

RECORD OF MEETING

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

DATE: June 18, 2019	TIME: 11:00 a.m. – 4:00 p.m.	SITE: 1321 Blanshard Street Victoria, BC
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ATTENDANCE: BCFC: Sheldon Stoilen Eva Hage BCFS: Cynthia Lukaitis Alana Gallagher Joanne Carpendale Jason Eamer-Goult Mark Wilson Janet Carson Erwin Martinez Laura Callow	Commissioner Deputy Commissioner Vice President & Corporate Secretary Vice President, Finance & Chief Financial Officer Treasurer Senior Manager, Regulatory & Freedom of Information Vice President, Strategy & Community Engagement (agenda items 1. to 4, 7.d., 8.b.i., ii., and iv. and 9.a. to d.) Vice President, Marketing & Customer Experience (agenda items 4.c., 9.e. and 9.f.i.) Vice President & Chief Information Officer (agenda item 9.f. and 9.f.i.) Director, Digital Business Strategy (agenda item 9.f.i.)
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1. ADOPTION OF AGENDA

The agenda was approved as circulated, with some re-ordering of agenda items.

3. RECORD OF MEETING

a. May 1, 2019 Quarterly Meeting

b. Action Items

The record of the May 1, 2019 quarterly meeting and action items were reviewed and approved.

2. DISCLOSURES

BCFS advised of ongoing work by consulting firms that have been or might be engaged.

BCFC advised that there was nothing new to report.

7. PERFORMANCE TERM FIVE

d. Coastal Ferry Services Contract Renewal

BCFS reported on recent negotiations with the Province regarding amendments to the Coastal Ferry Services Contract for Performance Term Five.

- 9. UPDATES**
- a. Spirit Class Mid-Life Upgrade**
- b. Island Class Vessel Program**
- c. Bowen Class Vessel Replacement Program**
- d. New Major Class Vessel Program**

BCFS provided updates regarding the completion of the Spirit Class Mid-Life Upgrade, the progress of the Island Class vessel construction, the status of the procurement process for the Bowen Class vessel replacements and the next steps for the program, and the progress on the New Major Class Vessel Program.

BCFC requested that progress towards enabling full electric operation of the Island Class vessels be added as a standing item for the quarterly meetings.

- 8. REGULATORY FILINGS**
- b. Potential Section 55 Filings - Timing**
 - i. Bowen Class Vessel Replacement**
 - iv. New Major Vessels**

BCFS provided updates regarding timing and other matters related to the potential filings for the Bowen Class vessel replacement and the new Major Class vessels programs.

- 4. FISCAL 2019 – COMPLIANCE REPORTS**
- a. 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, 2019 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter and the year.

- b. Q4 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 March 31, 2019 was reviewed and discussed. The report indicates BCFS' compliance with all regulatory requirements in respect of the average fares charged in the quarter.

- c. Q4 Feedback and Engagement Report**

BCFS' feedback and engagement report for the quarter ended March 31, 2019 was reviewed and discussed.

BCFS reported on the outcome of the re-procurement of the contract for customer satisfaction tracking, and on its plans for enhancing the customer feedback report.

8. REGULATORY FILINGS (Cont'd)

b. Potential Section 55 Filings - Timing

ii. Langdale Terminal Development

BCFS provided an update regarding timing related to the potential filing for the Langdale terminal development project.

4. FISCAL 2019 – COMPLIANCE REPORTS

d. Q4 Drop Trailer

BCFS' calculation of its average drop trailer tariff for the quarter ended March 31, 2019 was reviewed and discussed. The report indicates BCFS is in compliance with Order 16-01.

5. FUEL DEFERRAL ACCOUNTS

a. Balance at April 30, 2019

A report prepared by BCFS on the deferred fuel account balances as at April 30, 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.

b. Forecast

BCFS' projections for the regulatory account balances were reviewed and discussed.

7. PERFORMANCE TERM FIVE (Cont'd)

c. Fuel Price Forecast

BCFS provided an update on its fuel hedging activities. BCFS's fuel price forecast for Performance Term Five was reviewed and discussed. BCFC requested that the forecast presented at the next quarterly meeting include sensitivity analysis on the exchange rate assumptions.

5. FUEL DEFERRAL ACCOUNTS (Cont'd)

c. GST Appeal Legal Costs

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

6. LEGISLATIVE AMENDMENTS

a. Public Input Process

b. Section 55 Criteria

BCFC advised that changes in various processes and reporting requirements are being contemplated in response to the amendments to the *Coastal Ferry Act* arising from the *Coastal Ferry Amendment Act – 2019*.

8. REGULATORY FILINGS (Cont'd)

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.

7. PERFORMANCE TERM FIVE (Cont'd)

b. Efficiency Metric

BCFS presented a possible metric for tracking efficiency, and discussed some of the challenges presented by measurements that do not account for variations in vessel size or length of route.

a. Performance Reviews

There was a discussion of the performance reviews pursuant to section 46.1 of the *Coastal Ferry Act* that are currently under way and the extent of the information and analysis required from BCFS.

e. Supplemental Filing

BCFS advised of its intent to submit additional information under section 40 of the *Coastal Ferry Act* in response to the Commissioner's preliminary decision for the Performance Term 5 price cap.

8. REGULATORY FILINGS (Cont'd)

b. Potential Section 55 Filings - Timing

iii. Fleet Maintenance Unit Site Development

BCFS provided an update regarding timing related to the potential filing for the Fleet Maintenance Unit site development project.

9. UPDATES (Cont'd)

f. Major IT Projects

BCFS provided updates for the Automated Customer Experience program and Fare Flexibility and Digital Experience Initiative.

e. Customer Service Crisis Management Plan

BCFS provided an update regarding its progress in implementing its crisis management plan for customer service recovery when responding to extended service disruptions.

9. UPDATES (Cont'd)

f. Major IT Projects (Cont'd)

i. Website Demonstration

BCFS provided a demonstration of the prototype website being developed for the Fare Flexibility and Digital Experience Initiative.

10. OTHER BUSINESS

BCFS advised that its annual report to BCFC for the year ended March 31, 2019 will be streamlined, and that it will also be combining its corporate annual report for the past year and its business plan for the upcoming year in a single performance and accountabilities report.

11. NEXT MEETING

A BCFC / BCFS meeting regarding Performance Term Five matters is scheduled for August 16, 2019.

The next BCFC / BCFS quarterly meeting will be scheduled in due course.

12. TERMINATION

The meeting terminated.