



OFFICE OF THE
BRITISH COLUMBIA
FERRIES COMMISSIONER

REDACTED
ORDER: 19-02B

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IN THE MATTER OF

Approval of a Major Capital Expenditure for
Four Island Class Vessels and One Salish Class Vessel
Proposed by British Columbia Ferry Services Inc.
Pursuant to Section 55 (2) of the *Coastal Ferry Act*

BEFORE: Sheldon Stoilen, British Columbia Ferries Commissioner
Eva Hage, British Columbia Ferries Deputy Commissioner
(the “commissioners”)

ORDER

WHEREAS:

- A. On November 5, 2018 British Columbia Ferry Services Inc. (“BC Ferries”) submitted an application (the “Application”) under section 55 (2) of the *Coastal Ferry Act* (the “Act”) seeking the commissioner’s approval of a proposed major capital expenditure for the procurement of four new Island class vessels, one new Salish vessel and incremental terminal improvements which will enable the retirement of the *Powell River Queen* (built in 1965), the *Bowen Queen* (built in 1965), and the *Mayne Queen* (built in 1965) in fiscal 2021 (the “Project”);
- B. By Order 19-02 dated January 7, 2019 the commissioner approved the proposed major capital expenditure outlined in the Application, subject to certain conditions, without disclosing the maximum amount of the proposed major capital expenditure for confidentiality reasons;

- C. On September 4, 2019 BC Ferries submitted a supplementary application (“Supplemental Application”) seeking the commissioners’ approval of a revised total capital expenditure amount for the Project;
- D. The commissioners engaged the firm of MNP LLP (“MNP”) to review the Supplemental Application and to provide a report summarizing their conclusions and recommendations;
- E. The commissioners have reviewed the Supplemental Application and the report from MNP and have determined that the scope of the proposed major capital expenditure, as generally described in the Supplemental Application, has not materially changed from the scope described in the Application; and
- F. The commissioners have determined that the preferred option, as described in the Supplemental Application, is reasonable, prudent and consistent with the Coastal Ferry Services Contract and BC Ferries’ long-term capital plan. The preferred option is also in the public interest as the vessels will meet all safety and regulatory requirements and addresses congestion impacts on the road networks surrounding the terminals on Routes 19 and 23. Reliability is addressed through standardization of vessels which enables flexibility in vessel deployments. Affordability is addressed by having no impact on price caps set by the commissioners for the next performance term.

NOW THEREFORE the commissioners order as follows:

1. Pursuant to section 55 (2) of the Act, the proposed major capital expenditure for the procurement of four new Island class vessels and one new Salish class vessel, as generally described in the Supplemental Application, is approved, subject to paragraph 2 below, for a total major capital expenditure for the Project of up to < > million, inclusive of interest during construction, and supplemental Project expenditures of up to < > million, for a total Project expenditure of up to < > million;
2. The amounts approved in paragraph 1 shall remain confidential until substantial achievement of all milestones identified in the project plan for the Project or such later date as the commissioners may determine;

3. BC Ferries shall update the commissioners on a regular basis regarding the potential electrification of the Island class ferries and the identification of benefits accruing from fleet standardization; and
4. Confidential Order 19-02A is rescinded and replaced by this Order.

DATED in Victoria, in the Province of British Columbia, this 18th day of October 2019.

BY ORDER



Sheldon Stoilen
British Columbia Ferries Commissioner



Eva Hage
British Columbia Ferries Deputy Commissioner