



March 21, 2012

British Columbia Utilities Commission
600 – 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

Attention: Ms. Alanna Gillis, Acting Commission Secretary

Dear Sirs/Mesdames,

**Re: British Columbia Utilities Commission Generic Cost of Capital Proceeding
Written Submission from Corix Multi-Utility Services Inc. (“Corix”) on Preliminary
Scoping Document**

Corix has reviewed the Preliminary Scoping Document issued by the Commission as Appendix B to Order G-20-12 and offers the following comments.

Corix is encouraged by the Commission’s decision to open up this process to include input from smaller utility operators in the province. In keeping with this decision, Corix believes that the “Purpose of the Proceeding” as stated in the Preliminary Scoping Document should be broadened to include aspects of the proceeding mentioned in the Preliminary Scope of the Proceeding, and specifically those matters dealing with establishing methodologies for determining the cost of capital for smaller utilities, referred to as “utilities without third party debt”. A suggested amendment to the “Purpose of the Proceeding” is provided below.

Purpose of the Proceeding

The purpose of the GCOC Proceeding is to establish a method to determine the appropriate cost of capital for a benchmark low-risk utility in British Columbia for 20113 and to establish how the benchmark rate of return will be reviewed and, if required, adjusted on a regular basis, and to establish a framework for determining the appropriate cost of capital for other smaller utilities in the province.

Preliminary Scope of the Proceeding

As an operator of smaller energy utilities, Corix has an interest in the establishment of the benchmark low-risk utility cost of capital, and more specifically in developing a framework for determining the risk premiums to be added to the benchmark associated with smaller utility operations.

Whether through the existing CPCN process or as part of rate applications, small utilities do not have the resources required to undertake the type of detailed studies needed to develop the evidence and arguments typically required to enable the Commission to determine a fair ROE that balances the interests of ratepayers and utility shareholders. It is therefore important that this generic process establish a clear framework that facilitates the Commission’s review of such future applications by smaller utilities to ensure that these smaller operations are given adequate consideration by the Commission in establishing a fair ROE.

Corix recommends that in addition to the items listed on page 2 of Appendix B, an additional item be added to the list:

4(a) A framework be developed to establish a method for determining the capital structure and risk premium for small utilities relative to the benchmark low-risk utility.

Sincerely,

Corix Utilities Inc.

Per:



Ian Wigington
Director Regulatory