



OFFICE OF THE
BRITISH COLUMBIA
FERRIES COMMISSIONER

ORDER 16-02C
REDACTED

PO Box 9279 Stn Prov Gov
Victoria BC, V8W 9J7
Telephone (250) 952-0112

www.bcferrycommission.ca
info@bcferrycommission.ca

IN THE MATTER OF

Approval of a Major Capital Expenditure for
The Fare Flexibility and Digital Experience Initiative
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 “commissioner or commissioners”)

ORDER

WHEREAS:

- A. By Order 15-01 dated February 2, 2015, the commissioners approved, with conditions, the major capital expenditure for British Columbia Ferry Services Inc. (“BC Ferries”) proposed Fare Flexibility and Digital Experience Initiative (the “Initiative”);
- B. By Confidential Order 16-02A dated September 21, 2016, the commissioners approved an increase in the approved capital expenditure amount for the Initiative;

- C. By letter dated March 8, 2019, BC Ferries advised the commissioner that they expected expenditures on the Initiative will now exceed the amount approved under Order 16-02A but would not exceed the revised threshold for IT projects requiring commissioner approval under Order 19-03. Accordingly, the commissioner did not require any further action be taken by BC Ferries at that time;
- D. On November 25, 2019, BC Ferries submitted a formal supplemental application (the “Supplemental Application”) under section 55 (2) of the *Coastal Ferry Act* seeking the commissioners’ approval of an increase in the previously approved amount of the proposed major capital expenditures for the Initiative under Confidential Order 16-02A;
- E. The commissioners engaged the firm of MNP to review the Supplemental Application who have concluded that BC Ferries is well-positioned to bring the Initiative to completion and that with much of the budget increase being placed into schedule contingency, they will have enough funding to complete the Initiative;
- F. By Confidential Order 16-02B dated December 24, 2019, the commissioners approved an interim increase in the approved capital expenditure amount for the Initiative pending receipt of MNP’s final report; and
- G. Having reviewed the Supplemental Application and MNP’s final report, the commissioners are satisfied that the proposed increase in the amount of the major capital expenditure is necessary to complete the Initiative.

NOW THEREFORE the commissioners order as follows:

1. The revised estimate of the major capital expenditures for the Initiative, as generally described in the Supplemental Application, is approved at < > million;
2. The amount approved in paragraph 1 above shall remain confidential until substantial achievement of all milestones identified in the project plan for the entire Initiative;

3. Condition 1(b) in Order 16-02 is amended as follows:
The future life cycle capital costs for all information technology projects which directly enable continued functionality of the Initiative or sustainment of the benefits from the Initiative will be subject to the commissioners' further approval only if the capital costs for such information technology projects individually exceed the threshold for such projects as outlined in Order 19-03.
If information technology projects are integrated with such other projects, and as a group of projects they exceed the threshold for information technology projects as outlined in Order 19-03, further approval by the commissioners is required;
4. The limitation described in condition 1(c) in Order 16-02 with regard to implementation of the Initiative on the non-Reservable Routes applies only to vehicle and passenger reservation and fare flexibility functionalities of the Initiative, and excludes any pilot testing of such functionalities or any component of such functionalities that BC Ferries wishes to undertake on any of the non-Reservable Routes; and
5. Confidential Order 16-02A and 16-02B are rescinded and replaced by this Order.

DATED in Victoria, in the Province of British Columbia, this 17th day of March 2020.

BY ORDER



Sheldon Stoilen
British Columbia Ferries Commissioner



Eva Hage
British Columbia Ferries Deputy Commissioner