

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

**REBUTTAL TESTIMONY OF
DEREK NELSON FOR CORIX**

October 9, 2026

CORIX EXHIBIT 13.0R

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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. My business address is 1250 E. 200 S. Ste 2E, Lehi, Utah, 84043.

Q. Did you file direct testimony in this docket?

A. Yes. I submitted direct testimony on behalf Corix Utah City Heating and Cooling LLC (“Corix” or “Utility”) in Corix Exhibit 6.0.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your rebuttal testimony in this Docket?

A. My testimony addresses certain issues raised in the GRC direct testimonies filed by Thomas Allred, witness for the Division of Public Utilities (“DPU”) and Jeremy Hirschi, witness for the DPU. I also provide an update to the operational status of Utah City District Energy Utility (“UCDEU”).

Q. Should silence on any arguments presented by Parties on topics addressed in your testimony be interpreted as support for the positions of other Parties.

A. No. My silence on any position adopted by Parties in this proceeding should not be interpreted as Corix’s agreement with those positions.

Q. Please summarize your testimony and recommendations.

A. I discuss Witness Allred’s proposed baseline performance metrics with an 80/20 mechanism. I conclude that his proposal at this time should not be approved by the Commission. However, I agree that monitoring and reporting system performance is appropriate, and Corix is prepared to provide the Commission and Division with relevant operating performance information as sufficient data becomes available

I also discuss Witness Hirschi's proposed reporting requirements regarding operations matters. I do not support the recommendation for an annual Meter Accuracy and Calibration Log Report. However, I do support the recommendation to file Event-Driven & Ad-Hoc reports relating to emergency incidents and disruptions.

Lastly, I also provide an operational update to UCDEU.

III. BASELINE PERFORMANCE METRICS

Q. Do you agree with Witness Allred's recommendation that the Commission order Corix to establish baseline heat-rate and coefficient of performance benchmarks based on design specifications?¹

A. No. I agree that monitoring and reporting system performance is appropriate, and Corix is prepared to provide the Commission and Division with relevant operating performance information as sufficient data becomes available. However, I do not believe reliable regulatory performance benchmarks can reasonably be established at this stage of the Utah City system's development.

The Utah City district energy system is new and will continue to evolve materially as Utah City develops. Additional buildings will be connected, new energy transfer stations will be commissioned and balanced, the distribution network and energy center will be expanded, and the system will transition to additional technologies, including heat-recovery chillers and the integration of available waste-heat energy sources. As a result, system loads, operating configurations, equipment utilization, and sources of thermal energy will continue to change.

¹ Direct Testimony of Thomas Allred, lines 138-159.

45 In addition, central plant equipment is sized to serve loads that increase as the
46 development builds out. During initial operation, that equipment may therefore operate at
47 relatively low loads or near the lower end of its available operating range. Equipment
48 efficiency varies with loading and operating conditions, and performance experienced
49 during these early, low-load conditions may not be representative of the performance that
50 can be achieved as system loads increase and equipment utilization and staging can be
51 further optimized.

52 Witness Allred proposes establishing benchmarks using design specifications or
53 operating assumptions, including chiller coefficients of performance, boiler efficiencies,
54 and distribution supply temperatures. Design performance, however, does not necessarily
55 translate to actual whole-system operating performance. Design specifications may
56 provide useful measures of individual equipment performance under specified conditions,
57 but they do not account for actual equipment loading, system growth, building
58 commissioning and balancing, changes in plant configuration, distribution conditions,
59 construction activities, equipment outages, or weather variability.

60 A reliable regulatory benchmark should be based on sufficient actual operating
61 experience under reasonably stable conditions and should consider multiple operating
62 periods so that unusual weather, construction-related disruptions, mechanical failures, or
63 other nonrecurring events do not disproportionately influence the benchmark.
64 Importantly, the benchmark should be capable of reasonably distinguishing operational
65 inefficiency within Corix's control from variations caused by system growth, changing
66 operating conditions, and other factors that do not reflect the prudence or efficiency of
67 Corix's operations.

68 Accordingly, I support reporting actual system performance during the
69 development period and using that information to establish an appropriate operating
70 history. However, binding performance benchmarks, particularly benchmarks tied to
71 financial consequences, should not be established until sufficient operating data exists to
72 reasonably distinguish system operating efficiency from the effects of system growth,
73 equipment loading, changing technologies, weather, construction, and other factors
74 inherent in the development of the Utah City system. For these reasons, I do not
75 recommend that the Commission establish baseline performance metrics at this time with
76 an 80/20 mechanism.

77 **IV. REPORTING**

78 **Q. Do you agree with Witness Hirschi's recommendation for the Utility to file an**
79 **Annual Meter Accuracy and Calibration Log Report?**²

80 **A. No, I do not support the recommendation for an annual Meter Accuracy and Calibration**
81 **Log Report. Corix specifies and uses EN1434 compliant energy metering sub-assemblies,**
82 **for all of our equipment, which is the primary international standard governing the**
83 **design, performance, and testing of thermal energy meters used in closed heating and**
84 **cooling systems. Corix will maintain initial verification and calibration certificates, and**
85 **maintenance records for utility-owned metering sub-assemblies as part of its normal**
86 **utility operations. However, like the Customer allocation compliance report, requiring the**
87 **annual filing of those records would introduce additional administrative costs without a**
88 **demonstrated regulatory need. Meter accuracy obligations exist regardless of whether**

² Direct Testimony of Jeremy Hirschi ("Hirschi Direct"), lines 156, 244-258.

89 calibration logs are filed annually, and the Utility has a strong operational, financial, and
90 regulatory incentive to ensure metering remains accurate. Should concerns arise
91 regarding meter performance, the Utility's records can be reviewed through targeted
92 audits, investigations, or Commission information requests. In my view, maintaining the
93 records and making them available upon request provides appropriate regulatory
94 oversight while avoiding unnecessary recurring reporting requirements.

95 **Q. Do you agree with Witness Hirschi's recommendation for the Utility to file Event-**
96 **Driven & Ad-Hoc reports relating to emergency incidents and disruptions?³**

97 A. Yes, in principle. I recommend the proposed working group be used to determine the
98 relevant metrics and report format.

99 **V. OPERATIONAL STATUS**

100 **Q. Please provide an update on the current operational status of the Utah City District**
101 **Energy System, including building connections, final inspection, and business**
102 **licensing.**

103 A. The Utah City district energy system continues to progress toward full commercial in-
104 service operation. Phase 1 distribution piping is complete, flushed, tested, and operating
105 in commissioning mode, including connections to First Building⁴, Second Building⁵, and
106 Third Building⁶. Connections have also been added for Fourth Building⁷ and Fifth
107 Building⁸.

³ Hirschi Direct, lines 162-164, 244-258.

⁴ Highly Confidential Corix Exhibit 7.4, line 1 is the "First Building"

⁵ *Id.* at line 2 is the "Second Building"

⁶ Highly Confidential Corix Exhibit 7.4, line 3 is the "Third Building"

⁷ *Id.* at line 4 is the "Fourth Building"

⁸ *Id.* at line 5 is the "Fifth Building"

108 The energy transfer station (“ETS”), for First Building has been installed and
109 commissioned, and heating and cooling are being provided to support building-side
110 testing and commissioning. The Second Building ETS is in fabrication and is expected to
111 ship on or about October 20, 2026, with installation to follow promptly upon delivery.
112 The Third Building ETS is also in fabrication and is expected to ship on or about
113 November 30, 2026. The Fourth Building ETS and Fifth Building ETS are in design,
114 with delivery currently targeted for January and March 2027, respectively. The First
115 Building completion and the anticipated delivery dates for the remaining ETS units are
116 also reflected in the current project status.

117 The Interim Energy Center is functionally operational and in the final stages of
118 commissioning and is currently mechanically operational. UL listing inspections are
119 underway, with approval expected shortly.

120 Final inspection is currently targeted for approximately mid-October 2026.
121 Following successful final inspection, Corix intends to promptly complete its business
122 license application. Once UCDEU obtains its business license including successful final
123 inspection the thermal system will reach its milestone of the in-service date to its first
124 building. Because startup of a new utility involves ongoing construction, commissioning,
125 inspections, and coordination with multiple parties, these anticipated timeline remain
126 subject to change as those activities are completed.

127

VI. CONCLUSION

128 **Q. Please summarize your recommendation.**

129 A. I recommend that the Commission decline at this time to establish baseline performance
130 metrics since there is no operating data and the inability to establish a reliable baseline
131 since the greenfield utility is undergoing rapid change.

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

133 A. Yes.