

# RECORD OF MEETING

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

<b>DATE:</b> December 18, 2013	<b>TIME:</b> 1:00 p.m. – 6:00 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 Janet Carson Corrine Storey Pierre Vorster Mark Wilson	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 Vice President Marketing & Travel Services (agenda items 8 and 9b.i) Vice President, Customer Services (agenda item 8) Vice President and CIO (agenda items 8, 9a and 9b.i) Vice President Engineering (agenda items 9b.ii, 9b.iii, 9c, 10 and 11)
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**1. ADOPTION OF AGENDA**

The agenda was approved as circulated.

**2. RECORD OF MEETING**

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

The record of the September 11, 2013 quarterly meeting and action items were reviewed and approved.

**3. FISCAL 2014 - QUARTER ENDED SEPTEMBER 30, 2013 ("Q2") COMPLIANCE REPORTS**

- a. **Q2 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 September 30, 2013 was reviewed and discussed. The report indicates BCFS' compliance with all regulatory requirements, including section 45.3 of the *Coastal Ferry Act* ("CFA"), 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, 2013 were reviewed and discussed. The reports indicate BCFS’ compliance with the core service level requirements in the quarter.

**c. Q2 Drop Trailer**

BCFS’ calculation of its average drop trailer tariff for the quarter ended September 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.

**d. Q2 Complaints Resolution**

BCFS’ complaint resolution report for the quarter ended September 30, 2013, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

**4. FUEL DEFERRAL ACCOUNTS**

**a. Balance at November 30, 2013**

A report prepared by BCFS on the deferred fuel account balances as at November 30, 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. An additional document showing the forecast fuel deferral account balance relative to the forecast fuel price differential (actual procurement price of fuel less set price) was also discussed. BCFS reported on the expected timing for implementation of a fuel surcharge on the non-Northern routes.

**b. Northern Account – Provincial Commitment**

BCFS reported on the status of the Province’s financial commitment to reduce the balance in the Northern fuel deferral account, as well as BCFS’s outlook for the account.

**c. Policy Proposal**

BCFS’s policy proposal for the management of regulatory account balances was discussed. BCFC indicated that the proposal will be posted for public comment before any decision is made.

**5. SERVICE LEVEL ADJUSTMENTS**

Matters arising from the Province’s proposed adjustments to ferry service levels were discussed.

**6. ROUTE 7 MODIFIED SCHEDULE**

BCFS advised of its present intent to continue with the modified schedule currently in place on Route 7 until the *Island Sky* returns to service on the route. As this schedule meets the service level requirements of the CFSC, no application to BCFC for a temporary service reduction is required or envisaged.

**7. PT4 SUBMISSIONS**

**a. Efficiency Plan**

BCFS provided an overview of some of the initiatives that might be included in the efficiency plan. BCFC's expectation is that the efficiency plan will be forward looking to Performance Term 4 and beyond.

**b. Ten Year Capital Plan**

The requirements of the CFA in respect of filing the Ten Year Capital Plan were noted and will be further discussed at a subsequent meeting.

**8. AUTOMATED CUSTOMER EXPERIENCE ("ACE")**

**b. Performance Review**

BCFC provided an update on the performance review of the ACE program conducted in accordance with the provisions of section 46.1 of the CFA. The finalised report will be posted on BCFC's website along with any comments from BCFS on the report.

**a. Project Update**

BCFS provided an update on the ACE program and, in this context, advised that the program's governance structure is being modified to ensure appropriate business-oriented oversight.

**9. SECTION 55**

**a. IT Guidelines**

The approach to the first application under section 55 of the CFA for an information technology project was discussed. Further discussion will occur prior to BCFS's first filing.

**b. Potential filings**

**i. Revenue Management Capacity Utilization Strategy**

BCFS provided an overview of its revenue management and website project, noting the expected timing for the associated section 55 application.

**ii. Tenaka life extension / North Island Princess new-build**

BCFS advised that the options to life extend the *Tenaka* or to acquire a new replacement vessel for the *North Island Princess* continue to be reviewed. BCFC noted the importance of a solution which improves capacity utilization.

**iii. Spirit Class mid-life upgrades**

BCFS reported on the expected timing for a section 55 application for the Spirit Class mid-life upgrades.

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

BCFS provided an update on the intermediate class ferry procurement process, including expected timelines.

**10. CABLE FERRY UPDATE**

Matters respecting the Route 21 cable ferry project were discussed.

**11. FUEL CONSUMPTION TARGETS**

*[Discussion on this item was deferred to the next quarterly meeting.]*

**12. OTHER BUSINESS**

Nil

**13. NEXT MEETING**

The next BCFC/BCFS quarterly meeting is scheduled for February 25, 2014.

**14. TERMINATION**

The meeting terminated.