



BRITISH COLUMBIA  
FERRY COMMISSION

ORDER  
NUMBER 06-01

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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 Routes 10 and 11

**BEFORE:** Martin Crilly, Commissioner on April 24, 2006

**ORDER**

**WHEREAS:**

- A. British Columbia Ferry Services Inc. ("BC Ferries") has applied to the Commissioner for authorization to reduce service on the above designated routes, pursuant to section 43 of the Act. This application is described in a letter dated April 10, 2006, attached, from the Executive Vice President, Corporate Affairs and General Counsel of BC Ferries;
- B. BC Ferries has been providing a reduced service on the two routes since the Motor Vessel Queen of the North sank on March 22, 2006;
- C. BC Ferries has a contractual obligation under the Coastal Ferry Services Contract with the Province of British Columbia to provide core services, including service on the above two routes and has notified the Province that in BC Ferries opinion the sinking of the Queen of the North was an "Event of Force Majeure", pursuant to article 15.25 of the Coastal Ferry Services Contract;
- D. the Commissioner recognizes that decisions relating to the Coastal Ferry Services Contract are issues to be decided by the two contracting parties;
- E. official investigations by other regulatory agencies into the sinking of the Queen of the North are ongoing and are unlikely to be completed for some time;
- F. under Section 43 (2) of the Coastal Ferry Act a ferry operator making an application to the Commissioner must justify a requested reduction in service;
- G. under Section 43 (3) of the Coastal Ferry Act the Commissioner may authorize a reduction in service "if the Commissioner is of the opinion that the reduction is for a

temporary period and is for an extraordinary situation". In the Commissioner's opinion these two conditions have been met; and

- H. the Commissioner may, under Section 43 (4), authorize a reduction in service on a designated ferry route and may specify the period and terms and conditions of such reduction.

**NOW THEREFORE** the Commissioner orders as follows:

1. A reduction in service on Routes 10 and 11 is authorized, pursuant to Section 43 (4) of the Act, to the service levels set out in Appendix A, Phase 1 (attached) until 7 days after Transport Canada issues the Queen of Prince Rupert an S.I.C. 16 Inspection Certificate (approval to sail) and thereafter, until May 18, 2006, to the service levels set out in Phase 11 (attached);
2. in providing this authorization the Commissioner does not order or approve any specific level of temporary service but expects BC Ferries to continue to make its best efforts to provide substitute services, at a reduced level, on the two routes; and
3. this authorization expires no later than May 18, 2006.

**DATED** in Comox, in the Province of British Columbia, this 24<sup>th</sup> day of April, 2006

BY ORDER

A handwritten signature in black ink, appearing to read 'M Crilly', written over a horizontal line.

Martin Crilly  
British Columbia Ferries Commissioner

April 10, 2006

Mr. Martin Crilly  
British Columbia Ferry Commissioner  
PO Box 1497  
Comox, BC V9M 8A2

Dear Mr. Crilly:

**SUBJECT: Request for Reduction of Service Under Section 43 of CFA**

On March 22, 2006, the Motor Vessel Queen of the North sank in Wright Sound while providing service on Route 10 (Prince Rupert to Port Hardy).

The company believes that this was an “Event of Force Majeure”, and has so notified the Province, pursuant to article 15.25 of the Coastal Ferry Services Contract. However, section 43(1) of the Coastal Ferry Act (CFA) states:

*43 (1) A ferry operator must not, except as permitted by the applicable Coastal Ferry Services Contract, reduce service on a designated ferry route below the core ferry services required for that designated ferry route unless the ferry operator first obtains the authorization of the commissioner.*

While we believe the Event of Force Majeure permits BC Ferries to reduce service on Routes 10 and 11, we are making this application under Section 43 out of an abundance of caution.

In terms of service recovery, BC Ferries is in the process of expediting the regularly scheduled six week refit and drydocking of the Queen of Prince Rupert (QPR) in order to resume core service levels. BC Ferries expects that upon return to service of the QPR, those core service levels can be met until the summer schedule begins on May 18, 2006.

Currently, BC Ferries is implementing a phased service recovery for the North Coast. Phase I (the service that will be provided prior to the QPR being in service) contemplates a tug and barge service supplemented by air travel. Phase II will see the re-introduction into service of the QPR. Phase III will address the period after May 18, 2006, however, this recovery plan is still being developed. Attached as Appendix A is the detail of the service that will be provided over the short and medium terms.

As per Section 2(a) of Schedule A of the CFSC, BC Ferries is permitted a Temporary Service Disruption in relation to each designated ferry route where the disruption is for a duration of not more than twenty consecutive days. On April 10, 2006, BC Ferries expects to receive notice whether Transport Canada has approved the refit of the QPR and granted an S.I.C. 16 Inspection Certificate (approval to sail) that would allow the QPR to resume service.

At this time, BC Ferries is uncertain as to whether other regulatory requirements will be identified by Transport Canada. However, if the ship receives an S.I.C. 16, BC Ferries will resume service within 7 days after receipt of such certificate, such service currently expected to commence by April 15, 2006 or shortly thereafter.

If Transport Canada requests new and/or unanticipated remediation, the vessel will be further delayed. Therefore, BC Ferries is seeking the following:

That the Commissioner authorize, pursuant to Section 43 of the Act, a reduction in service on Route 10 and Route 11 to the service level set out in Appendix A (Phase I), until 7 days after Transport Canada issues the Queen of Prince Rupert an S.I.C. 16 Inspection Certificate.

BC Ferries will continue to work with Transport Canada to minimize any further disruption, and will ensure the Commissioner is kept apprised of the discussions with Transport Canada. We will also ensure continued communications with impacted communities.

Finally, information regarding service after May 18, 2006, will be forwarded once BC Ferries has a plan in place.

Thank you for your consideration.

Yours truly,



William R. Cottick  
Executive Vice President, Corporate Affairs & General Counsel

cc: Mike Corrigan, Executive Vice President & Chief Operating Officer (BC Ferries)  
Carol Prest, Director, Economic Regulatory Affairs (BC Ferries)  
Cynthia Lukaitis, Vice President & Corporate Secretary (BC Ferries)

Attachments

## Appendix A

### PHASE I: Until return of QPR into service

#### FLIGHTS

- Arrangements for flights home for passengers that were on the Queen of the North (various)
- Arrangements for flights for passengers reserved in the system up until April 15, 2006 and any medivac requests (see attached flight schedule below)  
*Details of Charter Flight Arrangements made by the Reservations Call Center are Attached. These flights mirror connections in the schedule prior to the Queen of Prince Rupert returning from Refit.*
- Mid-coast communities of Bella Bella, Shearwater, Klemtu, and Ocean Falls served by the Nimpkish to/from Bella Coola  
*Details of the Nimpkish schedule are included in the attached file below*
- No vehicle service from Port Hardy to the mid-coast or Port Hardy to Prince Rupert

TUG & BARGE - service for drop trailers between Prince Rupert and Skidegate until return to service of the QPR

*Details of Tug and Barge between Prince Rupert and Skidegate*

PSK – PPR March 24/06 (eastbound only)

PPR – PSK March 27/06

PSK – PPR March 28/06

PPR – PSK March 30/06

PSK – PPR March 31/06

PPR – PSK April 3/06

PSK – PPR April 4/06

PPR – PSK April 6/06

PSK – PPR April 7/06

PPR – PSK April 10/06

PSK – PPR April 11/06

PPR – PSK April 13/06

PSK – PPR April 14/06

**PHASE II – From return of QPR into service until May 18, 2006**

**Route 10 (Prince Rupert to Port Hardy)**

The QPR will not return to the published schedule in the brochure, but will return to service in a “hub-and-spoke” schedule in combination with the MV Nimpkish. (This hub-and-spoke schedule was implemented during the refit of the Queen of Prince Rupert and customers are currently reserved on it.) The rationale for continuing with the hub-and-spoke schedule to the mid-coast is that it reduces the strain on the Queen of Prince Rupert by using the Nimpkish to make connections between the mid-coast communities via Bella Bella to/from Shearwater, Klemtu, and Ocean Falls as well as connections to Bella Coola. This minimizes mechanical strain/risk for the Queen of Prince Rupert. The additional cost of running the Nimpkish is offset by fuel savings that result from the QPR not having to be run at higher RPM to keep the schedule. (Service Levels are maintained during Phase II.)

*Details of the Phase 2 schedule are attached.* The left column outlines the published schedule in the brochure. The middle column outlines the Nimpkish schedule that is currently in effect. The right column outlines the schedule that the Queen of Prince Rupert will follow when it returns to service, (tentatively on April 15, 2006).

**Route 11 (Prince Rupert to QCI)**

From return of QPR into service until May 18, 2006, Route 11 will maintain the published schedule.