

RECORD OF MEETING

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

DATE: June 4, 2014	TIME: 10:00 a.m. – 3:00 p.m.	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE: BCFC: Sheldon Stoilen BCFS: Rob Clarke Cynthia Lukaitis Alana Gallagher David Hendry Joanne Carpendale Jason Eamer-Goult Mark Wilson	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 Engineering (agenda items 7b, 7c, 8a and 8b)
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1. ADOPTION OF AGENDA

The agenda was approved as circulated.

2. RECORD OF MEETING

a. March 4, 2014 Quarterly Meeting

b. Action Items

The record of the March 4, 2014 quarterly meeting and action items were reviewed and approved, with the correction of a typographical error in the record of meeting.

3. FISCAL YEAR 2014 – QUARTER ENDED MARCH 31, 2014 (“Q4”) AND YEAR-END (“YE”) COMPLIANCE REPORTS

a. Q4 Price Caps

A report prepared by BCFS comparing the quarterly average fare index with the quarterly price cap index for the seven quarters ended March 31, 2014 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. Q4 and YE 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 and year ended March 31, 2014 were

reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter and year.

c. Q4 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended March 31, 2014 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. Q4 Complaints Resolution

BCFS' complaint resolution report for the quarter ended March 31, 2014, prepared in accordance with Memoranda 40 and 40A, was reviewed and discussed.

4. FUEL DEFERRAL ACCOUNTS

a. Balance at March 31, 2014

A report prepared by BCFS on the deferred fuel account balances as at March 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. Forecast

BCFS's projections for the regulatory account balances were discussed.

5. COASTAL FERRY SERVICES CONTRACT AMENDMENTS

a. Service Level Adjustments

There was a discussion of BCFS's savings resulting from service level adjustments. BCFS has reduced relevant operating budgets and will track total actual costs against the reduced budgets.

6. PERFORMANCE TERM 4 ("PT4") SUBMISSIONS

a. BCFS Submission

i. Traffic Forecast

BCFS reported that its proposed approach for its traffic forecast has received preliminary review and approval from an external and independent party. This party will be engaged through the process of developing the forecast to ensure the methodology is appropriate.

ii. Fuel Assumptions

Discussion occurred in respect of the approaches for forecasting fuel price for PT4. The approach for establishing the fuel set price for PT4 was also discussed.

b. Ten (Twelve) Year Capital Plan

There was a discussion of the details BCFS intends to include in the capital plan. BCFC intends to publish the final capital plan for public comment, once received.

c. Efficiency Report

BCFS provided an update on the initiatives it intends to include in BCFS's efficiency report.

d. Performance Review

BCFC briefed BCFS on the performance reviews it intends to carry out in conjunction with the price cap review.

7. SECTION 55

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

BCFS provided the anticipated timeline for the filing of the application for the ROCCET project in accordance with section 55 (2) of the CFA. BCFC provided details on the timing of the review of this application, once received.

b. Spirit Class Mid-Life Upgrades – status

BCFS provided a briefing on the Spirit-class mid-life upgrades, including details regarding potential timing for next steps and the possible conversion of the vessels to use of liquefied natural gas (LNG).

c. North Island Princess Replacement (Potential)

BCFS described the options under consideration to address the pending retirement of the *North Island Princess*.

8. MAJOR PROJECT UPDATES

a. Intermediate Class Vessels

BCFS provided an update on the intermediate class ferry procurement process. BCFC noted the importance of interoperability between the different vessels in this class.

b. Cable Ferry Project

BCFS provided a status report on the procurement process for the Route 21 cable ferry project. Contracts have now been issued for the vessel, cable system and terminal modifications.

c. Automated Customer Experience (ACE)
i. Timing of Next Phase of PwC Service Review

BCFC provided a description of the timing for the review of BCFS's progress against the recommendations of the performance review of the ACE program that was conducted in accordance with the provisions of section 46.1 of the CFA.

9. FUEL CONSUMPTION TARGETS

[Discussion on this item was deferred pending a BCFC performance review of fuel management to be conducted in accordance with the provisions of section 46.1 of the CFA.]

10. OTHER BUSINESS

a. Route 10S ASD

Recent correspondence regarding Route 10S alternative service delivery was discussed.

11. NEXT MEETING

The next BCFC/BCFS quarterly meeting is scheduled for September 10, 2014.

12. TERMINATION

The meeting terminated.