

RECORD OF MEETING

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

DATE: March 4, 2014	TIME: 3:00 p.m. – 6:30 p.m.	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE: BCFC: Gord Macatee Sheldon Stoilén BCFS: Rob Clarke Cynthia Lukaitis Alana Gallagher Jim Murray David Hendry Joanne Carpendale Jason Eamer-Goult Janet Carson Corrine Storey Mark Wilson Paul Catsburg	Commissioner Deputy Commissioner Executive Vice President & Chief Financial Officer Vice President & Corporate Secretary Treasurer Comptroller Director, Strategic Planning Director, Corporate Planning Manager, Regulatory & Freedom of Information Vice President Marketing & Travel Services (agenda items 5a and 6a) Vice President, Customer Services (agenda item 6a) Vice President Engineering (agenda items 6b, 6c and 7) Director, Vessel Replacement Program (agenda items 6b, 6c and 7)
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1. ADOPTION OF AGENDA

The agenda was approved as circulated.

2. RECORD OF MEETING

a. December 18, 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 DECEMBER 31, 2013 ("Q3") COMPLIANCE REPORTS

a. Q3 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 December 31, 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. Q3 Core Service Levels

Reports prepared by BCFS on its performance against core service levels as set out in the Coastal Ferry Services Contract for the quarter ended December 31, 2013 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, 2013, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

4. FUEL DEFERRAL ACCOUNTS

a. Balance at January 31, 2014

A report prepared by BCFS on the deferred fuel account balances as at January 31, 2014 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. Policy Proposal

BCFS's policy proposal for the management of regulatory account balances was discussed. An update on account balances will be provided to BCFC.

5. SECTION 55

a. Revenue Optimization Customer Centric E-Commerce Transactions (ROCCET) Project - status

BCFS provided a report on its ROCCET project. There was a discussion of the timing of the associated section 55 (2) application.

6. MAJOR PROJECT UPDATES

b. Intermediate Class Vessels

BCFS provided an update on the intermediate class ferry procurement process, including the approaches taken by different shipyard proponents and expected timelines. BCFC noted the importance of interoperability between the different vessels in this class and will be interested in change of scope, if any, in the project.

c. Cable Ferry Project

BCFS provided a status report on the procurement process for the Route 21 cable ferry project.

a. Automated Customer Experience (ACE)

The recent performance review of the ACE program conducted in accordance with the provisions of section 46.1 of the CFA was discussed. BCFC intends to review BCFS's progress against the performance review's recommendations in six months.

7. FUEL CONSUMPTION TARGETS

[Discussion on this item was deferred pending a session for BCFC on how BCFS tracks fuel consumption.]

8. SERVICE LEVEL ADJUSTMENTS

a. Gaming Pilot

BCFS provided an update on its community consultations on schedule changes arising from the Province's service level adjustments. Matters respecting the Province's proposed gaming pilot were also discussed.

9. PERFORMANCE TERM 4 ("PT4") SUBMISSIONS

a. BCFS Submission

i. Traffic Forecast

There was a discussion of BCFC's expectations for a traffic forecast as part of the PT4 price cap setting process. BCFC confirmed it will not be undertaking its own traffic forecast, and is agreeable to a forecast prepared internally by BCFS and independently externally validated.

ii. Fuel Assumptions

There was a discussion of approaches for establishing the fuel set price for PT4 in the context of BCFS' plans for liquefied natural gas (LNG) fuelled vessels. The approach for forecasting fuel price was also discussed. Further discussion on these matters will occur at a subsequent meeting.

b. Ten Year Capital Plan

The requirements of the CFA in regard to the timing for BCFS' filing and BCFC's review of the long term capital plan were discussed, and a tentative approach and timeline were agreed to.

c. Efficiency Report

Discussion occurred in respect of the focus and specific initiatives that may form part of BCFS' efficiency report.

10. OTHER BUSINESS

a. Email Communications Between BCFS / BCFC

IT security arrangements arising from email communications were discussed.

11. NEXT MEETING

[Since scheduled for June 4, 2014.]

12. TERMINATION

The meeting terminated.