

# RECORD OF MEETING

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

<b>DATE:</b> December 19, 2012	<b>TIME:</b> 10:30 a.m. – 3:00 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 David Hendry Joanne Carpendale Jason Eamer-Goult Peter Simpson  Andrew Berry  <b>Others:</b> Mike Tretheway	Commissioner Deputy Commissioner  Executive Vice President & Chief Financial Officer Vice President & Corporate Secretary Treasurer Director, Strategic Planning Director, Corporate Planning Manager, Regulatory & Freedom of Information Director, Fleet Operations Strategy ( <i>in attendance for agenda item 3</i> ) Business Economist, Pricing ( <i>in attendance for agenda item 5.a</i> )  InterVISTAS Consulting Inc. ( <i>in attendance by teleconference for agenda item 5.a</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. October 3, 2012 Quarterly Meeting**

**b. Action Items**

The record of the October 3, 2012 quarterly meeting and action items were reviewed and approved.

**3. FISCAL 2013 - QUARTER ENDED SEPTEMBER 30, 2012 ("Q2") COMPLIANCE REPORTS**

**a. Q2 Price Caps**

Reports prepared by BCFS comparing the quarterly average fare index with the quarterly price cap index by route group for the eight quarters ended September 30, 2012 were reviewed and discussed. The reports indicate BCFS' compliance with all regulatory requirements in respect of the average fares charged in the quarter.

**b. Q2 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 ended September 30, 2012 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter. Amendments to the format of future reports were discussed and agreed to. BCFC advised that going forward it will be posting the quarterly core service level reports on its website.

**c. Q2 Drop Trailer**

BCFS' calculation of its average drop trailer tariff for the quarter ended September 30, 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. An amendment to the format of future reports was discussed and agreed to.

**d. Q2 Complaints Resolution**

BCFS' complaint resolution report for the quarter ended September 30, 2012, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed. BCFC advised that going forward it will be posting the quarterly complaints resolution reports on its website.

**4. FUEL DEFERRAL ACCOUNTS**

**a. Balances at November 30, 2012**

A report prepared by BCFS on the deferred fuel account balances as at November 30, 2012 was reviewed and discussed. The report indicates that BCFS has complied with terms and conditions for Fuel Deferral Accounts set out in Order 12-03.

**b. Northern Account Status**

In the context of reviewing the balance in the northern fuel deferral account, BCFC advised that it would entertain a possible application by BCFS for a fuel surcharge should provincial funding to offset the balance not be available.

**6. ORDER 12-03 – FUEL REPORTS – TIMING CONSIDERATIONS**

The timing for submission of the annual reports related to fuel consumption reduction and strategies for fuel procurement and transition to alternative fuels as set out in Order 12-03 were reviewed and discussed. BCFC confirmed that it would entertain suggestions in writing from BCFS to streamline the reporting timelines.

**7. SECTION 55 GUIDELINES - UPDATE**

Draft guidelines prepared by BCFC with input from the Ferry Advisory Committee Chairs respecting the information required by BCFC in an application for a declaration under section 55 of the *Coastal Ferry Act* that a proposed capital expenditure of BCFS is reasonably required, were reviewed and discussed. A subsequent meeting of BCFC and BCFS will be convened to discuss the draft guidelines further.

**8. SECTION 46.1 PERFORMANCE REVIEWS – PROCESS**

BCFC reported on its intention to prepare a schedule of performance reviews respecting BCFS that it will conduct, with the assistance of consultants, over the performance term. Possible topics for the reviews were discussed. A subsequent meeting of BCFC and BCFS will be convened to discuss this matter further.

**9. VISIONING – NEXT STEPS**

There was discussion on the respective roles of BCFS and the Province in the development of the long term vision for coastal ferry services. A subsequent meeting of BCFC and BCFS will be convened to discuss the process and timeline for development of the vision, as well as possible matters to be addressed within the vision.

**5. TERMS OF REFERENCE**

**a. Review of Price Cap Compliance Index**

Led by Dr. Tretheway an overview was provided of the methodology for computing the quarterly average fare index, with specific focus on: the consistency of the revenue and traffic data used to compute the average fare index at March 31, 2012 with that reported by BCFS in its audited financial statements and Management's Discussion and Analysis for fiscal 2012; and whether the new Direct Paasche Index methodology, which replaced the Tornqvist Index methodology by Order 11-03, effective April 1, 2010, has been implemented correctly by BCFS.

BCFC advised that it requires an independent assessment of whether BCFS' computations for calculating the average fare index have conformed to Order 11-03, and also whether the Direct Paasche Index methodology has performed as originally envisaged by Order 11-03. It was agreed that InterVISTAS Consulting Inc. would be retained for this purpose.

**b. Review Respecting BCFS' Average Drop Trailer Tariff**

BCFC advised that it continues to deliberate on the approach to be followed to review BCFS' average drop trailer tariff.

**10. OTHER BUSINESS**

Nil

**11. NEXT MEETING**

The next BCFC/BCFS quarterly meeting is scheduled for March 18, 2013.

**12. TERMINATION**

The meeting terminated.