

RECORD OF MEETING

**BRITISH COLUMBIA FERRY COMMISSION (BCFC)
BRITISH COLUMBIA FERRY SERVICES INC. (BCFS)
QUARTERLY COMPLIANCE MEETING**

DATE: September 10, 2014	TIME: 10:00 a.m. – 3:30 p.m.	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE: BCFC: Gord Macatee Sheldon Stoilen BCFS: Rob Clarke Cynthia Lukaitis Jim Murray Alana Gallagher David Hendry Joanne Carpendale Jason Eamer-Goult Corrine Storey	Commissioner Deputy Commissioner Executive Vice President & Chief Financial Officer Vice President & Corporate Secretary Comptroller Treasurer Director, Strategic Planning Director, Corporate Planning Manager, Regulatory & Freedom of Information Vice President, Customer Services (agenda item 3(d) and 6)
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1. ADOPTION OF AGENDA

The agenda was approved as circulated, with some re-ordering of agenda items.

2. RECORD OF MEETING

a. June 4, 2014 Quarterly Meeting

b. Action Items

The record of the June 4, 2014 quarterly meeting and action items were reviewed and approved.

3. FISCAL 2015 - QUARTER ENDED JUNE 30, 2014 ("Q1") COMPLIANCE REPORTS

a. Q1 Price Caps

A report prepared by BCFS comparing the quarterly average fare index with the quarterly price cap index by route group for the seven quarters ended June 30, 2014 was reviewed and discussed. The report indicates BCFS' compliance with all regulatory requirements, including section 45.3 of the *Coastal Ferry Act* ("CFA"), in respect of the average fares charged in the quarter.

b. Q1 Core Service Levels

Reports prepared by BCFS on its performance against core service levels as set out in the Coastal Ferry Services Contract for the quarter ended June 30, 2014 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter.

c. Q1 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended June 30, 2014 was reviewed and discussed. The calculation indicates that BCFS has complied with the Minimum Allowed Average Tariff for the quarter based on the methodology set out in Order 11-01A.

d. Q1 Complaints Resolution

BCFS' complaint resolution report for the quarter ended June 30, 2014, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

6. CUSTOMER SERVICE ENHANCEMENT PROGRAM

BCFS provided a briefing on the Customer Service Enhancement Program.

4. FUEL DEFERRAL ACCOUNTS

a. Balance at July 31, 2014

A report prepared by BCFS on the deferred fuel account balances as at July 31, 2014 was reviewed and discussed. The report indicates that BCFS has complied with terms and conditions for Fuel Deferral Accounts set out in Order 12-03.

b. Forecast

BCFS's projections for the regulatory account balances were discussed.

5. COASTAL FERRY SERVICES CONTRACT AMENDMENTS

a. Route 9 (Tsawwassen to Southern Gulf Islands)

There was a discussion of the recent amendment to the Coastal Ferry Services Contract to implement service level adjustments for Route 9.

b. Route 5 (Swartz Bay to Gulf Islands)

BCFS provided a briefing regarding a possible amendment to the Coastal Ferry Services Contract with regard to service levels for Route 5.

7. PT4 SUBMISSIONS

a. BCFS PT4 General Submission

i. Efficiency Report

BCFS provided an overview of the performance term four (PT4) submission to be submitted in accordance with section 40(1) of the CFA, its financial forecasts for PT4, and the strategies it intends to include in the efficiency plan to be prepared and submitted in accordance with section 40 (1.1) of the CFA.

ii. Fuel Set Price

BCFS provided a briefing with regard to considerations for the establishment of the fuel set price for PT4.

b. Twelve Year Capital Plan

There was a discussion of the 12 year capital plan which BCFS has prepared and submitted in accordance with section 64.1 of the CFA.

c. Performance Reviews

BCFC reported on the next steps for the performance reviews it intends to carry out.

8. SECTION 55

a. Revenue Optimization Customer Centric E-Commerce Transactions (ROCCE) Project - status

BCFS provided the anticipated timing for the filing of the application for the ROCCE project in accordance with section 55 (2) of the CFA.

b. Spirit Class Mid-Life Upgrades – status

BCFS reported on the anticipated timing of the filing of the application for the Spirit Class Mid-Life Upgrades Project in accordance with section 55(2) of the CFA.

c. North Island Princess Replacement (Potential)

BCFS provided an update on the options under consideration to address the pending retirement of the *North Island Princess*, and reported on the anticipated timing of the filing of the application for this project in accordance with section 55 (2) of the CFA..

9. MAJOR PROJECT UPDATES

a. Intermediate Class Vessels

BCFS provided a status report on the intermediate class ferries project.

b. Cable Ferry Project

BCFS provided a status report on the cable ferry project for Route 21 (Buckley Bay to Denman Island).

c. Automated Customer Experience (ACE)

BCFS provided an update with regard to the ACE program.

i. Timing of Next Phase of PwC Service Review

The timing for the next phase of the performance review of the ACE program in accordance with section 46.1 of the CFA was discussed.

10. OTHER BUSINESS

a. Fiscal 2014 Annual Report to the BCFC – Route Financial Report

BCFS provided details related to a restatement of the fiscal 2014 operating expenses for routes 10 (Port Hardy – Mid Coast – Prince Rupert) and 11 (Haida Gwaii to Prince Rupert) to correct the allocation of total vessel fuel costs between those routes.

b. Service Level Adjustments – Major Routes

BCFS provided a status report on the work being undertaken to identify service level adjustments to achieve \$4.9 million in savings on the Major Routes.

11. NEXT MEETING

The next BCFC / BCFS quarterly meeting is scheduled for December 10, 2014.

12. TERMINATION

The meeting terminated.