



VICE PRESIDENT & CORPORATE SECRETARY

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December 15, 2009

Mr. Martin Crilly  
British Columbia Ferry Commissioner  
PO Box 1497  
Comox, BC V9M 8A2

Dear Mr. Crilly:

**SUBJECT: MID-COAST ALTERNATIVE SERVICE DELIVERY INITIATIVE**

Further to your discussion with David Hahn on December 11, 2009, I am writing to confirm that BC Ferries' process for seeking alternative service providers (ASP) for service to the mid-coast ports of Ocean Falls and Shearwater is now complete.

In June, 2009, BC Ferries issued a Request for Proposal (RFP) to identify prospective ASPs to provide ferry service to Ocean Falls and Shearwater.

The RFP closed in July 2009. BC Ferries performed an assessment of the responses received from the proponents and concluded that an ASP could provide the service on a more cost-effective basis than BC Ferries. Although we had requested the Province's authorization under the Coastal Ferry Services Contract to proceed with an ASP arrangement for this service, we were advised by the Ministry of Transportation and Infrastructure that notwithstanding the forecast cost of service savings to BC Ferries of approximately \$5 million over the next 15 years from this initiative, the Province is not in a position to provide this authorization. Accordingly, BC Ferries has cancelled this ASP initiative.

BC Ferries will continue to be the direct provider of service to these ports, providing the service called for under the Coastal Ferry Services Contract.

Should you have any questions concerning this matter, please don't hesitate to contact me or Paul Madsen.

Sincerely,

Cynthia M. Lukaitis  
Vice President & Corporate Secretary

cc: Sheldon Stoilen  
Paul Madsen