



BRITISH COLUMBIA
FERRY COMMISSION

ORDER
NUMBER: 05-04

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IN THE MATTER OF
Statutes of British Columbia Bill 18-2003
Coastal Ferry Act
And
An Application by British Columbia Ferry Services Inc.
To reduce service on Designated Route 26

BEFORE: Martin Crilly, Commissioner on September 10, 2005

ORDER

WHEREAS:

- A. British Columbia Ferry Services Inc. ("BC Ferries") has applied to the Commissioner for authorization to reduce service on the above designated route, pursuant to section 43 of the Act. This application is described in a letter dated August 31, 2005, attached, from the Executive Vice President, Finance and Chief Financial Officer of BC Ferries; and
- B. The Commissioner is of the opinion that the reduction is for a temporary period and is for an extraordinary situation.

NOW THEREFORE the Commissioner orders as follows:

The reduction in service as described in the attached letter of application is authorized.

DATED in Comox, in the Province of British Columbia, this 10th day of September 2005

BY ORDER

A handwritten signature in black ink, appearing to read "M Crilly".

Martin Crilly
British Columbia Ferries Commissioner

Date August 31, 2005
To Martin Crilly, Ferry Commissioner
Alan Eastwood, Deputy Ferry Commissioner
From Rob Clarke, EVP Finance and CFO
Subject Kwuna Refit

I am writing to provide you with the current schedule and refit requirements of the M.V. Kwuna, the vessel operating on Route 26 between Skidegate and Alliford Bay on the Queen Charlotte Islands.

BC Ferries will be removing the Kwuna from service for its refit. Current surveys have been extensive and a comprehensive refit will be required including new engines, new propulsion drives (legs), new ramps, as well as new generators and switchboard. This is combined with the regularly scheduled quadrennial refit.

Due to the large amount of work required, the vessel will begin this extended refit period on September 11, 2005 and will not return to service until November 21, 2005 (a total of 71 days). Attached is a revised schedule for daily service that will be provided by a tug and barge. The service schedule will be reduced by 4 hours a day reducing the operations to a 12 hour day for the duration of the refit (as compared to 16 hours as specified in the Contract).

Schedule A of the Coastal Ferry Services Contract states the following:

Part (a) allows Temporary Service Disruptions of not more than twenty (20) consecutive days and an aggregate of all temporary service disruptions for the calendar year of thirty (30) days,

Part (c) allows that the Core Service Level in relation to Designated Ferry Routes 12 and 26 includes an allowance for a temporary service disruption of up to sixty five (65) consecutive days once in every four (4) years for the purpose of carrying out quadrennial surveys and refits.

The Contract, however, is not clear as to whether the 65 days allowed in Part (c) is in addition to the 20 consecutive days allowed in Part (a). For this reason, BC Ferries is requesting authorization for a temporary service reduction.

BC Ferries believes this request is appropriate for the following reasons:

- This extensive refit will address many of the mechanical difficulties that have impaired the vessel's ability to maintain the service,
- No alternative service is feasible – there is no other operator that is available to provide the service;

- The cost of increasing the 12 hour day to a 16 hour day would require the tug and barge company to incur 4 additional hours of overtime each day. The additional costs are prohibitive.
- BC Ferries is scheduling refits during the off-peak when the demand is lower.

Yours truly,

Rob Clarke
Executive Vice President
and Chief Financial Officer

Attachment: 1

August 30, 2005

KWUNA OUT FOR REFIT Skidegate – Alliford Bay

From September 11 to November 21, 2005 the *M/V Kwuna* will undergo a scheduled refit.

The *Kwuna* is a unique vessel within the BC Ferries fleet. During the refit period a tug-and-barge will provide service on the following schedule:

Alliford Bay		Skidegate	
Arrival	Departure	Arrival	Departure
	0700	0724	0730
0754	0800	0824	0830
0854	0900	0924	0930*
0954	1000	1024	1100
1124	1215	1239	1245
1309	1315*	1339	1345*
1409	1430	1454	1500
1524	1530	1554	1600
1624	1630	1654	1700
1724	1730*	1754	1800
1824	1830	1854	1900
1924	1930	1954	2000
2024			

*Dangerous Goods sailing on Thursdays only; no passengers

BC Ferries apologizes for any inconvenience caused to our customers by this refit and modified schedule. We look forward to providing regular service with the *Kwuna* upon her return.

Contact: Ann Carpenter
Tel: (250) 890-7879

Current sailing information is available at www.bcferries.com. For personalized service, reservations or recorded information call: Toll-free 1-888-223-3779 or in Victoria (250) 386-3431.