

RECORD OF MEETING

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

DATE: March 10, 2016	TIME: 10:00 a.m. – 4:00 p.m.	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE: BCFC: Gord Macatee Sheldon Stoilen BCFS: Dennis Dodo Cynthia Lukaitis Jamie Marshall Mark Collins Alana Gallagher Shirley Bains Jason Eamer-Goult Mark Wilson Rob Clarke	Commissioner Deputy Commissioner Chief Financial Officer Vice President & Corporate Secretary Vice President, Fleet Operations Vice President, Strategic Planning & Community Engagement Treasurer Corporate Controller Manager, Regulatory & Freedom of Information Vice President, Engineering (agenda items 7 and 8.a. to d.) Executive Sponsor, Major IT Projects (agenda item 8.e.)
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1. ADOPTION OF AGENDA

The agenda was approved as circulated, with some reordering of agenda items.

2. RECORD OF MEETING

- a. December 7, 2015 Quarterly Meeting**
- b. Action Items**

The record of the December 7, 2015 quarterly meeting and action items were reviewed and approved.

3. FISCAL 2016 – COMPLIANCE REPORTS

- a. Q3 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 December 31, 2015 was reviewed and discussed. The report indicates BCFS' compliance with all regulatory requirements, including section 45.3 of the *Coastal Ferry Act*, in respect of the average fares charged in the quarter.

6. PERFORMANCE REVIEWS - STATUS

a. Price Cap

BCFC reported on the status of performance review under section 46.1 of the *Coastal Ferry Act* respecting BCFS' price cap compliance in performance term three, and the changes proposed to the price cap calculations for performance term four. Among other matters, there was discussion on the proposed reset of the performance term four price cap.

3. FISCAL 2016 – COMPLIANCE REPORTS (Cont'd)

b. Q3 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 December 31, 2015 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter.

Among other matters, there was discussion of approaches to ensuring appropriate levels of service during periods of high capacity utilization, so as to ensure that traffic growth can continue to be accommodated.

c. Q3 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended December 31, 2015 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. Q3 Complaints Resolution

BCFS' complaints resolution report for the quarter ended December 31, 2015, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

4. FUEL DEFERRAL ACCOUNTS

a. Fuel Rebate

There was a discussion of the methodology for managing the northern routes' fuel deferral accounts.

8. UPDATES

a. *Baynes Sound Connector*

b. Salish Class Vessels

c. Spirit Class Vessels

BCFS gave progress reports regarding the introduction into service of the *Baynes Sound Connector* cable ferry, the Salish class vessels construction project, and the Spirit class vessels' mid-life upgrade procurement process.

d. Vessel Disposal

BCFS reported on its plans regarding the retirement and disposal of three BCFS vessels.

7. SECTION 55 FILINGS

b. Potential filings

BCFS provided an update with regard to potential upcoming filings for major capital expenditures under section 55 of the *Coastal Ferry Act*.

8. UPDATES (Cont'd)

e. Major IT Projects

BCFS provided an update with regard to the Automated Customer Experience program and the Fare Flexibility and Digital Experience Initiative.

7. SECTION 55 FILINGS (Con'td)

a. Conditions Status Update

BCFS' progress in meeting the conditions set out in BCFC's orders approving major capital expenditures under section 55 of the *Coastal Ferry Act* was reviewed and discussed.

4. FUEL DEFERRAL ACCOUNTS (Cont'd)

b. Balance at January 31, 2016

A report prepared by BCFS on the deferred fuel account balances as at January 31, 2016 was reviewed and discussed. The report tabled by BCFS indicates that it has complied with terms and conditions for fuel deferral accounts set out in Order 12-03.

c. Forecast

BCFS' projections for the regulatory account balances were reviewed and discussed.

5. FISCAL 2017 – 12 YEAR CAPITAL PORTFOLIO

BCFS provided an update on the 12-year capital plan and the approach that will be taken to manage it from a portfolio perspective. The importance of maintaining a financially sustainable rolling capital structure over the long term was discussed. BCFC noted that

BCFS is required by section 64.1 of the *Coastal Ferry Act* to submit its next long term capital plan to BCFC as part of its performance term five filing, and confirmed that reporting on the status of the plan in the interim, other than as it may relate to a particular filing under the *Coastal Ferry Act*, is not required.

6. PERFORMANCE REVIEWS – STATUS (Cont'd)

b. Drop Trailer

BCFC reported on the status of the performance review under section 46.1 of the *Coastal Ferry Act* respecting BCFS' compliance with the Minimum Allowed Average Tariff for drop trailer service set out in Order 11-01A.

8. UPDATES (Cont'd)

f. Unregulated Routes

BCFS advised that the contracts with operators for the provision of services on the unregulated routes in performance term four have now been finalised.

9. OTHER BUSINESS

a. Tachek Refit – Alternative Services on Routes 24 and 25

BCFS described the alternative services to be provided on Routes 24 (Quadra Island – Cortes Island) and 25 (Vancouver Island – Malcolm Island – Cormorant Island) while the *Tachek* is in refit. For the duration of the alternative services, the service levels on these routes will comply with the minimums in the Coastal Ferry Services Contract.

10. NEXT MEETING

The next BCFC / BCFS quarterly meeting is scheduled for June 28, 2016.

11. TERMINATION

The meeting terminated.