A. The proposed Capacity Charge is \$15.85 per kilowatt (kW) per month, effective August
149 1, 2026. Further details can be found in Attachment 1, Section 26.

150 ***B. Proposed Energy Charge for Test Period***

151 **Q. What is the proposed Energy Charge for the Test Period?**

152 A. The proposed Energy Charge is \$0.0417 per kilowatt-hour (kWh), effective August 1,
153 2026. Further details can be found in Attachment 1, Section 9.

154 **V. GRC FILING REQUIREMENTS**

155 **Q. What are the general rate case filing requirements for this GRC Application?**

156 A. The general rate case filing requirements for this GRC Application are set out in Utah
157 Administrative Code R746-700-1 and R746-700-10, as well as additional GRC Filing
158 Requirements established for this UCDEU GRC application by the Commission Order in
159 this docket dated March 26, 2026.

160 ***A. R746-700-1***

161 **Q. Has Corix met R-746-700-1 General Provisions Applicable to All 7XX Series Rules?**

162 A. Yes. R746-700-1 requires a public utility to file a notice of its intent to file a rate case at
163 least 30 days prior to filing the application. Corix filed its non-binding notification of its
164 intent to file a general rate case on February 6, 2026.

165 R746-700-1 also sets certain standards for filing paper and electronic media
166 documents. Corix filed this GRC Application in accordance with the paper and
167 electronic media documents requirements as set out by the Commission. Additionally,
168 Corix has identified and filed confidential materials within this GRC as either
169 confidential or highly confidential. In Attachment 1: Supplement to Application,
170 Appendix E – List of GRC Pre-filed Exhibits Corix has included a listing of all the pre-
171 filed exhibits accompanying the GRC Application along with an indication of whether
172 the document is confidential or highly confidential.

173 ***B. R746-700-10***

174 **Q. Has Corix met R746-700-10 Test Period Information to Be Included With a General**
175 **Rate Case Application?**

176 A. Yes. I have provided an Index in Excel format in Corix Exhibit 2.1 that shows the
177 location or explanation of how it has met the requirement. The Test Period is further
178 explained in Attachment 1, Section 2.

179 **Q. Other than R746-700-10 and R746-700-10 that are applicable to all public utilities**
180 **are there other rules specific only to a heat corporations in the R-746-700-XX rules?**

181 A. No. At this time the Commission has not issued rules applicable only to all heat
182 corporations.

183 ***C. UCDEU GRC Filing Requirements***

184 **Q. Please explain what are the Utah City District Energy Utility (UCDEU) General**
185 **Rate Case (GRC) Filing Requirements?**

186 A. In the absence of specific GRC filing rules for a heat corporation, the Commission by
187 Order on March 26, 2026 issued UCDEU GRC Filing Requirements for Corix in this
188 docket, which comprised of the information in Appendix A to the Joint Comments and
189 Request For Expedited Consideration dated March 17, 2026. Corix has met the UCDEU
190 GRC Filing Requirements as shown in Corix Exhibit 2.1, which includes an Index in
191 Excel format that shows how Corix has met all its UCDEU GRC Filing Requirements.

192 **VI. REQUEST FOR INTERIM RATES**

193 **Q. Will Corix be requesting interim rates in this docket?**

194 A. Yes. Corix intends to request interim rates effective August 1, 2026 through a separate
195 submission in this docket.

196 **VII. OVERVIEW OF ORGANIZATIONAL STRUCTURE AND UTILTIY**

197 **RESOURCING**

198 **Q. Are you responsible for Attachment 1, Section 13 regarding Overview of Corporate**
199 **Structure, Organizational Structure, and Utility Resourcing?**

200 A. Yes.

201 **Q. Have you included the UCDEU Corporate Structure in this GRC Application?**

202 A. Yes. Three charts have been submitted. Corix Exhibit 2.2 includes a simplified ownership
203 chart for the operating utility with parent companies. Corix Exhibit 2.3 includes a
204 simplified ownership chart for the operating utility with parent companies and relevant
205 affiliates. Corix Exhibit 2.4 includes a support services diagram showing the specific
206 affiliates that provide support services to UCDEU.

207 **Q. What types of resources are provided to Corix Utah City Heating and Cooling**
208 **LLC?**

209 A. Corix Utah City Heating and Cooling LLC does not have any employees in its own name.
210 The resources provided to the public utility include:

- 211 ▪ Corporate shared support services (see Attachment 1, Section 13.3.2)
- 212 ▪ Regional shared support services (see Attachment 1, Section 13.3.2)
- 213 ▪ Cost recoveries (from cost pooling to gain scale and buying power) (see
214 Attachment 1, Section 13.3.2)
- 215 ▪ Local utility labor resources (see Attachment 1, Section 13.3.2)

216 The parent company also provides debt funding and equity funding for Corix Utah City
217 Heating and Cooling LLC (see Corix Exhibit 4.0 Direct Testimony of Maxwell Wang).

218 **Q. Are there affiliate services agreements for each of the affiliates that provide support**
219 **services to UCDEU?**

220 A. Yes. There are two affiliate services agreements for each of the entities from which
221 support services are provided to UCDEU. These have been filed as Corix Exhibit 2.9
222 (Affiliate Services Agreement – US) and Corix Exhibit 2.10 (Affiliate Services
223 Agreement – Canada).

224 **Q. Will Corix Utah City Heating and Cooling LLC directly procure outside services?**

225 A. Yes. Some outside services will be procured directly if and when the need arises. For
226 example, this could include the use of local outside contractors to perform repairs if
227 needed.

228 **VIII. SUPPORT SERVICES COST ALLOCATIONS**

229 **Q. Did you prepare the Support Services Cost Allocations in Attachment 1, Section 19?**

230 A. Yes.

231 **Q. What are Support Services?**

232 A. Support services are organizational activities that are essential for enabling each utility
233 business to provide safe, efficient, reliable and responsive service to customers. Support
234 services provided to UCDEU include regulatory affairs; health, safety and environment
235 (HSE); financial planning and analysis (FP&A); accounting; business operations and
236 accounts payable; billing and customer care; operations leadership and strategy; project
237 management; people and culture support; information technology (IT), operational
238 technology (OT) and cybersecurity; communications; legal and risk management;
239 corporate finance; and executive management.

240

241 **Q. Why are Support Services necessary?**

242 Support services are necessary for the operation of any business. The local operations
243 team is able to operate the physical utility infrastructure to provide thermal energy
244 service to customers, but they rely on support services for various aspects of the business.
245 For example, they rely on IT, OT and cybersecurity support to facilitate smooth
246 operations of the infrastructure and to prevent cyberattacks. Corix's parent company uses
247 a centralized corporate support service organization to provide corporate support services
248 to the businesses, as well as regional support services in the East and West regions. The
249 UCDEU is located in the West region of Corix's parent company's portfolio.

250 **Q. What is Support Services Cost Allocations? Why is it necessary?**

251 A. Support services cost allocations are allocations of indirect shared services costs for
252 support services provided to operating utilities from affiliate entities. Indirect Costs are
253 costs incurred on a shared basis by one company, typically a cost center, that are for the
254 benefit of either: (i) all; or (ii) some of the utilities within the parent company's portfolio,
255 and which are charged to the benefited companies using a methodology and allocation
256 factors that link cost causation and cost recovery. The UCDEU is one of the operating
257 utilities that receives support services and should receive a cost allocation for the indirect
258 costs associated with each support service received.

259 **Q. Please explain what is a Corporate Support Services Allocation and Regional
260 Services Support Allocation?**

261 A. Corporate support services allocation are indirect corporate costs that have been allocated
262 to the relevant utilities using a corporate cost allocation methodology. Similarly, regional
263 support services allocations are indirect regional costs that have been allocated to the

264 relevant utilities using a regional cost allocation methodology. The distinction between
265 corporate support services and regional support services is driven by the cost center
266 within the affiliate entities in which the shared costs are incurred. Generally, corporate
267 support services benefit the entire company, while the regional West support services
268 benefit only a portion of the entire company (the West region). In both cases, the goal is
269 to fairly allocate indirect costs in a transparent, sustainable and cost-effective manner that
270 reflects cost causality to the extent possible or that reflects the size, scope and complexity
271 of each operating business when one particular cost causation driver cannot reasonably be
272 determined.

273 **Q. Have you included in your testimony a Regional Cost Allocation Methodology**
274 **Manual? If so, which exhibit and briefly describe.**

275 A. Yes. I have included a copy of the Regional Cost Allocation Methodology Manual in
276 Corix Exhibit 2.5. This is a detailed manual that includes, but is not limited to, an
277 overview of regional services costs; a discussion on directly assignable costs and indirect
278 costs; a description of the regional cost allocation methodology and the use of functional
279 and composite allocators; a discussion on the scope of regional support services provided
280 and their benefits; a regional support services cost flow diagram, a detailed description of
281 each regional support service being provided; and a hypothetical example of the
282 application of the regional cost allocation methodology.

283 **Q. Have you included in your testimony a Corporate Cost Allocation Methodology**
284 **Manual? If so, which exhibit and briefly describe.**

285 A. Yes. I have included a copy of the Corporate Cost Allocation Methodology Manual in
286 Corix Exhibit 2.6. This is a detailed manual that includes, but is not limited to, an

287 overview of corporate services costs; a discussion on directly assignable costs and
288 indirect costs; a description of the corporate cost allocation methodology and the use of
289 functional and composite allocators; a discussion on the scope of corporate support
290 services provided and their benefits; a corporate support services cost flow diagram, a
291 detailed description of each corporate support service being provided; and a hypothetical
292 example of the application of the corporate cost allocation methodology.

293 **Q. Have you included in your testimony the Regional Cost Allocation Methodology**
294 **model?**

295 A. Yes. The regional cost allocation methodology model is included as Highly Confidential
296 Corix Exhibit 2.8.

297 **Q. Have you included in your testimony the Corporate Cost Allocation Methodology**
298 **model?**

299 A. Yes. The corporate cost allocation methodology model is included as Highly Confidential
300 Corix Exhibit 2.7.

301 **Q. How is the Regional Cost Allocation Methodology different from the Corporate**
302 **Cost Allocation Methodology?**

303 A. The manuals for the two methodologies will show that the Regional Cost Allocation
304 Methodology is the same as the Corporate Cost Allocation Methodology. There are two
305 separate models, one for each, as a result of where the costs reside in the overall parent
306 company's businesses and the relevant responsibilities. The corporate cost allocation
307 model is maintained by the Corporate Finance team, whereas the regional cost allocation
308 model is maintained by the regional FP&A team. Despite the above, the methodology is
309 the same for both the corporate and regional cost allocations.

310

IX. CONCLUSION

311 **Q. Please summarize your testimony.**

312 A. In this testimony I have addressed the proposed Test Period, the relief requested and
313 proposed rates, this GRC filing requirements, the proposed regulatory process, the
314 organizational structure and utility resourcing, and the support services cost allocations.

315 I recommend that the Commission approve UCDEU's proposed Test Period,
316 reliefs requested, the proposed Capacity Charge, the proposed Energy Charge and the
317 proposed support services cost allocations.

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

319 A. Yes.