

RECORD OF MEETING

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

DATE: December 7, 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 Alana Gallagher Jason Eamer-Goult Mark Collins Peter Simpson Scott Elliott Mark Wilson Rob Clarke	Commissioner Deputy Commissioner Chief Financial Officer Vice President & Corporate Secretary Treasurer Manager, Regulatory & Freedom of Information Vice President, Strategic Planning & Community Engagement (agenda items 4.b.i., 9.g. and 10) Director, Fleet Operations Strategy (agenda items 4.b.i., 9.g. and 10) Director, Corporate Planning (agenda items 4.d. and 5.) Vice President, Engineering (agenda items 8.b., 9.a. and b.) Executive Sponsor, Major IT Projects (agenda item 9.e.)
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1. ADOPTION OF AGENDA

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

2. DISCLOSURES

BCFC and BCFS each advised that they had not identified any services by consultants that are known to be in common.

3. RECORD OF MEETING

a. September 8, 2016 Quarterly Meeting

b. Action Items

The record of the September 8, 2016 quarterly meeting and action items were reviewed and approved.

4. FISCAL 2017 – COMPLIANCE REPORTS

a. Q2 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 September 30, 2016 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. BCFS also reported on its expectation that the average fare index will exceed the approved price cap index at March 31, 2017.

6. FUEL DEFERRAL ACCOUNTS

b. Forecast

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

There was a discussion of possible strategies for managing the projected surplus in the fuel deferral accounts and the projected overage of the average fare index.

4. FISCAL 2017 – COMPLIANCE REPORTS (Cont'd)

b. Q2 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 September 30, 2016 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter.

9. UPDATES

e. Major Information Technology (IT) Projects

BCFS provided an update with regard to the Automated Customer Experience program, the Fare Flexibility and Digital Experience Initiative, and the portfolio oversight function across the two programs.

4. FISCAL 2017 – COMPLIANCE REPORTS (Cont'd)

b. Q2 Core Service Levels

i. Automobile Equivalent Recalibration

BCFS explained the reasons for recalibrating the Automobile Equivalent measurement, which is used in the quarterly core service level reports to report capacity provided and capacity utilization. BCFC observed the importance of using a consistent standard measurement so that reported numbers can be compared over time. BCFS confirmed that for ease of comparison, prior year capacity and capacity utilization reported in the quarterly core service level reports will be restated based on the recalibrated measurement, as has been done in the fiscal 2017 Q2 report.

10. CAPACITY UTILIZATION MANAGEMENT

There was a discussion of approaches and options for how BCFS manages vessel capacity.

BCFS also explained the circumstances in which it will consider a Ferry Advisory Committee's request to increase service above either current scheduled levels or the levels required by the Coastal Ferry Services Contract.

9. UPDATES

g. Strategic Plan Overview

BCFS provided an overview of its Strategic Plan, which will guide the Company in achieving its vision from 2016 to 2026.

i. Major Routes Strategy

BCFS described the timelines for the development of the Major Routes strategy. There was a discussion of the importance of liaising with stakeholders, including the Province and the public, during this process.

4. FISCAL 2017 – COMPLIANCE REPORTS (Cont'd)

c. Q2 Complaints Resolution

BCFS' complaints resolution report for the quarter ended September 30, 2016, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

d. Q2 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended September 30, 2016 was reviewed and discussed.

5. DROP TRAILER REPORTING

BCFC provided further direction to BCFS in regard to the reporting requirements of Order 16-01 for drop trailer service.

6. FUEL DEFERRAL ACCOUNTS (Cont'd)

a. Balance at October 31, 2016

A report prepared by BCFS on the deferred fuel account balances as at October 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 15-03A.

7. FUEL CONSUMPTION METRIC

There was discussion of possible metrics that could be used to track BCFS' performance in managing the fuel consumption of its vessels.

9. UPDATES (Cont'd)

f. Customer Research

BCFS provided a briefing on the results of the customer research regarding reservations on routes 1, 2 and 30 which was conducted as part of BCFS' efforts to validate and refine

proposed pricing constructs in anticipation of the implementation of a variable pricing model on those routes.

8. SECTION 55 FILINGS

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.

i. Cable Ferry

BCFS provided an update regarding the *Baynes Sound Connector* and its progress in responding to the requirements of BCFC as set out in its letter of January 22, 2016.

b. Minor Class Vessels

BCFS provided a briefing on the minor class vessel replacement project, including planned next steps for its application for approval of the required major capital expenditure under section 55 of the *Coastal Ferry Act*.

9. UPDATES (Cont'd)

a. Salish Class Vessels

b. Spirit Class Vessels

BCFS gave progress reports regarding the Salish class vessels construction project and the Spirit class vessels mid-life upgrades project.

c. Build Canada Fund Applications

BCFS provided a status update respecting its applications for funding under the New Building Canada program.

d. Mid Coast Service

BCFS gave a status update with regard to vessel acquisition for the provision of services on the mid-coast.

8. SECTION 55 FILINGS (Cont'd)

c. Potential Filings

BCFS confirmed that there was no change to that reported at the last meeting with regard to potential upcoming filings for major capital expenditures under section 55 of the *Coastal Ferry Act*.

11. PERFORMANCE REVIEW

BCFC identified some possible areas of BCFS' operations that might be the subject of a performance review under section 46.1 of the *Coastal Ferry Act*.

12. OTHER BUSINESS

Nil

13. NEXT MEETING

The next BCFC / BCFS quarterly meeting is scheduled for March 3, 2017.

14. TERMINATION

The meeting terminated.