

RECORD OF MEETING

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

DATE: September 11, 2013	TIME: 10:00 a.m. – 3:00 p.m.	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE: BCFC: Sheldon Stollen BCFS: Rob Clarke Cynthia Lukaitis Jim Murray Alana Gallagher David Hendry Joanne Carpendale Jason Eamer-Goult Janet Carson Corrine Storey Pierre Vorster Mark Wilson	Deputy Commissioner Executive Vice President & Chief Financial Officer Vice President & Corporate Secretary Comptroller Treasurer Director, Strategic Planning Director, Corporate Planning Manager, Regulatory & Freedom of Information Vice President Marketing & Travel Services (agenda item 6) Vice President, Customer Services (agenda item 6) Vice President and CIO (agenda items 6 and 7a) Vice President Engineering (agenda items 7b, 7c, 8 and 9)
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1. ADOPTION OF AGENDA

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

2. RECORD OF MEETING

- a. June 12, 2013 Quarterly Meeting**
- b. Action Items**

The record of the June 12, 2013 quarterly meeting and action items were reviewed and approved, with some changes to the record of meeting.

3. PERFORMANCE TERMS 4 AND 5 LONG TERM FORECAST

BCFC confirmed receipt of the data from BCFS' long term financial forecast model and advised that no additional information is required at this time.

4. FISCAL 2014 - QUARTER ENDED JUNE 30, 2013 ("Q1") COMPLIANCE REPORTS

- a. Q1 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 June 30, 2013 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. Q1 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 June 30, 2013 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter.

c. Q1 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended June 30, 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. There was a discussion of, and agreement on, the process going forward for notifying BCFC of drop trailer volumes.

d. Q1 Complaints Resolution

BCFS' complaint resolution report for the quarter ended June 30, 2013, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed. Additional information for possible inclusion in future reports was discussed.

5. FUEL DEFERRAL ACCOUNTS

a. Balance at July 31, 2013

A report prepared by BCFS on the deferred fuel account balances as at July 31, 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.

b. Outlook

BCFS reported on the outlook for the fuel deferral accounts.

6. AUTOMATED CUSTOMER EXPERIENCE ("ACE")

a. Project Update

BCFS provided an update on the ACE program. BCFC noted the importance of updating Ferry Advisory Committees as the program progresses.

b. Performance Review

BCFC discussed the performance review of the ACE program to be conducted in accordance with the provisions of section 46.1 of the *Coastal Ferry Act*. BCFC provided an

update on retaining a consulting firm to conduct this review and on some of the general focus areas for the review.

7. SECTION 55

a. BCFS website filing

BCFS provided an update on the expected timing of its application for the website upgrade project under section 55 of the *Coastal Ferry Act*. BCFC advised that consideration is being given to developing supplemental section 55 application guidelines specific to information technology projects.

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

BCFS provided an update on the intermediate class ferry ("ICF") procurement process, including expected timelines. There was a discussion of the potential impacts on the liquefied natural gas ("LNG") option for the ICFs resulting from the British Columbia Utilities Commission's recent order which increased FortisBC Energy Inc.'s LNG delivery charges.

c. *Tenaka* (possible life extension)

BCFS discussed options for the possible life extension of the *Tenaka* but indicated no decisions have been finalised. As part of the planning process, BCFS has been mindful of the desire for a standard minor class of replacement vessels.

9. CABLE FERRY UPDATE

BCFS provided an update on the cable ferry procurement process, including expected timelines. BCFS also reported on recent consultations with affected stakeholders, including meetings with the Denman and Hornby Island communities in August.

8. FUEL CONSUMPTION TARGETS

BCFC is seeking an appropriate metric which can be used to monitor improved efficiencies in fuel consumption. There was a discussion on the challenges of identifying such a metric. BCFC expressed interest in a demonstration of the methodologies by which fuel is tracked by BCFS. This matter will be further discussed at a subsequent meeting.

10. OTHER BUSINESS

Nil

11. NEXT MEETING

The next BCFC/BCFS quarterly meeting is scheduled for December 11, 2013.

12. TERMINATION

The meeting terminated.