

# RECORD OF MEETING

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

<b>DATE:</b> September 23, 2019	<b>TIME:</b> 9:00 a.m. – 2:30 p.m.	<b>SITE:</b> 1321 Blanshard Street Victoria, BC
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<b>ATTENDANCE:</b>  <b>BCFC:</b> Sheldon Stoilen Eva Hage  <b>BCFS:</b> Jason Barabash Alana Gallagher Sheila Brown Greg Peterson Mark Wilson Janet Carson  Erwin Martinez Darren Johnston Karen Tindall	Commissioner Deputy Commissioner  Vice President, General Counsel & Corporate Secretary Vice President, Finance & Chief Financial Officer Executive Assistant & Deputy Corporate Secretary Director, Engineering Services (agenda item 6.b) Vice President, Shipbuilding (agenda items 9.a. to c.) Vice President, Marketing & Customer Experience (agenda items 4.c., 9.d., and 9.e.) Vice President & Chief Information Officer (agenda item 9.e.) Executive Director, Fleet Operations (agenda item 4.a.) Director, Customer Care (agenda items 4.c. and 9.d.)
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**1. ADOPTION OF AGENDA**

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

**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.

**3. RECORD OF MEETING**

**a. June 18, 2019 Quarterly Meeting**

**b. August 16, 2019 Meeting**

**c. Action Items**

The records of the June 18, 2019 quarterly meeting, the August 16, 2019 meeting and action items were reviewed and approved, with some adjustments to the action items.

**4. FISCAL 2020 – COMPLIANCE REPORTS**

**a. Q1 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 June 30, 2019 were reviewed and discussed. The reports indicate BCFS' compliance with the core service level requirements in the quarter.

**b. Q1 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 June 30, 2019 was reviewed and discussed. The report indicates BCFS' compliance with all regulatory requirements in respect of the average fares charged in the quarter.

**d. Q1 Drop Trailer**

BCFS' calculation of its average drop trailer tariff for the quarter ended June 30, 2019 was reviewed and discussed. The report indicates BCFS is in compliance with Order 16-01.

**5. FUEL DEFERRAL ACCOUNTS**

**a. Balance at July 31, 2019**

A report prepared by BCFS on the deferred fuel account balances as at July 31, 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.

**c. GST Appeal Legal Costs - Status**

BCFS provided an update on its appeal of the Canada Revenue Agency's tax assessment disallowing any recovery of goods and services taxes through input tax credits for fuel costs.

**6. LEGISLATIVE AMENDMENTS**

**a. Public Input Process – status**

BCFC provided an update regarding the development of processes for eligible organizations participating in proceedings under section 46.2 of the *Coastal Ferry Act*.

**b. Greenhouse Gas Emissions – Possible Metrics**

BCFS provided a briefing regarding greenhouse gas emissions, including the process for tracking the emissions and planned metrics. International, national, and provincial targets and reporting measures were also discussed, along with including the different methods of measuring emissions.

**7. PERFORMANCE TERM FIVE**

**a. Performance Reviews – Status**

There was a discussion of the performance reviews currently under way.

**b. Performance Term Five Ruling – Status**

BCFC reviewed next steps regarding the ruling for the final price cap for Performance Term Five, to be set in accordance with section 40 of the *Coastal Ferry Act*.

**c. Price Cap Compliance Index Reset**

BCFS provided an overview of the reset of the price cap compliance index for Performance Term Four. There was a discussion of possible options and implications for resetting the price cap compliance index for upcoming Performance Term Five.

**d. Fuel Price Sensitivity**

BCFS discussed the impact of exchange rates on fuel price.

**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.

**b. Bowen Class Vessel Replacement**

BCFS provided updates regarding timing and other matters related to the potential filing for the Bowen Class vessel replacement program.

**c. Potential Section 55 Filings – Timing**

BCFS provided an update regarding timing related to the potential filings to seek approval of major capital expenditures under section 55 of the *Coastal Ferry Act*.

**9. UPDATES**

**a. Island Class Vessel Program**

**i. Full Electrification – Status**

**b. Bowen Class Vessel Replacement Program**

**c. New Major Class Vessel Program**

BCFS provided updates regarding 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. BCFS discussed approaches for possible electrification and clean technology throughout the fleet, including consideration of designing new vessels as diesel-electric hybrids or liquefied natural gas (LNG)-electric hybrids. BCFS also noted that the Performance Term Five forecast did not include operating costs for the exploration of these alternatives or capital costs for implementation.

**4. FISCAL 2020 – COMPLIANCE REPORTS (continued)**

**c. Q1 Feedback and Engagement Report**

BCFS' feedback and engagement report for the quarter ended June 30, 2019 was reviewed and discussed. There was a discussion of possible improvements to the layout of this report.

**9. UPDATES (continued)**

**d. 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.

**e. Major IT Projects**

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

**10. OTHER BUSINESS**

**a. Capital Investments Funding**

BCFS provided an update regarding its strategies for funding future capital investments.

**11. NEXT MEETING**

A BCFC / BCFS meeting regarding Performance Term Five matters is scheduled for September 27, 2019.

The next BCFC / BCFS quarterly meeting is scheduled for December 10, 2019.

**12. TERMINATION**

The meeting terminated.