–BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH–

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** **Exhibit No. DPU 5.0 DIR** **Direct Testimony of Imran Mohammed**

Redacted

FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Direct Testimony of

Imran Mohammed

September 3, 2026

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INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND EMPLOYMENT FOR THE RECORD.

A. My name is Imran Mohammed. My business address is Heber Wells Building, 160 E. 300 South, Salt Lake City, Utah 84114. I am employed by the Utah Division of Public Utilities ("Division" or "DPU"), Utah Department of Commerce as a Utility Analyst.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of the Division.

Q. IS THIS YOUR FIRST TIME APPEARING BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH ("COMMISSION")?

A. Yes.

Q. WOULD YOU SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND FOR THE RECORD?

A. I have a bachelor's degree in Bioengineering and Economics from the University of Utah. Previously at the Division of Corporations, I was a Decentralized Autonomous Organization Specialist. I created the DAO registry program for the public to register their DAO with the State of Utah. I was later appointed to handle the failed product launch of Civix, which I was able to resolve and get a working product in 3 months.

SCOPE OF TESTIMONY

Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET.

A. The purpose of my testimony is to provide the Division's analysis, findings, and recommendations to the Commission regarding three areas of Corix Utah City Heating and Cooling LLC's ("Corix," "UCDEU," or the "Company")[1] Application: (1)

[1] "UCDEU" refers to the Utah City District Energy Utility, the district energy system Corix Utah City Heating and Cooling LLC is certificated to construct and operate in Vineyard, Utah under the certificate of public convenience and necessity granted in Docket No. 25-2666-01.

the proposed Thermal Tariff and its standard fees and charges; (2) Customer rights, fees, and safeguards; and (3) End User terms, rights, fees, and safeguards. My analysis is based on the Application and the proposed Thermal Energy Service Tariff,[2] the Direct Testimony of Douglas Chong and its supporting exhibits,[3] the Company's financial model,[4] and Company responses to Division data requests. In his direct testimony, Division witness Thomas Allred addresses the mechanics of the Company's proposed balancing accounts — namely the Revenue Deficiency Deferral Account ("RDDA") and the Energy Cost Reconciliation Account ("ECRA") — and the derivation of the Capacity and Energy Charges. Where my testimony refers to the levelized Capacity Charge or the RDDA, it does so only as those mechanisms bear on End User bills and on the tariff provisions within my assignment.

Q. ARE YOU SPONSORING ANY EXHIBITS IN THIS PROCEEDING?

A. Yes. I sponsor DPU Exhibit 5.01 – Standard Fees Analysis (Confidential); DPU Exhibit 5.02 – Customer Protections Comparison: Proposed Thermal Tariff and the R746-200 Baseline; and DPU Exhibit 5.03 – End User Safeguards and Bill Impact Analysis (Confidential).

Q. WILL YOU PLEASE SUMMARIZE YOUR RECOMMENDATIONS REGARDING THE COMPANY'S PROPOSED TARIFF AND RATES?

A. As discussed in Mr. Coleman's testimony, this is the first time the Commission has been asked to set rates for this utility. The Division proposes the following modifications as conditions of approval of the Thermal Tariff:

1. Reduce the Late Payment Charge from 1.5% per month, compounding monthly (an effective annual rate of approximately 19.6%), to 1.0% per month applied to the unpaid delinquent balance without compounding — the rate

[2] Corix Exhibit 1.0 (Thermal Energy Service Tariff).
[3] Corix Exhibit 3.0 (Direct Testimony of Douglas Chong); Corix Exhibit 3.1 (Infrastructure Agreement); Corix Exhibit 3.2 (Carrying Charge Worksheet); Corix Exhibit 3.3 (Levelized and Non-Levelized Capacity Rates).
[4] Highly Confidential Corix Exhibit 7.1 (UCDEU GRC Financial Model, May 4, 2026).

and calculation method the Commission has approved for both Rocky Mountain Power and Enbridge Gas Utah, each of which produces an annual rate of 12.00%;[5] correct the imprecise Section C descriptor of that charge as "19.6% compounded annually;" and prohibit allocation of Customer default-related charges to residential End Users;

2. Remove forgone Capacity Charges from the Section B.9 reconnection charge, or require reconciliation of such amounts against the RDDA; exempt meter-test disconnections; and provide Customers one meter test without charge in any 12-month period, consistent with the protection the Commission affords residential gas and electric customers;

3. Conform the Section B.19 termination charge to the contribution-in-aid-of-construction methodology in the Company's own commercial documents, with Commission approval required for any charge;

4. Confine no-notice disconnection under Section B.15 to genuine safety and system-integrity emergencies, with notice and an opportunity to cure for all other breaches of the Tariff terms and conditions;

5. Require winter, temperature-based, and medical-certificate disconnection protections for any building containing residential End Users (Tariff § B.15; cf. Utah Admin. Code R746-200);

6. Require as a term of service that Customers agree to provide at least 30 days' written notice to End Users before discontinuance of service to an occupied building for Customer default, with a description of how End Users

[5] Rocky Mountain Power, Electric Service Schedule No. 300 (Regulation Charges), First Revision of Sheet No. 300.2, P.S.C.U. No. 52, filed February 25, 2026, effective April 1, 2026 (Late Payment Charge: 1.0% per month of delinquent balance), cross-referencing Electric Service Regulation No. 8, Sheet No. 8R.2 (charge "applied to the unpaid delinquent balance brought forward on the subsequent month's bill"); Enbridge Gas Utah, Utah Natural Gas Tariff P.S.C.U. No. 800, § 8.03 (Fees and Charges) (Finance Charges calculated on unpaid balance — past due bills: 1.00% per month, 12.00% approximate annual rate).

can contact Corix regarding the potential continuation of service, if any (Tariff § B.15);

7. Require an annual Customer allocation compliance report filed with the Commission (Tariff §§ B.3, B.7);

8. Require Customer to provide End Users with a Commission-approved pre-lease disclosure that describes the service, current rates, the allocation methodology, and the rate-smoothing plan, and states that rates are set by the Commission and are subject to change (Tariff §§ B.3, E);

9. Correct the Section B.7 sub-metering provisions by fixing the erroneous cross-reference to "Section 2a;" defining the discount rate, analysis period, and a deadline and basis for the Utility-prepared differential cost figure used in the cost-effectiveness test, subject to the Section B.30 dispute resolution process; and adding notice, cure, and transition provisions where a building ceases to meet the sub-metering eligibility criteria;

10. Require Corix to demonstrate, and to file for Commission approval of, an allocation methodology reasonable for the actual mix of uses in each building, square-footage allocation being insufficient where End Users are not of a similar type as Section B.3(a)(ii) contemplates; and add a requirement to file for approvals of changed allocation methods.

11. Direct the formation of a working group with Corix, the Division, the Office of Consumer Services, and other interested parties to address End User protections for thermal service, and a further process to develop proposed rules for the Commission's consideration.

My analysis, though presented thoroughly as to the items above, does not represent an exhaustive review of everything in the proposed tariff. The Division's review is continuing through discovery, and I reserve the ability to supplement these recommendations in later testimony.

TARIFF AND STANDARD FEES

Q. WHAT IS THE DIVISION'S ASSESSMENT OF THE STANDARD FEES AND CHARGES IN TARIFF SECTION C?

A. My provision-by-provision assessment is presented in DPU Exhibit 5.01, Table 1.

- New Account Charge ($25.00). Reasonable in magnitude.

- Collection Charge ($45.00). Lacks cost support, which the Division has requested through data requests.

- Dishonored Payments Charge. Floats with the Utility's bank's NSF charge and should be stated as a fixed amount with notice of changes.

- Late Payment Charge. This is the most problematic fee. It is assessed at 1.5% per month and compounds monthly, producing an effective annual rate of approximately 19.6%. Both of Utah's major energy utilities apply 1.0% per month, and both apply it to the unpaid balance without compounding: Rocky Mountain Power's charge is computed on "the unpaid delinquent balance brought forward on the subsequent month's bill," and Enbridge Gas Utah states the corresponding annual rate as 12.00%, which is simple interest. The proposed charge is therefore excessive in two independent respects: the monthly rate is half again the approved rate, and the charge compounds where the comparators do not. Rate and method together produce approximately 19.6% against 12.00%.[6] Because thermal costs pass through to End Users without markup, the charge is ultimately borne by End Users who have no control over the Customer's payment behavior. The Tariff's own descriptor — "19.6% compounded annually" — is also imprecise, because a 1.5%

[6] Rocky Mountain Power, Electric Service Schedule No. 300, Sheet No. 8R.2. Effective annual rates reflect monthly compounding of each monthly rate.

monthly charge compounds monthly and 19.6% is the resulting effective annual rate. The Section C language should be corrected accordingly.[7]

- Disputed Meter Testing Fee. Charges actual costs to a Customer whose meter proves accurate and additionally imposes the Section B.9 reconnection charge; by contrast, the Commission-approved Rocky Mountain Power tariff provides one meter accuracy test without charge in any twelve-month period, and $60.00 for each additional test[8].[9]

Q. WHAT IS THE DIVISION'S CONCERN WITH THE RECONNECTION CHARGE IN SECTION B.9?

A. The reconnection charge equals the Utility's actual reconnection costs plus the Capacity Charges the Customer "would have paid had Energy Services continued" during the disconnection period for re-applications within 12 months.[10] The second component is not a cost-based fee; it is retroactive billing for a period in which no service was provided. The revenue-protection rationale is already provided prospectively through the RDDA, which trues up delivery revenue shortfalls across all customers. The Division does not assume that a double recovery would in fact occur; if amounts collected under this charge are credited back against the RDDA, the accounts may well reconcile. The tariff, however, does not say so, and the Division seeks clarity on the point. The charge for re-applications within twelve months may be justified by other considerations, including deterring gamesmanship that could strand costs, but its interaction with the RDDA should be made explicit rather than left to inference. At minimum, the forgone-revenue component should not apply to meter-test disconnections; and if that component remains, the tariff should state how amounts collected are treated in the RDDA.

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[7] Corix Exhibit 1.0, Section C (Standard Fees and Charges Schedule).
[8] Rocky Mountain Power, Electric Service Schedule No. 300, Sheet No. 7R.3 (Meter Test for Accuracy).
[9] Corix Exhibit 1.0, Sections B.6(b), B.9; cf. Utah Admin. Code R746-200 (residential meter testing).
[10] Corix Exhibit 1.0, Section B.9 (Connections and Disconnections).

Q. WHAT IS THE DIVISION'S CONCERN WITH THE TERMINATION CHARGE IN SECTION B.19?

A. Section B.19 permits the Utility to charge a terminating Customer "the full cost of all infrastructure associated with the provision of Energy Services to the Customer" upon the Utility's own determination of necessity, while the Tariff simultaneously provides that all District Energy System components remain the Utility's property.[11] As drafted, the Utility could recover full undepreciated infrastructure cost from an exiting Customer, retain the assets, and continue earning on any portion remaining in rate base. The Company's own commercial documents contain materially more precise and more ratepayer-protective formulas: [redacted].[12] The Division recommends Section B.19 be conformed to that CIAC methodology, with any charge subject to Commission approval and credited for the benefit of the remaining Customers on the system.

CUSTOMER RIGHTS, FEES, AND SAFEGUARDS

Q. WHAT STANDARD DID THE DIVISION APPLY IN REVIEWING THE CUSTOMER-FACING TERMS AND CONDITIONS?

A. The Customer under this tariff is the building owner — currently Flagborough, LLC — a sophisticated commercial counterparty. However, because significant costs and risks imposed on the Customer pass through to End Users without markup, Customer-level terms function as consumer protection terms one step removed. I used R746-200, the Commission's residential utility service rule for gas and electric

[11] Corix Exhibit 1.0, Sections B.5, B.19.
[12] Highly Confidential Corix Exhibit 3.1, Schedule 2.3(d); id., Exhibit A (Equipment Lease) § 3(c).

utilities, as a reference baseline — not as a binding rule, but as the Commission's articulated judgment of the minimum protections appropriate for Utah residential utility consumers.[13] A provision-by-provision comparison is presented in DPU Exhibit 5.02.

Q. WHAT IS THE DIVISION'S MOST SIGNIFICANT CONCERN IN THIS AREA?

A. The Division's biggest concern in this area is Section B.15's no-notice disconnection tier. The first tier appropriately requires 10 business days' written notice for nonpayment and deposit failures. The second tier, however, permits discontinuance "without having to give any notice" for a list of causes that includes, at item (d), any breach of the Customer Agreement "including, without limitation, this Tariff."[14] Because item (d) encompasses the entire tariff, the provision as drafted would allow service to an occupied residential building to be terminated without warning for any breach, however minor — far below a comparable baseline applicable to gas and electric utilities in R746-200, which requires written notice, an opportunity to cure, and 48-hour final notice even for cause-based terminations and restricts disconnection of master-metered multi-unit dwellings without notice to occupants.[15] The Division recommends the no-notice tier be confined to genuine safety and system-integrity emergencies, with all other breaches subject to the 10-business-day notice and an opportunity to cure.

Q. DOES THE PROPOSED TARIFF CONTAIN SEASONAL OR HEALTH-BASED DISCONNECTION PROTECTIONS?

A. No. The Tariff does not include any disconnection protections such as a winter moratorium, temperature-based restriction, medical certificate provision, or restriction on disconnection before weekends or holidays — all of which R746-200 provides for residential gas and electric service. The UCDEU system's forecast load

[13] Utah Admin. Code R746-200 (Residential Utility Service Rules).
[14] Corix Exhibit 1.0, Section B.15 (Refusal to Provide Energy Services and Discontinuance of Energy Services).
[15] Utah Admin. Code R746-200 (termination of service; master-metered dwellings).

is [redacted],[16] and the service at issue is space heating in a climate where loss of heat is a safety matter. This is the single largest substantive gap between the proposed tariff and the Commission's articulated residential baseline. The Division recommends the Commission require seasonal, temperature-based, and medical-certificate protections applicable to any building containing residential End Users.

Q. WHAT OTHER CUSTOMER-FACING PROVISIONS CONCERN THE DIVISION?

A. I have detailed four in DPU Exhibit 5.02. First, Section B.1 permits refusal of service where an unpaid account exists "in respect of . . . the relevant Building(s)," which as drafted permits denial of service to a successor owner — and therefore to all resident End Users — for a predecessor's debt. Second, Section B.2 is asymmetric: a Customer may not assign without Utility consent, while the Utility may assign to any qualified person without consent and is automatically released from its obligations. Third, Section B.20 disclaims Utility liability except for gross negligence or willful misconduct and even then excludes all economic loss, while imposing on the Customer a broad indemnity expressly reaching preexisting environmental contamination the Customer did not cause. Fourth, Section B.21 requires recorded rights-of-way in the Utility's standard form with automatic priority over financial encumbrances and adequacy determined in the Utility's sole discretion.[17] Recommended modifications for each are set out in DPU Exhibit 5.02.

END USER TERMS, RIGHTS, FEES, AND SAFEGUARDS

Q. WHAT IS THE ANALYTICAL BENCHMARK FOR THE DIVISION'S END USER REVIEW?

A. The Commission set that benchmark itself. In granting Corix a certificate of public convenience and necessity, the Commission expressly conditioned the certificate on

[16] Highly Confidential Corix Exhibit 7.1, "DES Fcst" tab (forecast residential share of connected floor area).
[17] Corix Exhibit 1.0, Sections B.1, B.2, B.20, B.21.

adoption of "an acceptable regulatory framework in the forthcoming rate design and terms of service docket that protects just and reasonable rates and service quality standards and recourse for the ultimate end users of the UCDEU system (End Users)."[18] End Users are captive consumers in the fullest sense: they cannot choose the thermal provider, cannot bypass the system, have no contract with the regulated Utility, and bear 100 percent of the Utility's charges through the Customer's pass through of the costs to the End Users. The Infrastructure Agreement makes Corix the exclusive provider to all buildings in the Project [redacted], confirming that this captivity is a multi-decade condition established by private contract before the first End User signed a lease.[19]

Q. WHAT END USER PROTECTIONS DOES THE PROPOSED TARIFF PROVIDE?

A. To the Company's credit, the tariff speaks to End Users directly. Section B.3 prohibits any markup and caps the sum of thermal costs allocated to End Users at the total bill rendered to the Customer; requires allocations to be fair, reasonable, and transparent; prescribes floor area or another reasonable proxy (not consumption) for the fixed portion; and requires the Customer to show each thermal cost allocation as a separate, identifiable line item on the statement or invoice it renders to the End User. Section B.7 protects residential End Users from bearing sub-metering costs. Sections B.3(a) and B.30 permit an End User to lodge a complaint with the Utility concerning the Customer's allocation of thermal costs and compliance with the no-markup requirement, and require the Utility to submit the details of that complaint to the Division for review, with formal Commission review available.[20] The Division recommends these provisions be retained and strengthened, not diluted.

[18] Docket No. 25-2666-01, Order (Feb. 2, 2026) at 9–10; see also Request to Establish Interim Rates (May 6, 2026) 4.
[19] Highly Confidential Corix Exhibit 3.1 § 2.5.
[20] Corix Exhibit 1.0, Sections B.3, B.7, B.30.

Q. DOES THE PROPOSED TARIFF PERMIT SUB-METERING OF END USERS?

A. Only in narrow circumstances, and as a practical matter, never for any End User this system projects it will serve. Section B.7 permits a Customer to use sub-meters in a building with a peak design thermal capacity of no more than 15 MW, provided no residential End User bears any sub-metering cost, no markup is taken, allocations do not exceed the Utility's bill, and the allocation basis is fair and reasonable.[21] Beyond that, sub-metering requires a case-by-case exemption approved by the Commission, which is available only where a cost-effectiveness test yields a benefit-to-cost ratio greater than one and "all sub-metered thermal end-user tenants on the Customer's premises have anticipated load sizes of 1,000 kW or greater."[22] The tariff states plainly that this exemption "is intended for a very large volume thermal Customer that has sufficiently large sub-metered commercial End Users."[23]

Q. WHAT IS THE DIVISION'S ASSESSMENT OF THE SUB-METERING PROVISIONS?

A. The Division supports the provisions barring residential End Users from bearing sub-metering installation, maintenance, and administration costs and the prohibition on allocating the fixed Capacity Charge by consumption, since that charge is driven by declared building design capacity rather than usage. The Division also notes favorably that an approved exemption stays with the building upon sale, so a successor owner is not required to re-litigate it.

The Division has four concerns with the provisions as drafted. First, the 1,000 kW threshold in the case-by-case exemption forecloses sub-metering not only for residential End Users but for every End User space this system is forecast to serve. [redacted]

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[21] Corix Exhibit 1.0, Section B.7 (Sub-meters for Cost Allocation).
[22] Id., Section B.7, Case-by-Case Exemption (a), (i).
[23] Id., Section B.7 (Case-by-Case Exemption, concluding paragraph).

[redacted][24] The non-residential space is no closer to the threshold. The Company's buildout exhibit shows the two pool blocks — continuous, thermally intensive uses — at [redacted].[25] Retail space appears in the Company's forecast only as a component of otherwise residential blocks, [redacted]; at the Company's own modeled peak intensities for retail — [redacted] on the same non-coincident basis the tariff uses for building design capacity.[26] No End User space in the development — an apartment, a retail bay, or a swimming pool — approaches 1,000 kW. The practical consequence is that no End User can qualify for sub-metering, and every one of them will be allocated thermal costs on the same square-footage basis unless the Commission approves another allocation method.

Second, Section B.7(d) requires the Customer to use a reasonable and fair allocation basis "as outlined above in Section 2a," but Section 2 of the Terms and Conditions governs assignment; the fair-allocation criteria appear at Section 3(a). This cross-reference should be corrected.

Third, the cost-effectiveness test contains an asymmetry. The Customer bears sole responsibility for preparing the analysis and its expense, but the Utility prepares the lump-sum differential cost figure that drives the cost side of the ratio.[27] The Tariff sets no deadline for the Utility to produce that figure, requires no disclosure of its basis, and provides no path to dispute it. Because the Utility controls an input that determines whether an exemption is granted, the Division recommends the Tariff require the differential cost figure to be provided within a defined period, with

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[24] Highly Confidential Corix Exhibit 7.1, Schedule 19 (End User Cost) (design capacity for representative 950 sq. ft. unit).
[25] Highly Confidential Corix Exhibit 7.4 (Buildout), blocks 9-Pool-1 and 9-Pool-2 (undiversified peak load).
[26] Highly Confidential Corix Exhibit 7.1, "Exhibit7.4-Buildout" and "Customers Inputs" tabs (building typology peak intensities). Division calculation.
[27] Corix Exhibit 1.0, Section B.7, Case-by-Case Exemption (a) (Customer bears sole responsibility for the analysis; the lump sum differential cost is prepared by the Utility).

supporting basis, and be subject to the dispute resolution process in Section 30. The discount rate is likewise imprecise — "based on the percentage interest rate of the Utility's latest cost of debt rate in the last approved rate application, or a mortgage rate" — without specifying which applies or who selects it, and the analysis period is "the estimated life of the Building" without stating who determines it. Each should be defined.

Fourth, eligibility must be "fully" met and "continuously" maintained, but the tariff provides no notice, cure period, or transition process if a building falls out of eligibility. Sub-metered End Users mid-lease should not face an abrupt change in billing methodology without notice, and the Division recommends the Tariff expressly address a lapse.

Q. IS THE ALLOCATION METHODOLOGY IN THE PROPOSED TARIFF ADEQUATE FOR A MIXED-USE DEVELOPMENT?

A. No, and the tariff itself supplies the standard by which it falls short. Section B.3(a)(ii) provides that allocation by floor area is acceptable "[i]f all end-user tenants are of a similar type (e.g., all tenants are residential)," and contemplates that sub-metered commercial End Users will instead be allocated on metered consumption.[28] The Utah City development is not characterized by homogeneity. The Company's own forecast includes residential apartments, retail, a pool, and later large office, hotel, and hospital space,[29] and these uses differ enormously in thermal intensity and operating profile. [redacted] — confirming that square footage is not a uniform proxy for thermal burden across these uses. Yet because the 1,000 kW threshold prevents any of these End Users from being sub-metered, square footage is the only allocator the tariff makes available. The result is that the tariff's stated condition for floor-area

[28] Corix Exhibit 1.0, Section B.3(a)(ii).
[29] Highly Confidential Corix Exhibit 7.1, "DES Fcst" tab (forecast floor area by building type).

allocation cannot be satisfied in a mixed-use building, while the alternative the tariff contemplates is unavailable. Residential End Users would cross-subsidize high-intensity commercial uses, and the Company has not demonstrated otherwise. Square-footage allocation is the only methodology the Company has put forward in this filing, and the Division recommends the Commission require Corix to demonstrate, and to file for Commission approval of, an allocation methodology that is reasonable for the actual mix of uses in each building.

Q. DOES THE DIVISION RECOMMEND THAT THE COMMISSION REQUIRE SUB-METERING OF RESIDENTIAL END USERS?

A. No, for both legal and policy reasons. As a jurisdictional matter, the Commission's authority runs to the regulated utility and its tariff, not to private building owners. A heat corporation is a public utility subject to Commission jurisdiction,[30] but ordering a landlord to purchase and install sub-metering hardware inside a privately owned building would test the limits of that authority. In the electric context, the Commission's metering requirements rest on a federal mandate, the Public Utility Regulatory Policies Act ("PURPA"), implemented through Utah Admin. Code R746-210; there is no analogous federal or state mandate for thermal service, and the Division does not believe the Commission should extend an electric rule by analogy where the statutory predicate is absent.[31] As a policy matter, the Commission's own electric rule treats sub-metering as an inferior substitute for utility metering precisely because a sub-metered End User is not a customer of a regulated utility and therefore falls outside the Commission's power to provide redress.[32] There are also practical reasons specific to thermal service: thermal migration between adjoining units means an interior apartment can benefit from heat it never registers, so BTU

[30] Utah Code Ann. § 54-2-1(16)(a) (defining "heat corporation" as a public utility); id. § 54-4-1 (general supervisory jurisdiction).
[31] Utah Admin. Code R746-210 (Utility Service Rules Applicable Only to Electric Utilities), implementing standards considered under the Public Utility Regulatory Policies Act of 1978.
[32] Utah Admin. Code R746-210-5.

sub-meter readings are an imperfect proxy for benefit received, and the meters themselves are costly to install, calibrate, and maintain.

Q. WHAT DOES THE DIVISION RECOMMEND WITH RESPECT TO COMMERCIAL AND OTHER NON-RESIDENTIAL SPACE?

A. The Division does not propose a prescriptive metering mandate. The reasonableness requirement in the allocation methodology the Division recommends can address disparate uses directly. This can be accomplished entirely within the Commission's authority over Corix's terms of service, without directing any building owner. If the Commission concludes that a more specific condition is warranted, options available within its authority over the Utility's conditions of service include separate metering or Utility-verified sub-metering of uses with notably different thermal intensities, without regard to the 1,000 kW threshold, and verification of metering arrangements before service commences. The Division does not propose that the Commission direct any building owner; each of these options operates on the Utility's own conditions of service. It also serves the statutory requirement that rates be just, reasonable, and not unduly discriminatory,[33] because it aligns cost responsibility with cost causation.

Q. DOES THE DIVISION HAVE A BROADER PROCEDURAL RECOMMENDATION IN THIS AREA?

A. Yes. Several of the issues in my testimony arise because Utah has no statutory or regulatory framework governing thermal service to end users, and this docket is the first occasion on which the Commission has confronted them. Resolving each by tariff condition in an initial rate case is workable but incomplete. Furthermore, experience will bring additional data and lessons. Division witness Jeremy Hirschi recommends a post-case workgroup addressing complete-filing requirements and reporting standards. The End User protection issues I identify are well suited to the same forum, and the Division does not propose a separate proceeding if they can be

[33] Utah Code Ann. § 54-3-1.

taken up together. The Division therefore recommends the Commission direct the formation of a working group — including Corix, the Division, the Office of Consumer Services, and any other interested party — to address End User protections for thermal service, and a further process to develop proposed rules for thermal service for the Commission's consideration. That approach would allow the protections adopted in this docket to be tested against operating experience and, where appropriate, generalized into rules of broader application, rather than being relitigated building by building or docket by docket. The Company has indicated it intends to file another general rate case within approximately one year,[34] which makes a structured interim process particularly useful.

Q. WHERE DOES THE TARIFF FALL SHORT OF THE CPCN CONDITION?

A. The tariff falls short of the CPCN condition in four principal respects, each detailed in DPU Exhibit 5.03.

First, the no-markup rule has no verification mechanism: no audit right, no periodic compliance certification, no required disclosure of the allocation methodology, and no stated remedy for overcollection. The Division's recommended allocation compliance report is directed at verifying the allocation only and could be incorporated into the annual reporting framework Division witness Jeremy Hirschi recommends; commercially sensitive or personally identifiable information not necessary for that purpose may be redacted or withheld.

Second, nothing requires notice to building occupants before service to the building is discontinued for the Customer's default; End Users who have paid their allocated share in full can lose heat and hot water without warning for a landlord default they knew nothing about.

[34] See Utah Code Ann. § 54-4-1 (Commission authority to supervise public utilities); cf. Utah Admin. Code R746-200, R746-210 (rules of general application adopted for other utility types).

Third, the winter and medical protection gap discussed above falls hardest on residential End Users.

Fourth, nothing requires a prospective End User to be told, before lease execution, that the premises are served by a regulated district energy system, what the rates are, how the End User's allocation will be computed, or that rates reflect a Commission-approved smoothing plan under which deferred amounts are recovered in later years. Any such disclosure should also state plainly that rates are set by the Commission and are subject to change, so that a prospective End User does not treat the figures as fixed for the term of a lease.

Q. PLEASE DESCRIBE THE END USER BILL IMPACT OF THE PROPOSED RATES.

A. Based on the Company's Schedule 19, a representative 950-square-foot apartment pays [redacted][35] — for thermal service in the test year, of which roughly 75 percent is the fixed Capacity Charge allocation and only 25 percent is usage-based. [redacted] Because approximately three-quarters of the bill is fixed and allocated on floor area, an End User has almost no ability to reduce its bill through conservation. The rate smoothing the RDDA provides is directed at stabilizing rates across rate years and avoiding the rate shock a greenfield utility would otherwise impose, and the Division does not oppose that objective. At the End User level, however, the effect is different: End Users are typically short-tenure occupants, and those present during the recovery years will repay costs deferred from service rendered to different End Users as much as a decade earlier, and none of them chose the financing plan.

[35] Highly Confidential Corix Exhibit 7.1, Schedule 19 (End User Cost); Confidential DPU Exhibit 5.03, Table 2.

Q. DOES THE PROPOSED TARIFF SATISFY THE CPCN CONDITION?

A. Partially. The no-markup rule, allocation standards, line-item transparency, sub-metering safeguards, and Division-referral complaint mechanism are genuine End User recourse and exceed what master-metered End Users receive under most utility frameworks. The framework nonetheless falls short in three respects. One, a fully paid-up End User can lose residential heating service without notice, in winter, because of a landlord's default. Two, nothing verifies that the no-markup rule is actually honored. Three, no one discloses to End Users a rate plan that shifts costs across End User generations. Taken together, these gaps do not "protect just and reasonable rates and service quality standards and recourse for the ultimate end users."[36] The Division recommends the Commission condition approval of the Thermal Tariff on the modifications summarized in my Scope of Testimony and detailed in DPU Exhibits 5.02 and 5.03.

CONCLUSION

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

A. The Division appreciates the Company's cooperation in this first general rate case for a heat corporation in Utah. However, the proposed tariff falls short of the framework the Commission's CPCN order requires in the areas of disconnection protections, End User notice and disclosure, and enforcement of the no-markup rule, and the design of several fees and charges and certain Terms and Conditions are materially one-sided. The modifications listed in my Scope of Testimony would close those gaps. Because the Company has stated that it intends to file its next general rate case in approximately one year, the Commission's resolution of these structural issues now will define the framework under which this new class of utility — and the captive End Users it serves — will operate for decades. The Division's proposed work group will allow changes with experience but the Commission should address these issues to the fullest extent possible given current knowledge. These

[36] Docket No. 25-2666-01, Order (Feb. 2, 2026) at 9–10.

recommendations are in the public interest and result in just and reasonable rates and terms of service for the components I have reviewed.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

APPENDIX A – EXHIBIT SUMMARY

DPU Exhibit 5.01 – Standard Fees Analysis (CONFIDENTIAL). Table 1: assessment of each Standard Fee and Charge in Tariff Section C. Table 2: reconciliation of levelized and non-levelized capacity rates, 2026–2045 (Corix Exhibits 3.3 and 7.1). Table 3: RDDA balance trajectory and Capacity Charge rate path. Tables 2 and 3 are provided as background for the RDDA and bill-trajectory discussion in my End User testimony; the Company's rate structure and the derivation of the Capacity and Energy Charges are addressed in the Direct Testimony of Thomas Allred. Table 4: representative End User annual bill trajectory.

DPU Exhibit 5.02 – Customer Protections Comparison: Proposed Thermal Tariff and the R746-200 Baseline. Provision-by-provision comparison of the proposed Thermal Tariff's Customer protection terms against Utah Admin. Code R746-200, with the Division's assessment and recommended modification for each.

DPU Exhibit 5.03 – End User Safeguards and Bill Impact Analysis (CONFIDENTIAL). Table 1: evaluation of the proposed tariff against the end-user protection condition of the Commission's February 2, 2026 CPCN order (Docket No. 25-2666-01). Table 2: representative End User bill trajectory with RDDA subsidy and recovery periods. Table 3: recommended tariff modifications.

Appendix B – Summary of Division Recommendations

The table below summarizes the Division's recommended conditions of approval of the proposed Thermal Tariff, the provision each addresses, and where each is supported in my testimony and exhibits.

No.	Recommended Modification / Order Provision	Provision Addressed	Support
1	Reduce the Late Payment Charge from 1.5% per month, compounding monthly (an effective annual rate of approximately 19.6%), to 1.0% per month applied to the unpaid delinquent balance without compounding — the rate and calculation method the Commission has approved for both Rocky Mountain Power and Enbridge Gas Utah, each of which produces an annual rate of 12.00%; correct the imprecise Section C descriptor of that charge as "19.6% compounded annually;" and prohibit allocation of Customer default-related charges to residential End Users;	Exh. 1.0, § C; § B.3	Tariff & Standard Fees; End User §§; DPU Exh. 5.01 Tbl. 1; 5.03 Tbl. 1
2	Remove forgone Capacity Charges from the Section B.9 reconnection charge, or require reconciliation of such amounts against the RDDA; exempt meter-test disconnections; and provide Customers one meter test without charge in any 12-month period, consistent with the protection the Commission affords residential gas and electric customers;	Exh. 1.0, § B.6(b), B.9	Tariff & Standard Fees; DPU Exh. 5.01 Tbl. 1
3	Conform the Section B.19 termination charge to the contribution-in-aid-of-construction methodology in the Company's own commercial documents, with Commission approval required for any charge;	Exh. 1.0, § B.5, B.19; HC Exh. 3.1 Sch. 2.3(d); Lease § 3(c)	Tariff & Standard Fees
4	Confine no-notice disconnection under Section B.15 to genuine safety and system-integrity emergencies, with notice and an opportunity to cure for all other breaches of the Tariff terms and conditions;	Exh. 1.0, § B.15	Customer Rights; DPU Exh. 5.02

5	Require winter, temperature-based, and medical-certificate disconnection protections for any building containing residential End Users (Tariff § B.15; cf. Utah Admin. Code R746-200);	Exh. 1.0, § B.15; cf. R746-200	Customer Rights; End User §; DPU Exh. 5.02; 5.03 Tbl. 1
6	Require as a term of service that Customers agree to provide at least 30 days' written notice to End Users before discontinuance of service to an occupied building for Customer default, with a description of how End Users can contact Corix regarding the potential continuation of service, if any (Tariff § B.15);	Exh. 1.0, § B.15 (absent provision)	End User §; DPU Exh. 5.03 Tbl. 1
7	Require an annual Customer allocation compliance report filed with the Commission (Tariff §§ B.3, B.7);	Exh. 1.0, § B.3, B.30 (absent enforcement)	End User §§; DPU Exh. 5.03 Tbl. 1
8	Require Customer to provide End Users with a Commission-approved pre-lease disclosure that describes the service, current rates, the allocation methodology, and the rate-smoothing plan, and states that rates are set by the Commission and are subject to change (Tariff §§ B.3, E);	Exh. 1.0 (absent provision)	End User §§; DPU Exh. 5.03 Tbls. 1–2
9	Correct the Section B.7 sub-metering provisions by fixing the erroneous cross-reference to "Section 2a;" defining the discount rate, analysis period, and a deadline and basis for the Utility-prepared differential cost figure used in the cost-effectiveness test, subject to the Section B.30 dispute resolution process; and adding notice, cure, and transition provisions where a building ceases to meet the sub-metering eligibility criteria;	Exh. 1.0, § B.7 (incl. Case-by-Case Exemption); § B.30	End User §§; DPU Exh. 5.03 Tbl. 1
10	Require Corix to demonstrate, and to file for Commission approval of, an allocation methodology reasonable for the actual mix of uses in each building, square-footage allocation being insufficient where End Users are not of a similar type as Section B.3(a)(ii) contemplates; and add a requirement to file for approvals of changed allocation methods.	Exh. 1.0, § B.3(a)(ii)	End User §§; DPU Exh. 5.03 Tbl. 1

11	Direct the formation of a working group with Corix, the Division, the Office of Consumer Services, and other interested parties to address End User protections for thermal service, and a further process to develop proposed rules for the Commission’s consideration.	Docket 26-2666-01 generally; cf. R746-200, R746-210	End User §§