

RECORD OF MEETING

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

DATE: May 1, 2019	TIME: 9:00 a.m. – Noon	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE: BCFC: Sheldon Stoilén BCFS: Cynthia Lukaitis Alana Gallagher	Commissioner Vice President & Corporate Secretary Vice President, Finance & Chief Financial Officer
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1. ADOPTION OF AGENDA

The agenda was agreed upon.

2. RECORD OF MEETING

a. December 19, 2018 Quarterly Meeting

b. Action Items

The record of the December 19, 2018 quarterly meeting and action items were reviewed and approved.

3. LEGISLATIVE AMENDMENTS

The amendments to the *Coastal Ferry Act* set out in *Bill 25 – Coastal Ferry Amendment Act – 2019* were reviewed and discussed.

4. TRAFFIC LEVELS

BCFS reported on traffic levels for the year ended March 31, 2019.

5. FISCAL 2019 – COMPLIANCE REPORTS

a. 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, 2018 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter.

b. 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, 2018 was reviewed and discussed. The report indicates BCFS' compliance with all regulatory requirements in respect of the average fares charged in the quarter.

c. Q3 Feedback and Engagement Report

BCFS' feedback and engagement report for the quarter ended December 31, 2018 was reviewed and discussed.

d. Q3 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended December 31, 2018 was reviewed and discussed. The report indicates BCFS is in compliance with Order 16-01.

6. FUEL DEFERRAL ACCOUNTS

a. Input Tax Credits Appeal

BCFS advised the Commissioner of the status of its appeal of the Canada Revenue Agency's tax assessment disallowing any recovery of GST through input tax credits for fuel costs. BCFS will submit a proposal to the Commissioner respecting the treatment of the legal costs associated with the appeal.

b. Balance at February 28, 2019 Forecast

A report prepared by BCFS on the deferred fuel account balances as at February 28, 2019 was reviewed and discussed. The report indicates that BCFS has complied with the terms and conditions for fuel deferral accounts set out in Order 15-03A.

c. Forecast

BCFS' projections for the regulatory account balances were reviewed and discussed. BCFS advised the Commissioner of the expected timing for implementation of a fuel surcharge on the non-northern routes.

7. PERFORMANCE TERM FIVE

a. Fuel Price Forecast

The Commissioner advised that BCFS will be asked to provide an updated fuel price forecast for the consideration of BCFC in establishing the set fuel price for performance term five.

b. Efficiency Metric

BCFS reported on work underway to develop a new metric to track efficiency. Further review and discussion on this matter will occur at a future meeting.

c. Preliminary Price Cap Ruling

The preliminary performance term five price cap ruling and its implications for BCFS was discussed. BCFS advised that consideration is being given to providing additional information for the consideration of the Commissioner in setting the final price cap pursuant to section 40(4)(a)(ii) of the *Coastal Ferry Act*.

d. Performance Review

The Commissioner advised of the possibility that a further performance review may be conducted to inform the setting of the final performance term five price cap.

8. REGULATORY FILINGS

a. Conditions Status Update

BCFS' progress in meeting the conditions set out in BCFC's orders under the *Coastal Ferry Act* was reviewed and discussed.

With regard to Order 18-02 (Application to Temporarily Reduce Service on Routes 5 and 9) dated May 10, 2018, the Commissioner advised that BCFC has reviewed the various correspondence received from BCFS and confirmed that conditions 1, 2(b), 3 and 4 are satisfied.

With regard to Order 18-01 (Customer Satisfaction Survey Performance Review) dated February 7, 2018, the Commissioner advised that BCFC has reviewed the various correspondence received from BCFS and confirmed that all six conditions have been met, noting that additional survey activity will be required in accordance with condition 1 in 2019.

b. Potential Section 55 Filings - Timing

i. Langdale Terminal Development

ii. Fleet Maintenance Unit Site Development

iii. New Major Class Vessels

BCFS provided updates regarding timing and other matters related to the potential filings for the Langdale terminal development project, the Fleet Maintenance Unit site development project and the new major class vessels project.

9. UPDATES

a. Bowen Class Vessel Replacement Project

BCFS reported on the status of the procurement process for the Bowen Class vessel replacements and the possible implication for the forecast capital expenditures for the project.

b. Fare Flexibility and Digital Experience Initiative

BCFS reported on the status of the fare flexibility and digital experience initiative and the expected timing for implementation of the first phase of variable pricing.

10. NEXT MEETING

The next BCFC / BCFS quarterly meeting is scheduled for June 11, 2019.

11. TERMINATION

The meeting terminated.