

# RECORD OF MEETING

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

<b>DATE:</b> June 18, 2012	<b>TIME:</b> 1:00 p.m. – 5:10 p.m.	<b>SITE:</b> 1321 Blanshard Street Victoria, BC
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<b>ATTENDANCE:</b>  <b>BCFC:</b> Gord Macatee Sheldon Stoilen  <b>BCFS:</b> Rob Clarke  Cynthia Lukaitis Alana Gallagher Joanne Carpendale Jason Eamer-Goult Karen Tindall Mark Collins	Commissioner Deputy Commissioner  Executive Vice President & Chief Financial Officer ( <i>recused for agenda item 10</i> ) Vice President & Corporate Secretary Treasurer Director, Corporate Planning Manager, Regulatory & Freedom of Information Director, Customer Care ( <i>agenda item 3.d</i> ) Vice President, Engineering ( <i>agenda item 10</i> )
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**1. ADOPTION OF AGENDA**

The agenda was approved as circulated, with some re-ordering of agenda items.

**2. RECORD OF MEETING**

**a. March 22, 2012 Quarterly Meeting**

**b. Action Items**

The record of the March 22, 2012 quarterly meeting and action items were reviewed and approved, with some updates to the action items.

**8. OTHER BUSINESS**

**a. Traffic Risk**

The challenges of accurately forecasting traffic and the associated risks of not doing so were discussed. The option of addressing traffic risk within the price cap formula (CPI-X) was discussed as was the option of continuing to address this risk through the provisions of section 42 of the *Coastal Ferry Act* ("Act"). With respect to the latter, there was discussion of the possibility of pre-determining what would constitute an extraordinary change in traffic for which BCFS could apply to BCFC for relief. Further discussion on this matter is required.

**6. FINAL PT3 PRICE CAPS - PROCESS & TIMELINE**

**a. Information requirements**

The concept of recalibrating the price cap and average fare indices to 100 as of March 31, 2012, including reservations, was discussed. Scenarios for the possible recalibration of these indices will be developed by BCFS for report back to BCFC prior to the next meeting.

**3. FISCAL YEAR 2012 – QUARTER 4 (“Q4”) AND YEAR-END (“YE”) 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 eight quarters ended March 31, 2012 was reviewed and discussed. The report indicates BCFS’ continued compliance in the quarter ended March 31, 2012 with the regulatory requirements as set out in the *Coastal Ferry Act* (“CFA”) and BCFC Memorandum 31 in respect of average fares charged.

**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 (“CFSC”) for the quarter and year ended March 31, 2012 were reviewed and discussed. The reports indicate BCFS’ compliance with the core service level requirements in the quarter and for the year. BCFS will further review the methodology for calculating the percentage of cancelled required round trips in the YE report.

**c. Q4 Drop Trailer**

BCFS’ calculation of its average drop trailer tariff for the quarter ended March 31, 2012 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’ complaint resolution report for the quarter ended March 31, 2012, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed. Among other matters, there was discussion about disability status identification cards.

**4. FUEL DEFERRAL ACCOUNTS**

**a. Balances at May 31, 2012**

A revised report prepared by BCFS on deferred fuel costs as at May 31, 2012, prepared in accordance with Order 11-02 and reflecting the methodology currently in place for the fuel deferral accounts, was tabled and reviewed.

**5. PT3 – CFSC STATUS**

BCFS reported on the status of discussions with the Province regarding the Performance Term 3 updates to the CFSC.

**6. FINAL PT3 PRICE CAPS - PROCESS & TIMELINE – CONT'D.**

**a. Information requirements**

Among other matters, there was discussion of:

- the PT3 traffic forecast, which BCFS noted is being updated;
- the approach taken in setting the Performance Term 2 price caps respecting the fuel set price, fuel surcharges and fuel expense, and options with respect to these matters for the PT3 price caps;
- the productivity targets to be included in the PT3 price caps, and the appropriateness of including targets for ancillary revenues .

**7. DEFINITION OF MAJOR CAPITAL EXPENDITURE**

There was a discussion of BCFC's invitation for BCFS' input on the meaning of "major capital expenditure" under the new section 55(5) of the Act.

**9. NEXT MEETING**

The date for the next BCFC/BCFS quarterly meeting is August 31, 2012. The parties will also meet to discuss price caps on September 14, 2012.

**10. CABLE FERRY UPDATE**

BCFS reported on the cable ferry project with a focus on the status of the preliminary design work and the expected timing for the request for proposal process for detailed design work.

The next public open-house on the cable ferry project is set for July 5, 2012 on Denman Island.

The meeting terminated.