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

DIRECT TESTIMONY OF
DEREK NELSON FOR CORIX

May 1, 2026

CORIX EXHIBIT 6.0

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I. INTRODUCTION

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

A. My name is Derek Nelson, Director of Utility Operations, US West. Office address: 1250 E. 200 S. Ste 2E, Lehi, Utah, 84043.

Q. Please describe the responsibilities of your current position.

A. I am responsible for leading Operations and Construction for Corix district energy systems in the US, west of the Mississippi. I lead a cross functional team of engineers, project managers, operators, and maintenance. This team is responsible for engineering design, fabrication, construction, operations, maintenance, forecasting, budgeting and planning for Corix district energy systems in the US West region. In this role, I oversee operations and construction of the Utah City District Energy Utility (UCDEU) which will serve the Utah City development in Vineyard, Utah, which is being developed by Flagborough, L.L.C. (Developer).

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

A. I am a graduate of the University of Utah with a degree in Mathematics and Mechanical Engineering. I have over 25 years of direct utility experience spanning the power, natural gas and water/wastewater industries as both an operator and OEM equipment supplier.

Q. Have you testified in previous regulatory proceedings?

A. No.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain the project development status, site preparation, the planning and construction prior to the first customer connection, the operations after the first customer connections, and the operational plans for the test period.

In addition, my testimony provides forecasting and spent costs to date relating to operations and maintenance and capital expenditures. I also provide testimony on asset life.

Q. Please summarize your testimony.

A. My testimony supports Corix's general rate case application and upcoming request for interim rates. My testimony addresses the following topics.

- Project Development Progress and Operations
    - Utility preparations
    - How users experience receiving thermal energy
    - Utility safety and response
- Customer Letter of Support
- Capital Expenditures
- Asset life
- O&M

III. PROJECT DEVELOPMENT PROGRESS AND OPERATIONS

Q. Were you responsible for writing Attachment 1, Section 5 Project Development Progress and Operations?

A. Yes. Section 5, which is incorporated into my testimony, addresses Utility Preparations, How Users Experience Receiving Thermal Energy, and Utility Safety and Response. I elaborate on these topics below.

A. Utility Preparations

Q. Please describe the various milestones Corix has completed or will complete before the first customer connects to the district energy system.

A. With the support of our engineering and fabrication teams Corix designed and built a UL listed modular Interim Energy Center (IEC) that was modeled after our modular design in Bellingham, WA. The IEC was fabricated as four (4) separate modules at our fabricators shop in Seattle, WA. The modules were delivered to Utah via road haulers and have been re-assembled on a foundation and a semi-permanent pad.

The closed loop Distribution Piping System (DPS) network has been designed, constructed, and buried primarily under the sidewalks of what the Developer has described as Phase 1 of the Utah City Development. The Phase 1 DPS consists of approximately 13,035 linear feet of pipe, 3,250 feet of trench, with distribution piping ranging in size from 6" to 18".

The Energy Transfer Station (ETS) has been designed and fabricated in the Midwest, delivered to the site and installed in the mechanical room(s) of the Developer buildings. These three primary components (IEC, DPS, and ETS) have been tied together to make up the UCDEU System for Phase 1 of the Utah City Development area. The closed loop distribution system will be charged, tested, and placed in operation.

In addition to the onsite construction efforts at Utah City, Corix has opened an office in Utah that will serve as the primary project management and operations base for the US West. During initial start up we will have staff of four (4) Corix employees, with 3rd party support staff as we continue to ramp up our project management office (PMO) and operations model in the US.

Permits and Authorizations

Q. What permits or authorizations have been completed?

A. Corix has obtained its Land Disturbance Permit with supporting SWPPP permits as well as all necessary building permits and rights of way for Phase 1 of the development. We have our Sanitary Sewer permit in place as well as our Air Emissions Exemption. We have filed all necessary applications to operate as a legal entity including Articles of Incorporation, Utah Foreign Registration and Utah Certificate of Existence.

Q. What other permits or authorizations will be completed prior to the first customer connection?

A. Our Vineyard City Business license is pending approval and will be obtained as soon as the IEC is through final inspection and fire inspection with the City of Vineyard. Our boiler registration and final UL listing for the IEC will be finalized during commissioning of the IEC.

Infrastructure at UCDEU

Q. What is the Interim Energy Center (IEC) and what role does it play in the Utah City District Energy System?

A. The Interim Energy Center (IEC) is the central generation facility of the UCDEU System. The UCDEU provides its customers with thermal energy via hot and chilled water generated in the IEC and distributed underground through the Distribution Piping System (DPS). The energy is then transferred indirectly to the buildings' space heating, cooling, and domestic hot water systems using heat exchangers, referred to as an Energy Transfer Station (ETS).

Q. How was IEC #1 designed and constructed?

A. The heart of the UCDEU is the IEC. The IEC was designed and built in collaboration with Corix, Ramboll (Corix's engineers of record), and UMC. The engineering design was modeled after Corix's system in Bellingham, WA, using a modular approach. The IEC was constructed in UMC's fabrication shop in Seattle, WA, as four (4) separate UL-listed modules and shipped to the Utah City project site. The modules were delivered to Utah via over-the-road haulers and re-assembled on a foundation and a semi-permanent pad.

Q. What is the designed capacity of IEC #1?

A. For the initial stage of Phase 1, a modular IEC is being designed for 1,400 tons cooling and 18,000 MBH (5.3 MW) heating. Space has been allocated within this IEC (referred to as IEC #1) for an additional 5,000 MBH (1.5 MW) boiler, and outside of the IEC additional space has been allocated for cooling modules and/or heat recovery chiller modules. There is the potential to service up to 3,000 tons of cooling load from the first IEC. In addition to the heating and cooling modules, the IEC will include all associated pumps, valves, lighting, chemical feeds, controls, and utility connections including water, sewer, gas, and power.

Q. What is the modular design intent of IEC #1, and is the facility capable of future expansion?

A. Yes. IEC #1 shall be Underwriters Laboratories (UL) and Electrical Testing Laboratories (ETL) listed and labeled modular plant fabricated offsite and delivered to the site for installation on a slab on grade. IEC #1 shall be capable of future expansion by adding new modules.

The phased, modular approach was intentional. The bidders were provided with an indicative design based on a modular approach that would allow for phased installation of the modules over time, with the first module required to be in service by July 1, 2026.

Q. When is IEC #1 scheduled to be in service, and what is the plan for a second IEC?

A. This plant is scheduled to be in service by July 1, 2026, prior to service of the first customer. A second interim energy center, IEC #2, will be constructed when the demand on the system from new connected customers is nearing the capacity of IEC #1. IEC #2 is currently forecasted to be in service in 2029.

Q. What are the long-term plans for permanent energy centers?

A. The permanent energy centers will be designed and constructed in coordination with the Utah City buildout, and will utilize equipment from IEC #1 and IEC #2. It is currently forecasted that three (3) permanent energy centers (PECs) will be required to serve the full buildout of Utah City. The location of the PECs, distributed across the development area, will enable Corix to limit the pipe sizes needed to distribute the thermal energy.

Q. How was the contractor for IEC #1 selected?

A. The IEC #1 Request or Proposal (RFP) package was sent to 5 contractors on December 13, 2024, with a close date of January 16, 2025. The contractors were invited to submit bids to design, build, deliver, assemble, and commission a modular IEC. Four compliant bids were received. A technical evaluation committee was established consisting of four employees from Corix and two consultants from the Ramboll design team. The bids were reviewed based on predefined evaluation criteria including proven experience, technical readiness and qualifications, financial and cost effectiveness, schedule, and exceptions.

Based on the evaluation, the committee was unanimous in its recommendation of advancing UMC to the next phase of the procurement process as the preferred bidder. UMC is highly qualified for this work and has demonstrated through recent successful projects with Corix that they can deliver on time and on budget.

Q. How does IEC #1 connect to the broader district energy system?

A. The IEC #1 connects to the broader district energy system through its interconnection and network of the distribution piping system, distributing thermal energy across the Utah City Development. The network of piping further connects to individual building Energy Transfer Stations that distribute thermal energy to buildings and customers.

The closed-loop Distribution Piping System (DPS) network has been designed, constructed, and buried primarily under the sidewalks of what the Developer has described as Phase 1 of the Utah City Development. The Phase 1 DPS consists of approximately 13,035 linear feet of pipe, 3,250 feet of trench, with distribution piping ranging in size from 6" to 18". The Energy Transfer Stations (ETS) have been designed and fabricated in the Midwest, delivered to site, and installed in the mechanical room(s) of buildings 8A and 14D of the Utah City Development.

Q. What is the Distribution Piping System (DPS) and what role does it play in the District Energy System?

A. The Distribution Piping System (DPS) is the underground pipe network that connects the IEC to each customer building in the Utah City Development. The DPS forms the backbone of the District Energy system and is a critical component providing reliable heating and cooling now and, in the future, when the Permanent Energy Centers are completed.

Q. Please describe the design and configuration of the DPS.

A. The DPS is a 4-pipe closed loop system. The DPS will consist of four underground pipes — two for heating (supply and return) and two for cooling (supply and return). These pipes will run through utility corridors and connect each building to the central energy plants. The system is designed for high reliability and redundancy, minimal thermal losses through insulation and efficient routing, and easy access for maintenance and future expansion. The DPS will be installed in coordination with the Developers civil infrastructure to minimize disruption and optimize construction efficiency.

Q. What are the Phase 1 physical specifications of the DPS?

A. The Phase 1 distribution piping system consists of approximately 13,035 linear feet of HDPE and pre insulated PE-RT pipe that is fused together, and 3,250 feet of trench. The distribution piping sizes range from 6" to 18", along with corresponding valving and proprietary communications system conduit and fiber optic cable.

Q. What pipe materials were used in the DPS, and what work is included in the installation contract?

A. The contractors were invited to submit bids to install and commission a 4-pipe heating and cooling distribution system comprising 3,250 trench feet (13,000 linear feet) of HDPE and pre-insulated PE-RT piping in sizes ranging from 6"–18". The contract includes all excavation, fusion welding, back filling, root protection and communications conduit between the IEC #1 and eight (8) buildings (3 currently under construction and 5 future building connections).

Q. How was the DPS designed to ensure long-term reliability and cost-effectiveness?

A. Careful design and hydraulic analysis have allowed for right-sized pipes and CapEx savings. The design for the piping was done in collaboration with Corix and Ramboll (our engineers of record), with the first phase being installed by a local contractor, VanCon.

At full build-out, the system will include approximately 11.1 miles of buried piping. The distributed location of future permanent energy centers is also designed to minimize pipe sizes. The location of the Permanent Energy Centers, distributed across the development area, will enable Corix to limit the pipe sizes needed to distribute the thermal energy. An alternative approach that relies on only one PEC would lead to much larger pipes.

Reliability is supported through conservative design standards, robust pipe materials, and appropriate safety factors for pressure, temperature, and environmental conditions. The network layout has been coordinated with long-range development plans to minimize future rework, and burial locations have been selected to reduce exposure to external risks and facilitate access for maintenance and repairs over the life of the asset. These measures are intended to extend asset life and reduce unplanned outages.

Cost-effectiveness was achieved by phasing DPS installation in alignment with customer connections and development timing, avoiding unnecessary upfront capital investment while still establishing a backbone capable of supporting full build-out. This scalable approach allows capital deployment to closely track load growth, helping to manage customer rates and overall system affordability in a regulated utility context.

Q. How was the installation contractor for the DPS selected?

A. The Invitation to Bid (ITB) package was sent to five (5) piping contractors on June 2nd, 2025 and closed on June 25th, 2025. Four compliant bids were received. A technical evaluation committee was established, consisting of four employees from Corix and two consultants from the Ramboll design team. The bids were reviewed by the technical evaluation committee based on a set of predefined evaluation criteria including proven experience (30 points), financial and cost effectiveness (40 points), schedule (15 points), and exceptions (15 points). Based on the above evaluation and after interviewing three (3) of the contractors, the evaluation committee was unanimous in its recommendation of advancing VanCon to the next phase of the procurement process as the preferred bidder. VanCon is qualified for the work, was the lowest bidder, meets Corix's requested schedule, and is willing to stand behind their work with a 10-year extended warranty. The bids are in line with the engineer's pre-tender estimate and budget carried in Corix's rate model.

Q. Why did the Company select a 10-year extended warranty on the DPS installation?

A. The evaluation committee recommends including VanCon's 10-year extended warranty for $120,000. Included in the base bid is a 2-year warranty. Extending this to 10 years aligns with the piping manufacturer's warranty and ensures that the contractor is invested in the long-term operational success of the system while de-risking the project for Corix and helping ensure proper QA/QC processes.

Q. How will the DPS be commissioned and tested before customers begin receiving service?

A. During the test period, in coordination with sub-contractors and vendors, Corix will connect the three primary components (IEC, DPS, and ETSs) of the UCDEU System together. All piping will be pressure tested and filled with water. The control systems, heating and cooling loops as well as the ETS systems will be monitored and tested for quality and functionality. The Supervisory Control and Data Acquisition (SCADA) system will be linked to Corix's control center where the system will be monitored 24/7.

Q. What is an Energy Transfer Station (ETS) and what role does it play in the District Energy System?

A. The Energy Transfer Station (ETS) is the critical point of connection between the UCDEU System and each customer building. Each building connected to UCDEU will have an ETS located in its mechanical room. The ETS serves as the interface between the utility's distribution system and the building's internal HVAC systems. Each ETS will include heat exchangers for space heating, cooling, and domestic hot water; flow meters and temperature sensors for accurate energy metering; and control valves and automation systems for efficient operation.

The Company owns and operates each ETS. In this manner, the ETS represents both the physical and commercial boundary between the utility's infrastructure and the customer's building systems.

Q. How is the ETS formally defined under the Utility's Tariff?

A. The Energy Transfer Station means the separate heat exchangers for space heating, cooling and domestic hot water (excluding domestic hot water storage tanks), or one heating/cooling heat exchanger where applicable, energy meters including temperature sensors and flow meters, control panel and all pipes, fittings and other associated equipment that control the transfer, and measure Thermal Energy from the Distribution System to a Building System.

Q. What services does each ETS provide, and does service vary by building type?

A. The ETS facilitates the transfer of thermal energy, both heating and cooling from the District Energy system to the Building heating and cooling system. Service provided through the ETS is tailored to each building's requirements. For Phase 1, Blocks 14D and 8A will receive full service for heating, cooling and domestic hot water. The Resort Pool will receive heating and domestic hot water service only.

Q. What are the major components of each ETS?

A. Each ETS includes the following major components: heat exchanger; primary piping, valves, gauges and specialties; secondary piping, valves, gauges and specialties; energy meter; control devices; control panel; and power and communications connections of all skid-mounted devices.

The control system also includes a programmed controller that provides alarms, trending, and a graphics interface integrated with the Company's existing front end, and is connected to the Company's SCADA system for 24/7 monitoring.

Q. How are the ETS units designed and fabricated?

A. The ETS units are designed as prefabricated, skid-mounted assemblies that are built off-site and delivered to each building’s mechanical room. The project intent is for the delivery of pre-assembled, skid-mounted ETS to the site. Prior to delivery to site, the ETS Proponent shall complete all required factory testing, pipe flushing and commissioning of the ETS skid. The design for ETS was done in collaboration with Corix, Ramboll and Danfoss. Danfoss is fabricating the ETS skids at a Midwest fabrication shop; they will be shipped to the site with final connections made on site in the building mechanical rooms. The ETS have been designed and fabricated in the Midwest, with the first delivery scheduled for May 7 for building 14D, with installation in the mechanical room to follow.

Q. Who was selected to design and build the ETS units, and how was that contractor chosen?

A. The Request for Proposals (RFP) package was sent to five (5) experienced Design/Build vendors on July 21st, 2025 and closed on August 15th, 2025. The RFP closed with four (4) compliant bids received. A technical evaluation committee was established, consisting of four employees from Corix and two consultants from the Ramboll design team. The bids were reviewed based on predefined evaluation criteria including proven experience (30 points), financial and cost effectiveness (40 points), schedule (15 points), and exceptions (15 points). Based on the evaluation and after interviewing two (2) of the vendors, the evaluation committee was unanimous in its recommendation of advancing Danfoss to the next phase of the procurement process as the preferred vendor. Danfoss is a large, vertically integrated manufacturer of HVAC equipment including heat exchangers, valves and controls. They are also the world's largest supplier of ETS skids with thousands of units in operation worldwide. Danfoss's standardized approach and vertical integration of components allows them to provide high quality ETS's at a fraction of the price of its competitors, and they can meet the project's schedule.

Q. How does the ETS award price compare to the budget?

A. The Danfoss proposal represented a significant improvement over pre-tender estimates. While all bids received were in line with the pre-tender estimates and rate model budgets, the Danfoss proposal was the clear standout with significant cost savings to the project.

Q. How does the ETS connect to the broader District Energy System, and who is responsible for the connection?

A. Field installations include: placement of ETS in the mechanical room; installation of primary piping between the point of entry of the Corix distribution piping and the ETS; installation of power wiring from a local power panel; installation of communications from a local junction box installed by Corix as part of a DPS contract; and installation of remote control devices, and all required conduit and control wiring between the remote devices and the ETS control panel.

Under the Infrastructure Agreement, each Building System will be connected to the ETS by the Developer, in the presence of a Corix representative, once the Building System has been verified as having been designed, constructed and installed in full compliance with the final Thermal Energy delivery parameters agreed and approved, has been flushed and cleaned, and is capable of performing the function for which it was designed.

Q. What is the long-term scale of the ETS deployment across Utah City?

A. This is the first phase of a multiphase project which at full build-out is expected to service the heating and cooling requirements of over 64 buildings, each with its own heating and cooling ETS. For efficiencies, Corix is in the process of standardizing the ETS design and manufacturer as much as possible throughout this project.

B. How Users Experience Receiving Thermal Energy

Q. Please provide an overview of how the UCDEU System operates to deliver thermal energy to buildings.

A. The UCDEU System delivers heating, cooling, and domestic hot water services to connected buildings through an integrated, closed-loop network of three primary components: the IEC, the DPS, and ETS. A district energy system has a central energy plant (CEP) that services the thermal customers through a DPS and the thermal energy at the ETS is transferred to the in-building thermal system.

Each component plays a distinct and essential role: the IEC generates thermal energy, the DPS transports it, and the ETS delivers it to the customer building. Together, these three primary components (IEC, DPS, and ETS), when tied together, make up the District Energy System for Phase 1 of the Utah City development area.

Q. How does the IEC generate thermal energy for the system?

A. The IEC is the central production facility of the District Energy System. It houses both the heating and cooling generation equipment. The central energy plants will house natural gas boilers for peak heating demand and backup capacity; electric chillers and cooling towers for peak cooling demands; heat recovery chillers that capture waste heat from cooling operations; and pumps, heat exchangers, and control systems for efficient energy distribution.

In heating mode, the natural gas boilers heat water, which is then circulated under pressure through the DPS to customer buildings. In cooling mode, electric chillers remove heat from the water circuit, producing chilled water that is similarly circulated to customer buildings. The IEC is designed with a modular approach so that capacity can be added over time as the development grows and customer connections increase.

Q. How does the DPS transport thermal energy from the IEC to customer buildings?

A. Hot water produced in the IEC flows out through the heating supply pipe to connected buildings, where heat is extracted at the ETS. The cooled return water flows back to the IEC through the heating return pipe to be reheated and recirculated. An identical, separate closed loop operates for cooling: chilled water flows out through the cooling supply pipe, absorbs heat at the ETS, and returns to the IEC through the cooling return pipe to be rechilled. This fully closed-loop design prevents any loss of system fluid and maintains system pressure and water quality.

Q. At what temperatures does the system supply and return hot water and chilled water?

A. The system is designed to deliver thermal energy within specific temperature parameters agreed upon for each building. For Block 14D, the Building System Peak Design Supply Water Temperatures on the customer side of the heat exchanger are: Heating Water — 120°F; Cooling Water — 45°F; and Domestic Hot Water — 120°F. The Building System Peak Design Return Water Temperatures are: Heating Water — 100°F; and Cooling Water — 57°F.

These temperatures are established in the Energy Delivery Parameters agreed between Corix and the building's mechanical engineer and are designed to match the building's HVAC system requirements. Return temperatures are important to the efficiency of the district energy system — cooler heating returns and warmer cooling returns indicate good energy extraction by the building and allow the IEC to operate efficiently.

Q. What is the role of the ETS in delivering thermal energy to each building?

A. The ETS is the point of interface between the Company's distribution system and the customer's in-building HVAC system. It uses heat exchangers to transfer thermal energy indirectly — meaning the district energy fluid (utility-side) and the building's internal hydronic fluid (building-side) never mix. Each building connected to UCDEU will have an ETS located in its mechanical room. The ETS serves as the interface between the utility's distribution system and the building's internal HVAC systems. Each ETS will include heat exchangers for space heating, cooling, and domestic hot water; flow meters and temperature sensors for accurate energy metering; and control valves and automation systems for efficient operation. Flow through the primary district energy side of the ETS is controlled to achieve the building's supply temperature set point. ETS's generally have three heat exchangers: one for space heating, one for space cooling and one for domestic hot water. This is typical of most four pipe district energy systems around the world.

Q. How does the ETS protect building systems from the district energy fluid, and vice versa?

A. The ETS operates as an indirect heat exchange system. The thermal energy — whether heat or cooling — is transferred across the heat exchanger surfaces without any physical contact or mixing of the two fluid circuits. This design provides two key protections: it prevents contaminants or pressure fluctuations on the building side from affecting the district energy system, and it ensures that district energy fluid does not enter the building's domestic hot water or HVAC systems. The domestic hot water heat exchanger uses a double-walled, plate-and-frame design specifically to protect potable water systems.

Q. How does the ETS measure energy consumption for billing purposes?

A. Energy consumption is measured at the ETS using dedicated energy meters, which calculate the thermal energy delivered to each building based on the temperature differential between supply and return and the volumetric flow rate of water through the ETS. The ETS includes energy meters, control devices, a control panel, and power and communications connections of all skid-mounted devices. The meter data is transmitted to the Company's SCADA system and used as the basis for customer billing under the utility's approved tariff. This approach ensures that customers are charged only for the thermal energy they actually consume, and not for system losses or energy consumed by other customers.

Q. How is the overall system monitored and controlled during operation?

A. The SCADA system will be linked to Corix's control center where the system will be monitored 24/7. The control systems, heating and cooling loops as well as the ETS systems will be monitored and tested for quality and functionality.

The ETS control panel includes an Allen-Bradley PLC (programmable logic controller) with a VTScada overlay interface, providing alarms, trending, and graphical monitoring integrated into the Company's front-end control system. This real-time monitoring capability allows Corix operations staff to identify and respond to any performance anomaly — such as unusual return temperatures, flow irregularities, or pressure deviations — before service to customers is affected.

Q. How does the system handle simultaneous heating and cooling demands from different buildings?

A. The four-pipe closed-loop design allows simultaneous heating and cooling service to different buildings. Hot water and chilled water circuits are fully independent and operate in parallel. This smart, shared-energy approach balances simultaneous heating and cooling needs from various building types. As the system matures and heat recovery chillers are added to the IEC, the waste heat generated by the cooling process can be captured and redirected into the heating loop, significantly improving overall system energy efficiency.

Q. After the ETS, how does the customer's building receive and use the thermal energy?

A. Once thermal energy crosses the heat exchanger at the ETS, it enters the building's own internal hydronic system — which is owned and operated by the building owner or Developer, not by the Company. The building's internal heating system distributes hot water to fan coil units, radiant panels, or other terminal heating equipment to provide space heat. The building's cooling system distributes chilled water to air-handling units or fan coils to provide space cooling. The domestic hot water system serves the building's potable hot water needs. The ETS control system regulates the flow of district energy fluid to maintain the building's required supply temperatures, automatically adjusting to the building's real-time heating and cooling demand.

Q. What is the service boundary between the Company's District Energy System and the customer building?

A. The Company's service and responsibility extends to — and ends at — the ETS, which is located in the mechanical room of each customer building. The ETS is the point of interconnection between the Company's infrastructure and the customer's Building System. Beyond the ETS, the Building System — which includes all in-building piping, pumps, fan coils, thermostats, and in-unit HVAC equipment — is owned and operated by the building owner or Developer, not by the Company.

This boundary is fundamental to the Company's service model. District energy utility customers typically own entire buildings. Sometimes a building's ETS can be designed to service multiple occupant types within the buildings, for example both commercial and residential. Utility thermal service to an individual residential suite in an apartment building is rare in the industry. Given the nature of thermal energy, it is a business-to-business model where the utility has relatively larger-volume customers (e.g., equivalent to small commercial or large commercial customers of a gas or electric utility).

Q. After the ETS, how does thermal energy travel to individual units within the building?

A. Once thermal energy crosses the ETS heat exchangers, it enters the building's own internal hydronic piping system — the Building System — which distributes hot water for heating, chilled water for cooling, and hot water for domestic use throughout the building to individual residential or commercial suites.

In a typical residential building connected to the District Energy System:

- **Space Heating:** Hot water (at approximately 120°F supply, returning at 100°F) flows from the ETS through the building's internal heating loop to fan coil units, radiant heating panels, or other terminal heating equipment in each suite or common area. A thermostat in each unit calls for heat, which opens a valve and allows hot water to flow through the terminal unit, releasing heat into the space.
- **Space Cooling:** Chilled water (at approximately 45°F supply, returning at 57°F) flows from the ETS through the building's internal cooling loop to fan coil units in each suite. When a thermostat calls for cooling, chilled water circulates through the coil, cooling and dehumidifying the air in the space.
- **Domestic Hot Water:** Hot water is also supplied to the building's domestic hot water plumbing system, providing potable hot water to taps, showers, and fixtures in individual suites. This is provided through the double-walled domestic hot water heat exchanger in the ETS, ensuring complete isolation between the district energy fluid and potable water.

An equivalent residential building connected to UCDEU would receive centralized hot and chilled water for space conditioning and domestic hot water. While these buildings would still maintain electric and gas service for non-thermal uses, their overall energy profile would be significantly different. The centralized system reduces peak electricity demand by shifting thermal loads to a more efficient, utility-scale platform.

Q. Who is responsible for the in-building distribution system and the HVAC equipment in individual units?

A. The Building System — everything beyond the ETS on the building side — is the responsibility of the building owner or, where applicable, the Developer. The end-user tenants of a customer may receive indirectly the Thermal Energy services of the utility. Tenants are non-transient users of Thermal Energy who have a tenancy agreement with the utility Customer.

The Company's obligation is to deliver thermal energy to the agreed specifications at the ETS. The building owner is responsible for ensuring that the in-building distribution system and in-unit HVAC equipment are designed, installed, and maintained to properly use that thermal energy to heat and cool individual suites.

Q. How do tenants in individual suites control the heating and cooling in their units?

A. Individual suite control is managed through the building's in-unit HVAC equipment — typically fan coil units or similar terminal devices — which are controlled by individual thermostats or building automation systems. When a resident adjusts their thermostat, the building's control system regulates the flow of hot or chilled water through the terminal unit in that suite. This is entirely within the Building System, not within the Company's infrastructure.

The comfort experience of an individual tenant is therefore a function of both the quality of the Company's thermal energy delivery to the ETS, and the performance and maintenance of the building's own internal distribution and terminal equipment.

Q. What happens if a tenant in an individual unit experiences a heating or cooling problem?

A. The Company's responsibility and investigative authority is limited to the District Energy System up to and including the ETS. If the tenant is not the owner or operator of the Building, the tenant is required to inform and coordinate with the owner or operator of the Building to address any Building System issues. If a tenant reports a problem, the tenant should reach out to the Developer’s property manager first. If the problem cannot be resolved by the property manager, the tenant can reach out to the Company. The Company will investigate whether the issue originated with the utility's thermal energy delivery — for example, whether the ETS is receiving supply at the correct temperature and flow, and whether the heat exchanger and controls are functioning properly. If the issue is found to originate within the Building System — for example, a failed fan coil unit, a blocked internal pipe, or a malfunctioning thermostat in the suite — the Company will refer the matter to the building owner to address.

C. Utility Safety and Response

Q. Please provide an overview of the key safety considerations associated with operating the Utah City District Energy System.

A. Operating a district energy system involves a range of safety considerations across the Interim Energy Center (IEC), the Distribution Piping System (DPS), and the Energy Transfer Stations (ETS). UCDEU is designed with a strong emphasis on safety and operational reliability. Key features include N-1 redundancy in major equipment, ensuring continued service even if one component fails; backup power systems to maintain operations during electrical outages; centralized monitoring and control systems for real-time performance management; and compliance with all applicable building, safety, and environmental codes. The system will be operated by trained personnel and supported by Corix's regional and corporate teams, ensuring high standards of service and rapid response to any issues.

The principal safety areas across the system are: natural gas and combustion safety, piping system integrity, electrical safety, chemical and water treatment safety, cooling tower safety, potable water protection, seismic safety, and 24/7 SCADA monitoring and emergency response.

Natural Gas Combustion Safety (Interim Energy Center)

Q. What are the safety risks associated with the natural gas boilers in the IEC, and how are they managed?

A. The IEC contains natural gas-fired boilers that produce hot water for the heating loop. Natural gas combustion introduces risks of gas leakage, fire, and the accumulation of combustion byproducts including carbon monoxide. These risks are managed through a combination of engineered safeguards and ongoing monitoring.

The IEC is equipped with a dedicated safety sensor suite. The annual safety sensor maintenance program includes sensors for flow level, natural gas, carbon monoxide, and oxygen. These sensors continuously monitor the IEC environment and trigger alarms if hazardous conditions are detected.

The IEC also includes a Fire Alarm Control Panel with cellular dialer and remote monitoring capability. The IEC modules are UL-listed and ETL-labeled, confirming they meet applicable safety standards for industrial equipment. All work was performed under the authority of licensed mechanical and electrical contractors and inspected by the relevant authority with jurisdiction.

UMC's boiler license was approved, and all electrical and mechanical licenses were sent to and confirmed by Corix. Special inspections were coordinated for the module, site piping, and cooling tower.

Piping System Integrity and Testing

Q. How does Corix ensure the integrity and safe operation of the piping systems across the district energy network?

A. The district energy system relies on a network of piping across the IEC, the buried DPS, and the ETS installations in each building. Prior to commissioning, all piping is subject to hydrostatic pressure testing to verify the integrity of all connections, welds, and joints. Pipe marking standards were confirmed to meet ASME Standard.

Piping is fully insulated throughout the system to minimize heat loss and to protect workers and building occupants from contact with hot or cold surfaces. Color-coded PVC jacketing identifies each pipe circuit by fluid type and service.

Isolation valves are installed at key points throughout the DPS and IEC to allow sections of the system to be safely shut down and isolated for maintenance without interrupting service to connected buildings. Lockout/tagout procedures are followed for all maintenance activities on the piping system.

The DPS was installed by VanCon Inc. under a contract that includes a 10-year extended warranty, which aligns with the piping manufacturer's warranty and provides additional assurance of long-term system integrity.

Electrical Safety

Q. What are the electrical safety considerations for operating the district energy system?

A. The IEC operates under significant electrical loads, including dual electrical service connections to power the chiller plant, pumps, cooling towers, and controls. Electrical installation and connections were performed by licensed electrical contractors, coordinated with Rocky Mountain Power (the local electric utility), and inspected by the AHJ before energization.

The IEC includes a fire alarm system integrated with the building's electrical panel, with multicolored alarm beacons and a Fire Alarm Control Panel with remote monitoring. All PLC control panels underwent factory acceptance testing and UL inspection before deployment.

Electrical safety for ongoing operations follows standard utility practices including proper lockout/tagout during maintenance, restricted access to electrical rooms, and regular inspection of electrical connections and grounding.

Chemical and Water Treatment Safety

Q. What are the safety considerations associated with chemical water treatment in the district energy system?

A. The district energy system requires ongoing chemical water treatment to prevent corrosion, scaling, and biological growth within the closed-loop piping circuits. The annual chemical treatment program is included in the ongoing O&M program, modeled on similar Corix systems including the Oval IEC and DPS treatment program.

Chemical treatment products — which may include corrosion inhibitors, biocides, scale inhibitors, and pH adjusters — require proper handling procedures. Staff handling these chemicals use appropriate personal protective equipment (PPE) and follow safety data sheet (SDS) requirements. Chemical storage areas are designated and properly ventilated. Dosing systems are automated where possible to minimize direct handling and worker exposure.

Cooling Tower Safety — Legionella Risk

Q. What are the safety risks associated with the cooling towers, and how are they managed?

A. The IEC includes cooling towers for heat rejection from the chiller plant. Cooling towers require particular attention due to the risk of legionella bacterial growth. Legionella thrives in warm, stagnant water and can be aerosolized through cooling tower drift, potentially causing Legionnaires' disease in people who inhale contaminated aerosols.

The primary controls for Legionella risk are: (1) maintaining proper water treatment chemistry including biocides; (2) regular inspection and cleaning of the tower basin and fill media; (3) controlling water temperature to avoid conditions favorable to bacterial growth; and (4) ensuring proper water circulation to prevent stagnation.

The IEC cooling towers include basin heaters and heat trace for freeze protection during winter operation, which also helps maintain continuous water circulation and prevents stagnant conditions that could promote bacterial growth. Basin heater and heat trace were confirmed sufficient for cooling tower loop freeze protection during cold weather operation.

Thermal Burn and Scalding Safety

Q. What risks do elevated temperature hot water systems present, and how are they mitigated?

A. The heating loop circulates hot water at supply temperatures of up to 120°F. Contact with hot water can cause burns. Safety measures include: insulated piping throughout the IEC, DPS, and ETS to minimize surface temperatures; proper equipment clearances in the IEC mechanical room to allow safe movement of operations staff; and warning labels on hot surfaces.

The ETS installation requires a minimum 40 inch clearance on all sides of the ETS skid and in front of the control panel, providing safe working room for operators. All piping is insulated with color-coded PVC jacketing to identify fluid type and temperature.

The domestic hot water heat exchanger uses a double-walled design, ensuring that district energy fluid and potable hot water remain fully separated, preventing any risk of district energy system chemicals entering the building's potable water supply.

Seismic Safety (ETS)

Q. How does the Company address seismic safety in the design and installation of the ETS in Utah?

A. Utah is located in a seismically active region. The ETS installation specifically requires seismic review to protect both equipment and building occupants. The ETS scope of work requires that a registered professional engineer in Utah review and sign off on all hangers and supports for the ETS skid installation, confirming compliance with seismic requirements applicable to the City of Vineyard.

All ETS materials must be new and free from defect, and all work must comply with nationally recognized standards including NFPA, NEC, ASTM, and UL.

Permitting, Regulatory Compliance, and Air Emissions

Q. What permits and authorizations has Corix obtained to demonstrate regulatory safety compliance?

A. Corix has obtained its Land Disturbance Permit with supporting SWPPP permits. All necessary building permits and rights of way for Phase 1 of the development have been secured. Corix has its Sanitary Sewer permit in place as well as its Air Emissions Exemption. Corix has filed all necessary applications to operate as a legal entity including Articles of Incorporation, Utah Foreign Registration and Utah Certificate of Existence.

The Air Emissions Exemption confirms that the IEC's boiler emissions are below regulatory thresholds requiring a full air permit, consistent with the use of high-efficiency condensing boilers operating at the scale of the Utah City IEC.

24/7 SCADA Monitoring and System-Wide Safety

Q. How does Corix monitor the district energy system for safety and operational issues on an ongoing basis?

A. The SCADA system will be linked to Corix's control center where the system will be monitored 24/7. The control systems, heating and cooling loops as well as the ETS systems will be monitored and tested for quality and functionality.

The SCADA system provides real-time visibility into temperatures, flow rates, and alarm conditions across the IEC, DPS, and ETS. Safety alarms — including those for natural gas detection, CO detection, and abnormal flow or temperature conditions — trigger automated alerts to operations staff, enabling rapid response. The ETS control panels include backup UPS power for PLC systems to ensure continued monitoring even during brief power interruptions.

Corix and UMC conduct weekly site safety meetings during construction, and this culture of ongoing safety management will continue into operations through regular safety training, documented operating procedures, and coordination with Corix's regional and corporate operations teams.

Q. Is there a phone number to call if a customer or end-user experiences a service outage for related to thermal energy service provided by Corix?

A. Yes, for service issues or outages, customers and end-users can call 1-855-852-5703. For customer care and general inquiries, customers or end-users can call 1-866-457-7273.

IV. CUSTOMER LETTER OF SUPPORT

Q. Were you responsible for writing Attachment 1, Section 6 Customer Letter of Support?

A. Yes. Section 6 is incorporated into my testimony.

Q. Did you receive a Customer Support Letter? If so, what did the letter contain?

A. Yes, I did receive a Customer Support Letter from Flagborough, the Utah City developer and the UCDEU customer for all the lots/buildings in the development. The letter explained that Flagborough was in full support of the GRC Application including the Request for Interim Rates that will be proposed by Corix. The letter is included as Corix Exhibit 6.1.

V. CAPITAL EXPENDITURES

Q. What is the purpose of this section of your testimony?

A. This section of my testimony provides an overview of the capital investments made by the Company in constructing the Phase 1 infrastructure of the UCDEU System. It describes what was built, what it cost, how the procurement was conducted, and how those investments support the Company's obligation to provide safe and reliable thermal energy service to customers.

Phase 1.1, the initial segment of Phase 1, encompasses the IEC, the main distribution piping and three (3) of the eight (8) ETS's. The IEC has been designed to meet the full demand of Phase 1, with additional branch piping and five (5) additional ETS skids will be delivered 'just in time' as the Developer progresses.

The detailed financial derivation of Plant in Service, rate base, depreciation, and the resulting revenue requirement is addressed in the testimony of my colleague who sponsors the GRC Financial Model (Highly Confidential Exhibit 7.1). My testimony is focused on the operational rationale and prudence of the capital program, consistent with good utility practice.

Q. What are the three primary categories of capital assets forming the Plant in Service for the UCDEU?

A. The capital assets of the UCDEU System are organized into three primary categories as reflected in the Capex Summary tab of the financial model (Highly Confidential Exhibit 7.1):

Production Assets — the Interim Energy Centre (IEC #1), including heating boilers, chilled water plant, cooling towers, pumps, controls, and structure;

Distribution Assets — the Distribution Piping System (DPS), including underground piping, valves, communications conduit, and the Energy Transfer Stations (ETS) installed in each customer building; and,

General Plant — office, IT, Development and other general infrastructure assets.

The total capital additions for the Phase 1 are $37,737,869, comprising Production assets of $20,865,269, Distribution assets of $16,870,770, and General Plant assets of $81,830. See Corix Exhibit 6.3 Capital Expenditures by CWIP Projects and Phases.

Q. Please describe the capital expenditure program for each asset category.

A. The Company's assets are organized into three macro-categories — **Production**, **Distribution**, and **General Plant** — plus **Contributions in Aid of Construction** (CIAC). Within each macro-category, assets are assigned to specific depreciation sub-categories, each with an individual useful life. Where an asset group contains multiple sub-categories, a composite weighted-average useful life is derived based on the relative cost proportion of each component.

The capital program for each category is summarized below.

1. Production Assets — Interim Energy Centre (IEC #1)

The IEC #1 is the central production facility of the district energy system, housing the heating boilers, electric chillers, cooling towers, pumps, and associated controls and structure. It was designed, fabricated, and delivered by UMC, the winning contractor from a competitive procurement process.

The IEC site work was awarded to Vancon Inc. to provide the temporary foundation, utility infrastructure, parking lot, lighting and landscaping.

2. Distribution Assets — DPS and ETS

Distribution Piping System (DPS)

The DPS was procured through a competitive Invitation to Bid (ITB) process. The DPS budget carried in the rate model is $10,007,185 for Phase 1. The Phase 1.1 contract award is within the overall Phase 1 budget.

Energy Transfer Stations (ETS)

The ETS units for Phase 1.1 (covering Blocks 14D, 8A, and the Resort Pool) were procured through a competitive Invitation to Bid (ITB) process. The phase 1 ETS budget is $6,863,585 and the ETS phase 1.1 is within budget.

3. General Plant

General Plant includes IT systems, office equipment, control room infrastructure, and VT Scada system. General Plant assets total $81,830.

Q. How were the capital expenditures determined to be prudent?

A. The prudence of the Company's capital expenditures is supported by the following:

Competitive Procurement: All three major capital components — IEC #1, the DPS, and the ETS — were procured through formal competitive bidding processes. Multiple qualified contractors submitted bids; all bid prices were within the range of the engineer's pre-tender estimates and the rate model budgets. The Division and Office of Consumer Services recommended approval of the CPCN application, noting Corix described phased interim plants, technical parameters, and estimated approximately 20% CapEx savings from the district energy approach relative to conventional alternatives.

Value Engineering: Significant value engineering was undertaken, particularly for IEC #1, resulting in a significant reduction in initial capital. Key savings included removal of heat recovery chillers deferred to a later phase, and reduction of chilled water pump count from 3 to 2 units.

Modular, Phased Design: The capital program is designed to scale with actual customer demand. Modular equipment installation matches load growth and minimizes stranded capital. The system remains flexible and cost-effective throughout its development.[7]

Just in Time Delivery of Assets: Facilities and Assets have been timed for delivery using a ‘just in time’ approach that is consistent with the Developers buildout schedule and needs.

VI. ASSET LIFE

Q. Were you responsible for writing Attachment 1, Section 14.2 Asset Service Lives and Classification?

A. Yes. Section 14.2 is incorporated into my testimony.

Q. What is the purpose of this section of your testimony?

A. The purpose of this section is to describe the useful life assigned to each category of thermal plant assets owned and operated by UCDE System, to explain the methodology the Company used to establish those useful lives, and to demonstrate that the Company's asset life framework is reasonable and consistent with good utility practice.

Q. How does the Company assign useful lives to its thermal plant assets?

A. The Company assigned useful lives to thermal plant assets using a combined methodology that incorporated two primary inputs: (1) manufacturer- or fabricator-recommended service life for each specific piece of equipment or component, as documented in product specifications, technical submittals, and installation data; and (2) expert engineering judgment, applied by qualified operations and engineering personnel who evaluated each asset category in the context of the Company's specific operating environment, maintenance practices, and district energy system design.

The expert engineering judgment was provided by three experienced Corix employees, each of whom brings direct experience in the design, construction, and operation of district energy and thermal utility systems. Where manufacturer recommendations existed, they served as a reference baseline. Expert judgment was then applied to assess whether site-specific conditions — including thermal cycling, operating pressures, system water chemistry, and climate — warranted any deviation from standard manufacturer guidance. This dual-input methodology produces useful life estimates that are grounded in factual product data and validated by professional engineering experience.

Q. How are the Company's Production assets categorized for useful life purposes?

A. The Company organizes its production plant assets into three broad useful life tiers — 10 years, 25 years, and 50 years — reflecting the materially different service lives of the underlying components. This tiered approach avoids the distortions of a single composite depreciation rate and aligns cost recovery with actual asset consumption.

The Production plant assets — which include the Energy Centre heating and cooling modules and the Temporary and Permanent Energy Centers — are composed of three types of components: structures, primary mechanical plant equipment, and miscellaneous devices. Based on my experience operating and managing district energy, power, and thermal systems over more than 25 years, I have assigned the following individual useful lives to each component type.

Q. Please identify the production assets assigned a 50-year useful life and explain the basis for that assignment.

A. Plant structures are assigned a useful life of 50 years. In my experience, purpose-built utility plant structures are designed for long-term, continuous-duty service and are capable of providing reliable service over a 50-year horizon with routine maintenance. The following assets are assigned a 50-year useful life, consistent with their character as structural or long-lived civil/mechanical elements that are integral to the facility and not subject to routine replacement:

- Plant heating equipment structures: NG Structure, boiler breeching, gas trains
- Plant cooling equipment structures
- Building, building structures and improvements

These assets are predominantly structural, civil, or long-lived mechanical in character. Manufacturer guidance support that well-maintained structures and permanently integrated infrastructure of this type have service lives of 50 years or more. A 50-year useful life is reasonable and consistent with industry practice for similar district energy systems.

See Corix Exhibit 6.4 Asset Life, which provides Asset and Depreciation Categories details.

Q. Please identify the production assets assigned a 25-year useful life.

A. Primary active mechanical equipment — including gas-fired boilers, chillers, and thermal plant equipment — is assigned a useful life of 25 years. These assets are subject to regular thermal cycling and periodic major maintenance events, but are capable of sustained reliable operation over a 25-year horizon when properly maintained. This is consistent with my operational experience across comparable thermal energy systems. The following assets are assigned a 25-year useful life, consistent with their classification as major mechanical equipment that is subject to wear and periodic replacement but is not considered short-lived instrumentation or electronics:

- Major heating plant equipment (e.g., industrial boilers, pumps, PRVs, and similar mechanical components)
- Major cooling plant equipment (e.g., chillers, cooling towers, pumps, filters, and related mechanical systems)
- Thermal plant equipment (e.g., ventilation fans, louvers, and other major equipment items)

A 25-year useful life is supported by manufacturer product data for the specific brands and models installed and is consistent with the expert engineering judgment in Corix regarding expected service life for major rotating equipment and primary mechanical systems in a well-maintained district energy environment. See Corix Exhibit 6.4 Asset Life, which provides Asset and Depreciation Categories details.

Q. Please identify the plant assets assigned a 10-year useful life.

A. Miscellaneous devices, controls, sensors, and site works components are assigned a useful life of 10 years, reflecting the faster rate of functional degradation and technological obsolescence that applies to electronic and instrumentation assets relative to structural or mechanical plant.

The following assets are assigned a 10-year useful life, consistent with their classification as instrumentation, metering devices, controls, and specialty components that are subject to technological obsolescence, electronic degradation, or higher wear rates under continuous service conditions:

- Heating plant devices and instrumentation (e.g., meters, transmitters, flowmeters, and similar devices).
- Cooling plant devices and monitoring/instrumentation systems.
- Miscellaneous thermal plant devices (including controls electronics and wiring, and other smaller devices).
- Plant siteworks.

A 10-year useful life for instrumentation, control devices, and electronic components reflects both manufacturer design-life expectations. Electronic and precision measurement equipment requires periodic replacement due to component aging, calibration drift, firmware and software obsolescence, and the operational demands of continuous service in a thermal energy environment.

See Corix Exhibit 6.4 Asset Useful Life, which provides Asset and Depreciation Categories details.

Q. What expected service lives are assigned to the primary Distribution plant groupings?

A. Distribution plant items included in the asset life list consist primarily of DPS with an expected useful life of 50 years and ETS components with the following expected lives:

- Meters and related measurement/control devices (e.g., energy calculators, meters, PLC and sensors): 10 years.

- Heat exchanger installations on customers' premises and related valves/fittings/control valves: 25 years.
- ETS structural and piping components (miscellaneous structure and piping): 50 years.

Q. How does the Company's useful life framework support long-term planning and prudent asset management?

A. The Company's component-level useful life framework supports prudent utility practice in three ways. First, it matches depreciation expense to service life, ensuring each component is depreciated over a period consistent with its expected useful life and reducing the risk of mismatched cost recovery. Second, it improves rate base measurement, so that accumulated depreciation better reflects the remaining service value of the plant components included in rate base. Third, it supports long-term reinvestment planning by aligning expected replacement cycles with future sustainment needs. Together, these features make the Company's depreciation structure transparent, accurate, and defensible for ratemaking purposes.

VII. OPERATION AND MAINTENANCE

Q. What is the purpose of this section of your testimony?

A. The purpose of this section is to describe the Operation and Maintenance ("O&M") expenses included in the Company's revenue requirement for the Test Year ending July 31, 2027. Specifically, I will explain the composition of the O&M cost forecast reflected in Schedule 12 – Operation & Maintenance Expenses of the Utah City District Energy Utility 2026–2027 Revenue Requirements and Rates Application, as well as the underlying assumptions and methodologies supporting those estimates.

Q. How is Schedule 12 structured, and what does it capture?

A. Schedule 12 – Operation & Maintenance Expenses presents all O&M cost line items as forecast figures, expressed in dollars. The schedule is the primary output table for O&M costs as used in this rate application. It is directly linked to, and populated by, the model's OPEX Forecast engine. The schedule covers all recurring operating costs including direct labor FTE (operations and maintenance), benefits, short-term incentive plan (STIP) costs, materials, chemical treatment, third-party service contracts, and overhead allocations.

Q. What are the major components of O&M labor costs included in Schedule 12?

A. The direct labor components included in Schedule 12 consist of: (1) Operation Supervision and Labor (Salaries and Wages); (2) Maintenance Supervision and Labor; (3) Overtime (Operations and Maintenance); (4) Benefits and Pensions; and (5) Short-Term Incentive Plan (STIP) costs. Consistent with Corix's regulatory policy, the Company does not seek recovery of Long-Term Incentive Plan (LTIP) costs from regulated utilities through expense or capitalized cost. Labor costs are carefully controlled with FTE positions filled in direct coordination with the timing of assets and needs.

The total Direct Labor cost for the Utah project for the Test Year, as reflected in Schedule 12, are $361,004. This ramps to higher levels in subsequent years consistent with planned system growth and CPI-based escalation assumptions embedded in the model's Drivers tab.

See Corix Exhibit 6.3 Expenditures, which provides Operational Expenditures details.

Q. How were the non-labor maintenance costs estimated?

A. Non-labor maintenance costs were developed using the "Maintenance cost estimates %.xlsx" analysis, which applied a bottom-up, equipment-by-equipment methodology benchmarked against comparable Corix district energy systems. The key assumptions used were as follows:

- Maintenance Costs - $19, 051
- Office Rental - $57,017
- Miscellaneous, including Chemicals - $51,458

Total O&M (including labor) for the test year - $488,530

See Corix Exhibit 6.3: Expenditures, which provides Operational Expenditures details. Additional details can be found in the Company's supplemental testimony submissions.

In addition to the itemized costs above, the Company has included an O&M call-out support and minor spare parts provision equivalent to 15% of the subtotal O&M costs, to address unplanned reactive maintenance requirements. The maintenance cost as a percentage of Gross Plant in Service was also calculated for extrapolation purposes, arriving at approximately 0.27% of gross plant for the initial operating period.

Q. Does the Company apply an escalation factor to future O&M costs?

A. Yes. The Drivers and F&U Forecast tab serves as the core forecast driver engine for escalation factors and operational drivers, including CPI and commodity escalation indices applied to the OPEX forecast across all periods. Changes to escalation assumptions are made in the O&M Inputs or Drivers tab, and the OPEX Forecast tab reflects the resulting escalated totals. The Company has applied a consistent, annually compounded escalation rate to non-labor O&M costs, consistent with reasonable utility planning practice and aligned with CPI-based indices.

Q. How is the O&M program designed to ensure prudent operations and system reliability?

A. The Company's O&M program is designed to maintain the district energy system — including the Interim Energy Centre #1 (IEC-1), DPS, and ETS — in a safe, reliable, and fully operational condition, consistent with good utility practice. The maintenance cost estimates were developed by reference to Corix's operating experience at comparable district energy facilities, including the Oval Village and Alexandra District Energy Utility systems in British Columbia, and supplemented by contractor-sourced benchmarks. The 15% call-out and spare parts provision reflects the Company's prudent recognition that, for a newly commissioned system, reactive maintenance may be required during the early operating period as the system is optimized and stabilized.

Q. Does the Company seek recovery of all O&M costs through rates?

A. The Company seeks recovery of all prudently incurred O&M costs reflected in Schedule 12, with the exception of Long-Term Incentive Plan costs. Corix does not seek recovery of Long-Term Incentive Plan costs from regulated utilities through expense or capitalized cost. [2] All remaining cost categories included in Schedule 12 are necessary to support safe and reliable utility service to customers during the Test Year.

VIII. CONCLUSION

Q. Please summarize your testimony.

A. This testimony provides a comprehensive overview of the project development, including site preparation, planning, construction, capital and operational expenditures, as well as asset life assumptions for Phase 1 of the Utah City District Energy Utility (UCDEU) System. The testimony concludes with my professional assessment that these schedules are reasonable, appropriate, and meet the necessary requirements for regulatory review.

Q. Does this conclude your testimony?

A. Yes.