

RECORD OF MEETING

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

DATE: March 18, 2013	TIME: 10:00 a.m. – 3:00 p.m.	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE: BCFC: Gord Macatee Sheldon Stoilen BCFS: Rob Clarke Cynthia Lukaitis Alana Gallagher David Hendry Joanne Carpendale Jason Eamer-Goult	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
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1. ADOPTION OF AGENDA

The agenda was approved as circulated with the addition of item 2.c. – Posting of Reports; item 8.c. – Request for Qualifications; and item 10.c. – Spreadsheet of Performance Term Three Calculations.

2. RECORD OF MEETING

a. December 19, 2012 Quarterly Meeting

b. Action Items

The record of the December 19, 2012 quarterly meeting and action items were reviewed and approved, with some changes to the record of meeting.

It was agreed that all Records of Meeting which have occurred in Performance Term Three will be amended to clarify the applicable regulatory ruling, or statutory or contractual provision, pursuant to which the various compliance reports have been submitted and reviewed.

c. Posting of Reports

BCFC advised of its intent to post all Records of Meeting for the current Performance Term on its website.

3. FISCAL 2013 - QUARTER ENDED DECEMBER 31, 2012 ("Q3") COMPLIANCE REPORTS

a. Q3 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 December 31, 2012 were reviewed and discussed. The reports indicate 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. An amendment to the format of future reports was discussed and agreed to.

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 ("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.

c. Q3 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended December 31, 2013 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. Q3 Complaints Resolution

BCFS' complaint resolution report for the quarter ended December 31, 2012, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

4. FUEL DEFERRAL ACCOUNTS

a. Balances at February 28, 2013

A report prepared by BCFS on the deferred fuel account balances as at February 28, 2013 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.

5. TERMS OF REFERENCE

a. Review respecting BCFS' average drop trailer tariff

The timing of BCFC's review respecting BCFS' average drop trailer tariff was discussed.

6. COASTAL FERRY SERVICES CONTRACT AMENDMENTS

The status of amendments to the CFSC was discussed.

7. FIVE YEAR CAPITAL PLAN

a. Overview

BCFS reported on the approach it has taken to develop its current five year capital plan noting that planned expenditures have been developed under two scenarios reflecting acquisition of new vessels fuelled with either liquefied natural gas or conventional diesel.

b. Submission Structure

BCFS tabled for discussion a sample format for the five year capital plan submission to BCFC. BCFC supported the level of detail proposed and advised of its intent to post the final version of the submission on its website, subject to the redaction of information of a commercially sensitive nature as identified by BCFS.

8. SECTION 55

a. Guidelines – Status

BCFC reported on the status of the development of the guidelines for section 55 applications. Pending finalization of the guidelines, BCFC directed BCFS to ensure that all relevant questions in the draft guidelines are addressed in any section 55 application, though the order of response may differ from that set out in the guidelines. BCFC advised that BCFS' section 55 applications will be posted on the BCFC website, subject to the redaction of information of a commercially sensitive nature as identified by BCFS

b. *Queen of Burnaby / Queen of Nanaimo* Replacements Filing - Status

BCFS reported on the expected timing of its section 55 application for the *Queen of Burnaby* and *Queen of Nanaimo* vessel replacements. BCFC reported on planned next steps once the submission is received.

c. Request for Qualifications (“RFQ”)

BCFC reported that it will be posting an RFQ on BidBC shortly for consultants to assist BCFC in various capacities.

9. SECTION 46.1 PERFORMANCE REVIEWS - UPDATE

BCFC advised of its proposed priorities for reviews over the next year. Further discussion will occur at the next meeting, with the objective of finalizing the list of reviews to be conducted in fiscal 2014.

10. OTHER BUSINESS

a. Reservation Fees

There was a discussion of, and agreement on, the process going forward for notifying BCFC of changes in tariffs and reservation fees.

b. Provincial Consultation Process

The reported results of the provincial consultation process on coastal ferry services were noted.

c. Spreadsheet of Performance Term Three Calculations

BCFC tabled a financial summary demonstrating the efficiency target set for BCFS in PT3. The BCFC intends to post this report, including details showing the total efficiency target, with the price cap compliance reports.

11. PRICE CAP COMPLIANCE METHODOLOGY – OVERVIEW PART 2

BCFS provided the second part of an overview of the methodology for computing the quarterly average fare index, with specific focus on: how the index of weighted average fare is calculated, how the price cap index is computed, and how the test is conducted to confirm compliance with price caps.

12. NEXT MEETING

The next BCFC/BCFS quarterly meeting is scheduled for June 12, 2013.

13. TERMINATION

The meeting terminated.