

RECORD OF MEETING

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

DATE: June 28, 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	Commissioner Deputy Commissioner
BCFS: Dennis Dodo Cynthia Lukaitis Alana Gallagher Jason Eamer-Goult Jamie Marshall Paul Catsburg Rob Clarke	Chief Financial Officer Vice President & Corporate Secretary Treasurer Manager, Regulatory & Freedom of Information Vice President, Fleet Operations (agenda items 3.b., 7.a. and 8.a.) Director, Vessel Replacement Program (agenda items 6 and 7.a. to d.) Executive Sponsor, Major IT Projects (agenda item 7.e.)

1. ADOPTION OF AGENDA

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

8. OTHER BUSINESS

b. Standing Agenda Items

There was discussion regarding adding a standing agenda item aimed at addressing whether a conflict or potential conflict has arisen during any given quarter from work done by any consulting firm which the Commissioner's Office and BCF may engage in common. While it was noted that both BCFS and BCFC have appropriate contracting controls in place, it was agreed that it would be prudent to have a standing agenda item to keep each other advised of services by consultants that are known to be in common.

With regard to this, BCFS reported that as part of the capital expenditure planning process it had engaged 3GA Marine Ltd. to undertake a market survey regarding the logistics of supplying liquefied natural gas to terminals served by minor class vessels.

2. RECORD OF MEETING

a. March 10, 2016 Quarterly Meeting

b. Action Items

The record of the March 20, 2016 quarterly meeting and action items were reviewed and approved.

3. FISCAL 2016 – COMPLIANCE REPORTS

a. Q4 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 March 31, 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.

b. Q4 and YE 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 and year ended March 31, 2016 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter. For the fiscal year, core service level requirements on a system-wide basis were exceeded, and, on a route-specific basis, were met with the exception of two missed round trips.

8. OTHER BUSINESS (Cont'd)

a. Response to Increases in Traffic

i. Horseshoe Bay Traffic

There was a discussion of approaches to determine appropriate levels of service on routes to achieve optimum capacity utilization.

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

c. Q4 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended December 31, 2016 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. Q4 Complaints Resolution

BCFS' complaints resolution report for the quarter ended March 31, 2016, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

4. FUEL DEFERRAL ACCOUNTS

a. Balance at May 31, 2016

BCFS advised that a report prepared by BCFS on the deferred fuel account balances as at May 31, 2016 would be restated, and accordingly review of this report was deferred.

b. Forecast

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

7. UPDATES

e. Major IT Projects

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

a. Baynes Sound Connector

b. Salish Class Vessels

c. Spirit Class Vessels

d. Minor Class Vessels

BCFS gave progress reports regarding the introduction into service of the *Baynes Sound Connector* cable ferry, the Salish class vessels construction project, the Spirit class vessels' mid-life upgrades project, and the minor class vessel replacement program.

6. 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*. BCFS noted the expected need to replace aging vessels at a rate of one per year for the next 12 years. There was a discussion of the contents of submissions made under section 55.

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.

5. DROP TRAILER PERFORMANCE REVIEW

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.

9. NEXT MEETING

The next BCFC / BCFS quarterly meeting is scheduled for September 8, 2016.

10. TERMINATION

The meeting terminated.