

RECORD OF MEETING

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

DATE: March 3, 2017	TIME: 10:00 a.m. – 1:30 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 Darren Johnston Scott Elliott Mark Wilson Rob Clarke	Commissioner Deputy Commissioner Chief Financial Officer Vice President & Corporate Secretary Treasurer Manager, Regulatory & Freedom of Information Director, Fleet Operations (agenda item 4.b.) Director, Corporate Planning (agenda items 4.d. and 5.) Vice President, Engineering (agenda items 9.a. to d.) Executive Sponsor, Major IT Projects (agenda item 9.f.)
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1. ADOPTION OF AGENDA

The agenda was approved as circulated, with some reordering of agenda items and with the addition of item 10.a. Order 17-02 – Establishment of the Criteria for a Major Capital Expenditure.

2. DISCLOSURES

BCFC and BCFS each advised that they had not identified any services by consultants that are known to be in common. BCFC reported that it had engaged MNP LLP to provide advisory services to assist in a regulatory review of an anticipated application to be submitted by BCFS under section 55 of the *Coastal Ferry Act* regarding a capital expenditure.

3. RECORD OF MEETING

- a. December 7, 2016 Quarterly Meeting**
- b. Action Items**

The record of the December 7, 2016 quarterly meeting and action items were reviewed and approved.

4. FISCAL 2017 – 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, 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.

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

There was a discussion of factors underlying and initiatives to address on-time performance issues on Route 3 (Horseshoe Bay to Langdale). BCFS will provide a further report at the next quarterly meeting.

It was agreed that commencing with the first quarter of Fiscal Year 2018 the tariff revenues in the Operations Summaries reports will include revenue from reservations.

9. UPDATES

f. 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)

c. Q3 Complaints Resolution

BCFS' complaints resolution report for the quarter ended December 31, 2017, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

6. FUEL DEFERRAL ACCOUNTS

a. Balance at December 31, 2016

A report prepared by BCFS on the deferred fuel account balances as at December 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.

b. Forecast

BCFS' projections for the regulatory account balances were reviewed and discussed, including a discussion of possible strategies for managing the projected surplus in the fuel deferral accounts.

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

d. Q2 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended December 31, 2016 was reviewed and discussed.

5. DROP TRAILER REPORTING

BCFC confirmed that BCFS's proposed methodology meets the reporting requirements of Order 16-01 for drop trailer service.

7. FUEL CONSUMPTION METRIC

Discussion of this item was deferred to the next quarterly meeting.

10. OTHER BUSINESS

a. Order 17-02 - Establishment of the Criteria for a Major Capital Expenditure

There was a discussion of the requirements set by Order 17-02.

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.

b. 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*.

9. UPDATES (Cont'd)

e. New Building Canada Fund Applications

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

i. New Building Canada Accounting Treatment

BCFS described its accounting treatment for grants received from the New Building Canada Fund program.

d. Mid Coast Service

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

a. Salish Class Vessels

b. Spirit Class Vessels Mid-Life Upgrades

c. Minor Class Vessels

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

11. NEXT MEETING

The next BCFC / BCFS quarterly meeting is scheduled for June 2, 2017.

12. TERMINATION

The meeting terminated.