

July 16, 2018

Mr. Sheldon Stoilen
British Columbia Ferries Commissioner
BC Ferry Commission
PO Box 9279 Stn Prov Gov
Victoria BC V8W 9J7

Dear Mr. Stoilen:

Re: Temporary reduction of service below the core service levels on Routes 5 and 9 – Response to Order 18-02

We write in regard to Order 18-02 (“the Order”), dated May 10, 2018, by which the British Columbia Ferries Commissioner (the “Commissioner”) authorized British Columbia Ferry Services Inc. (“BC Ferries” or “the Company”) to temporarily reduce service below the core service levels set out in the Coastal Ferry Services Contract for designated ferry routes 5 (Swartz Bay to the Gulf Islands) and 9 (Tsawwassen to the Southern Gulf Islands) from April 18, 2018 until such time as the *Queen of Cumberland* was returned to regular service, subject to certain conditions.

We confirm that the *Queen of Cumberland* was returned to regular service effective May 18, 2018. This report is intended to address and satisfy condition 2 of the Order, which requires BC Ferries to conduct a thorough investigation of the circumstances surrounding the incident and a review of the subsequent actions taken by the Company to minimize the inconvenience to ferry users, and to file a report on these matters with the Commissioner within 60 days following the *Queen of Cumberland's* return to regular service addressing the specific items set out below.

2.a. The results of BC Ferries’ internal investigation taking into account the reports of external regulatory agencies including the cause of the equipment failure and recommendations that will be implemented to minimize the risk of a future similar occurrence.

BC Ferries is undertaking an extensive internal investigation into the incident and expects that the interim findings will be available by mid-August 2018, which likely will be before external regulatory agencies release their findings regarding the incident. The interim findings will be made available to the Commissioner on a confidential basis, with the intent that the Company will review its findings and submit a final report to the Commissioner after receiving and considering the subsequent findings from the external agencies.

2.b.i. Were there any options available to keep the vessel in partial service while the lifeboat davit was being replaced?

BC Ferries confirms that it was not possible to keep the *Queen of Cumberland* in partial service while the davit was being replaced. The vessel required significant technical work in a refit and maintenance facility to be restored to an operational state, including structural, mechanical and electrical modifications to internal and external areas of the vessel to prepare for the installation of the new davit and rescue boat. This work included cutting out existing portions of the area around and below the old davit, welding new structure and re-powering the electrical supply for the new davit / rescue boat system.

2.b.ii. During the period of reduced service was the public adequately informed of the reduced service and if not, what new communication protocols will be put in place for similar events in future?

BC Ferries recognizes the considerable inconvenience that this service interruption caused some of its customers and the Southern Gulf Islands communities it serves. The Company understands that customers rely on the service to get to their destinations and regrets the inconvenience this service disruption caused.

Given the extent of the service disruption on routes 5 and 9 serving the Southern Gulf Islands, the Company understands that some in the public may feel that they were not adequately informed. The Company was cognizant of the significant impact this service interruption would have on customers and communities, and worked hard to provide proactive and timely communication to the public as new information became available, including the following:

- Service notices were posted and distributed to BC Ferries' subscriber network (12,656 subscribers for the Southern Gulf Islands routes and 4,473 for route 4 connecting Swartz Bay and Fulford Harbour) and updates were sent as circumstances evolved;
- Social media updates were provided regularly and the Customer Care team responded on social media to customer inquiries and feedback immediately;
- A Travel Advisory was posted on BC Ferries' website. It was linked from the website's home page and updated daily, or as new information was available;
- Schedule updates were published online to reflect the schedule changes;
- Affected reserved customers were contacted and advised that their reservations had been moved to an alternate sailing or had been cancelled due to the schedule changes;
- Reserved customers were provided with a full refund and offered free reservations on route 1 (connecting Tsawwassen and Swartz Bay) to travel through-fare;
- Route 9 schedule 'rebuilt' in the reservation system were ongoing and available sailings were opened to the public as the rebuild of each schedule was completed. This process is complex and took 17 days to complete, causing frustration with customers as reservations were not available until schedules were rebuilt; and
- Revised printed schedules were available on board and at terminals on request.

In addition, Mark Collins, President and Chief Executive Officer, held an Open House with the community on Galiano Island to discuss their concerns and, as a result, several needs were identified and addressed, including the implementation of a special water taxi service for medical purposes. Subsequent to the meeting, BC Ferries also initiated daily briefing calls with the Southern Gulf Islands and Salt Spring Island Ferry Advisory Committees until the *Queen of Cumberland* was returned to regular service.

Due to the impact of this service interruption on customers, calls and emails to the Customer Service Centre significantly increased following the incident. Between April 18 and May 2, 2018, the Customer Service Centre received approximately 21,900 calls. Regrettably, because of this extraordinary volume of calls, the wait times for customers were significantly longer than usual, and beyond what the Company would typically consider adequate. During this time, on average a customer was able to reach a Customer Service agent in approximately 39 minutes. The longest wait experienced by a customer was on April 19, at 2 hours and 55 minutes.

At the same time, again due to volume, customers contacting BC Ferries by email waited between ten and 12 days to receive a response.

Typically, BC Ferries would expect customers to experience average call waiting times of no longer than one to three minutes and an email response in one to two days.

To assist with customer awareness of call wait times during this period:

- The Southern Gulf Islands call queue was given call answer priority to reduce wait times for these customers;
- Messaging was recorded on the Customer Service Centre (1-888-BC FERRY) telephone line to advise customers of the estimated wait times;
- Mr. Collins recorded a message on the 1-888-BC FERRY telephone line informing customers of the incident with the *Queen of Cumberland*, and apologizing for the impact to customers.

In addition, to help reduce the wait times, including by providing assistance on the phones and with emails, the Company augmented the staffing of the Customer Service Centre with former staff of the centre who currently work in other departments of the Company. As of May 21, 2018, BC Ferries now has also added 47 seasonal staff to the centre.

The Company continues to review its processes and other options to improve its response time and communication protocols during extraordinary circumstances to meet the needs of its customers. It has identified the following 'lessons learned' from the *Queen of Cumberland* incident:

- Consult with local Ferry Advisory Committees on service recovery plans for significant and/or lengthy disruptions;
- Seek input from communities to make adjustments to a service recovery plan to address specific needs;
- Provide customers with more detailed information utilizing more robust communication efforts and tools;

- Provide more detailed and ongoing updates on the status of ship repair or other recovery efforts;
- Where possible, provide customers with greater lead-time on long term outages; and
- Harness internal resources earlier.

Based on this, the objective of future customer communications protocols for major incidents will be to improve the customers' ability to access information without waiting to speak to a Call Centre agent. This will include a heightened focus on timely distribution of detailed information for customers through all communication channels, including travel advisory web page, service notices, social media, traditional media, up-front messaging on Customer Service Centre phone lines, updating applicable digital terminal screens, and targeted messaging to reserved customers. At the same time, BC Ferries will undertake frequent update calls with Ferry Advisory Committee members both to provide information to and to receive input from the community.

In addition, BC Ferries will be investigating other avenues to improve customer service during major service outages. These include establishing a crisis management plan that allows internal resources to be deployed rapidly during sustained incidents, and investigating technical solutions which will enable the Customer Service agents to process bookings faster.

The Company's planned actions and timeline for implementation of the foregoing are set out in Attachment 1.

2.b.iii. Was the time required to obtain replacement equipment considered reasonable? If not, should replacement parts be kept in inventory in BC? What options were considered for shipping the parts from the east coast?

In the circumstances of the incident, BC Ferries considers the lead time to obtain the replacement davit to have been reasonable. A complete davit needed to be sourced, not just a singular part. Typically, the lead time to acquire a new davit is approximately six months. The Original Equipment Manufacturer ("OEM") searched globally for new and used davits suitable for the Company's purpose. A new davit was found in Saint John's, Newfoundland which was a cancelled order available for immediate purchase. The new davit was not a drop-in (form, fit and function) replacement. Prior to installation there was an estimated 2 – 2½ weeks of preparation required including steel and electrical work on the vessel.

In parallel with this preparation work, the davit was prepared for shipping which also required a large engineered metal container. The OEM evaluated all shipping options, including air freight, but determined that it would not save time and was logistically challenging given the size and weight of the davit, and the large engineered metal container. It was concluded that the fastest delivery method was a five day delivery on a flat-deck trailer with a double team (two) drivers. The davit arrived in British Columbia, was painted and prepared and ready for installation a few days in advance of the completion and Classification Society inspection of the deck modifications.

At the present time BC Ferries does not inventory complete spare davits. BC Ferries has 13 models of davits in the fleet ranging in cost from an estimated \$50,000 for smaller davits to \$150,000 for larger davits. It is extremely rare for a davit to suffer a catastrophic failure that requires a complete replacement of the unit. Based on the likelihood of such failure, as well as the number of unique models and their cost, complete davits are not held in inventory. Critical spare parts for davits are held in inventory by OEMs with a delivery timeline to BC Ferries from eight to 24 hours depending on the location of the davit requiring repair.

We trust that you will not hesitate to contact us if additional information is required.

Sincerely,

A handwritten signature in black ink, appearing to read "Cynthia M. Lukaitis", is centered on a light blue rectangular background.

Cynthia M. Lukaitis
Vice President and Corporate Secretary

Attachment

Attachment 1: Communication and Crisis Management – Major Incidents

Category	Action	Target Date	Usage	Status
Customer Communications	Service Notices	N/A (existing procedure)	- For any delay or cancellation	Complete
	Social Media	N/A (existing procedure)	- Daily to provide up to date information for customers - During all incidents	Complete
	Up-Front Messaging on Phone	June 30, 2018	- A cancellation or incident lasting more than half a day, on multiple routes or significant customer impact	Complete
	Terminal Digital Signage - Major Terminals	June 30, 2018	- Standard messaging regarding boarding, etc. - Delay or cancellation - Ship tracking - Sailing status	Complete
	Terminal Digital Signage - Minor Terminals	August 2018- Spring 2019	- Expansion to all minor terminals to provide vessel location updates and information	Ongoing (2 complete)
	Targeted Messaging for Reserved Customers	June 30, 2018	- Any cancellation of a reserved sailing	Complete
		April 30, 2019	- Sailing reminder emails on reservable routes	Currently piloting on North Coast routes
		April 30, 2019	- Sailing delays on reservable routes	In development
	Use of Travel Advisory	June 30, 2018	- A cancellation or incident lasting more than half a day, on multiple routes or significant customer impact	Complete
	Media	N/A (existing procedure)	- A cancellation or incident lasting more than half a day, on multiple routes or significant customer impact - Proactively inform relevant media of incident and respond to media inquiries	Complete
Ferry Advisory Committee	Alerting Ferry Advisory Committee of incident and details	June 30, 2018	Cancellation or ongoing delays	Complete
	Regular Status Update Conference Calls	June 30, 2018	When the outage is expected to be multi-day or affect service significantly	Complete
Customer Service Centre Crisis Management Plan	- Conduct research and develop plan	March 31, 2019	- During major incidents with sustained call wait times; and - Impact lasting several days; and - Unable to reduce call wait times deploying all available agent resources and use of time. - Note: the Crisis Management Plan would incorporate the standard operating procedures and approaches currently in place for major crises, including those implemented as part of the <i>Queen of Cumberland</i> service recovery.	In development
	- Obtain internal approvals	April 30, 2019		
	- Implement technology	June 30, 2019		
	- Implement plan	July 31, 2019		