

**March 31, 2017**

**Response by British Columbia Ferry Services Inc. (“BC Ferries” or the “Company”) to Public Comments to the British Columbia Ferry Commission on B.C. Ferries’ Application for Mid-Coast Ferry Service**

#1 – Excerpt from the letter from the District of Port Hardy, March 20, 2017

*The District of Port Hardy wishes to express their comments with respect to the Mid-Coast Ferry Service:*

- *Ferry Size*
  - *minimum vessel vehicle capacity 45-50 Automobile Equivalent Units (AEQ)*
- *Frequency of Service*
  - *increased service frequency if vessel vehicle capacity is below 45 AEQ*
- *Future growth considerations*
  - *vessel capacity should allow for increased usage demand*
- *BC Ferries to consult with the Mid Coast Advisory Group*
  - *scheduling frequency*
  - *scheduling service dates and time*
  - *scheduling changes and the impact to communities*

BC Ferries’ Comments:

In response to the first three bullets, BC Ferries believes that the candidate used vessel will be suitable to meet the service requirements of the mid-coast service. As the Company notes in its Application, a vessel with vehicle capacity of between 35 and 50 AEQ is considered appropriate for the service. This is based on BC Ferries’ modelling of historic traffic demand on the former Route 40 between Port Hardy and Bella Coola, a vessel size that supports a ‘right-sized’ crew of 15 or fewer, and a schedule that allows for flexible service levels. The Company acknowledges that there is uncertainty in predicting future demand for a service not previously provided in the manner currently envisaged for the mid-coast. While the size of the candidate vessel is at the lower end of the identified range, were traffic demand to exceed historic levels, BC Ferries would be able to scale up service on Route 28, with the provision that an increase in service to 3.5 or more round trips per week would require the addition of another vessel or a service alternative for the weekly peak season Route 10s demand for Bella Bella, Bella Coola, Ocean Falls and Shearwater, as well as an amendment to the Coastal Ferry Services Contract.

In response to the final bullet, BC Ferries will consult with the North and Central Coast Ferry Advisory Committee (FAC) to help ensure the schedule for the service meets the needs of the communities served. The FAC is encouraged to invite whomever it wishes to these consultations.

## #2 – Recommendations in the letter from the Mid Coast Working Group, March 27, 2017

*Recommendation 1: Based on an understanding of tourism product development opportunities, visitor demand, and human resource-related business logistics, extend the operating season as proposed in The Application from approximately Victoria Day (mid-May) to Thanksgiving (mid-October). This extended season should be costed by the BC Ferry Commission, and assessed against the incremental revenues accruing to BC Ferries from passenger fares, as well as the expected incremental business revenues, employment, and taxation benefits that would accrue to the region with a longer operating season. This costing would assist the Government of BC in determining whether an extended season from Victoria Day to Thanksgiving merits additional investments via the Service Fee.*

*Recommendation 2: That the BC Ferry Commission, under direction from the BC Ministry of Transportation and Infrastructure, and supported by BC Ferries, evaluate possible service enhancements and related costs to operate a second vessel in the region operating principally along the current Route 10S (Bella Coola, Ocean Falls, Shearwater, Bella Bella). Options may include, but not be limited to, extending the operating life of the MV Nimpkish for a short duration until a suitable replacement vessel can be sourced, utilizing an existing small vessel in the BC Ferries fleet, or acquiring a used vessel for these purposes.*

### BC Ferries' Comments:

The service profile for the expanded mid-coast service is to use one vessel to provide service on the new Route 28 and the existing Route 10s, consisting of direct seasonal summer service between Bella Coola and Port Hardy, and service between Port Hardy and Shearwater, Ocean Falls, and Bella Coola via a transfer at Bella Bella. For Route 10s, historic traffic volumes suggest that both the peak and the off peak demand will be sufficiently served by the candidate used vessel; and for Route 28, while there is uncertainty in predicting future demand for a service not previously provided in the manner currently envisaged, it is likely that the demand for service will need to be built up over a few seasons. Contracted service levels may be reviewed if demand eventually rises beyond levels which can be adequately served by the capacity as currently set.