

For Immediate Release

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**BC FERRIES TO APPLY TO BC FERRY COMMISSIONER FOR APPROVAL TO  
IMPLEMENT FUEL SURCHARGE**

VICTORIA – BC Ferries will be making a formal application to the BC Ferry Commissioner to implement a fuel surcharge to recover increasingly high fuel costs.

“Fuel is our second largest expense and the cost is growing,” said BC Ferries’ President & CEO David Hahn. “With world energy prices remaining extremely high, we anticipate having to recover approximately \$25 million in incremental fuel costs by the end of the current fiscal year.”

BC Ferries will be seeking authorization from the BC Ferry Commissioner for extraordinary price cap increases, which will allow BC Ferries to implement a fuel surcharge of 70 cents for passengers and \$2.50 for under-height vehicles on major routes connecting Vancouver Island to the mainland, and a surcharge ranging from 25 cents to 70 cents each way for passengers and from 60 cents to \$2.50 for under-height vehicles each way on smaller inter-island routes. Higher surcharges would apply to northern routes that have significantly longer travel distances. The surcharges would not be in effect until the Commissioner authorizes the extraordinary price cap increases.

In the fall of 2004, BC Ferries received approval from the BC Ferry Commissioner to establish special fuel deferral accounts in response to a spike in fuel prices.

“BC Ferries, like other transportation companies, can no longer continue to ignore the additional costs of fuel,” said Hahn. Other Canadian and international ferry companies, cruise lines, trucking and transport companies, rail services, and air services are already recovering fuel costs through surcharges and other tariff increases. A survey of other transportation surcharges is attached.

“This is a difficult and challenging issue for BC Ferries and for our customers,” said Hahn. “In view of the extraordinary circumstances, BC Ferries will delay its planned fare increase for November 2005. This annual fare increase will be deferred until April 1, 2006 and will be reassessed at that time. BC Ferries’ management is developing additional cost saving measures to minimize all of its expenses.

“We have been monitoring the cost of fuel carefully and we are doing everything we can to contain fuel and other costs,” said Hahn. “For example, since 2001, BC Ferries has reduced its fuel consumption by approximately 5 million litres per year—with no reduction in service.”

Of the \$25 million to be recovered, approximately \$16 million will be generated from the three major routes connecting Vancouver Island to the mainland and \$9 million from the remaining 22 routes.

“If the application is approved by the BC Ferry Commissioner, BC Ferries will be reviewing the fuel surcharge on an ongoing basis,” said Hahn.

A schedule showing examples of the proposed surcharge rates is attached.

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## **TRANSPORTATION FUEL SURCHARGES**

### **A recent survey of transportation companies and service providers**

#### **Marine**

##### *Ferry Services*

- Alaska Marine Highway System is initiating a 10% fuel surcharge.
- Bay Ferries (operates between Saint John, NB and Digby, NS) applies a \$20.00 CAN fuel surcharge to commercial vehicles and a \$10.00 CAN fuel surcharge to passenger vehicles.
- Cat Ferry (operates between Yarmouth, NS and Bar Harbour, Maine) applies a surcharge of \$18.75 CAN to all passenger and commercial vehicles.
- Long Island Ferry (operates between New London and Orient Point, NY) applies a fuel surcharge of \$2.50 CAN. Additional passengers are charged \$0.63 CAN.
- Seaspan in B.C. has a fuel surcharge of 7% to 13%.
- Van Isle Barge in B.C. has a fuel surcharge of 10.9%.
- Washington State Ferries has requested an additional subsidy from the Washington state legislature to compensate for fuel cost increases.

##### *Cruise Lines*

- Star Cruises applies a \$2.50 - \$5.00 CAN per night surcharge on each passenger.
- M.S. Norweta (operates river cruises in the Northwest Territories) applies a fuel surcharge of up to \$200/person/cruise.

#### **Road/Ground** (Common Carrier, Courier, Mover)

- The Freight Carriers Association of Canada index recommended a fuel surcharge for a full truckload for May 2005 of 18.7%.
- FedEx, UPS and DHL all have fuel surcharges. The fuel surcharge for the month of May 2005 was 8%.
- Canada Post applies a 5% fuel surcharge (May 2005) for courier services.

#### **Rail**

- CN Rail applied a fuel surcharge of 12% (January 2005).
- CP Rail applies a fuel surcharge of 14.8% (May 2005).
- CSX Inter-modal applies a fuel surcharge of 14% (May 2005).

Routes	Passenger Fares			Proposed Fuel Surcharges
	One Way			
	Low	Shoulder	Peak	
Tsawwassen - Swartz Bay	\$8.75	\$10.00	\$10.50	\$0.70
Horseshoe Bay - Departure Bay	\$8.75	\$10.00	\$10.50	\$0.70
Tsawwassen - Duke Point	\$8.75	\$10.00	\$10.50	\$0.70
Horseshoe Bay - Langdale	\$4.25	\$4.25	\$4.38	\$0.40
Swartz Bay - Fulford Harbour	\$3.25	\$3.25	\$3.38	\$0.25
Swartz Bay - Gulf Islands	\$3.38	\$3.38	\$3.50	\$0.25
Vesuvius Bay - Crofton	\$3.25	\$3.25	\$3.38	\$0.25
Saltery Bay - Earls Cove	\$4.25	\$4.25	\$4.38	\$0.40
Horseshoe Bay - Snug Cove	\$3.13	\$3.13	\$3.25	\$0.25
Tsawwassen - Gulf Islands	\$7.63	\$7.63	\$7.88	\$0.70
Comox - Powell River	\$8.00	\$8.00	\$8.25	\$0.70
Texada Island - Powell River	\$2.88	\$2.88	\$3.00	\$0.25
Gabriola Island - Nanaimo	\$2.88	\$2.88	\$3.00	\$0.25
Thetis Island - Kuper Island - Chemainus	\$2.88	\$2.88	\$3.00	\$0.25
Denman Island - Buckley Bay	\$2.63	\$2.63	\$2.75	\$0.25
Hornby Island - Denman Island	\$2.63	\$2.63	\$2.75	\$0.25
Quadra Island - Campbell River	\$2.63	\$2.63	\$2.75	\$0.25
Cortes Island - Quadra Island	\$3.13	\$3.13	\$3.25	\$0.25
Alert Bay - Sointula - Port McNeill	\$3.13	\$3.13	\$3.25	\$0.25
Skidegate - Alliford Bay	\$2.63	\$2.63	\$2.75	\$0.25
Bear Cove - Bella Bella - Prince Rupert	\$59.00	\$79.00	\$107.00	\$10.00
Prince Rupert - Skidegate	\$21.50	\$21.50	\$25.25	\$3.00
Port Hardy - Bella Coola	N/A	N/A	\$111.00	\$9.00
Port Hardy - Mid Coast	\$37.75	\$47.50	\$66.50	\$5.00
Bella Coola - Mid Coast	N/A	N/A	\$41.25	\$5.00
Inter - Mid Coast	N/A	N/A	\$22.25	\$2.50
Mill Bay - Brentwood Bay	\$4.50	\$4.50	\$5.00	\$0.25

Routes	Underheight Vehicle Fares			Proposed Fuel Surcharges
	One Way			
	Low	Shoulder	Peak	
Tsawwassen - Swartz Bay	\$26.50	\$31.25	\$34.75	\$2.50
Horseshoe Bay - Departure Bay	\$26.50	\$31.25	\$34.75	\$2.50
Tsawwassen - Duke Point	\$26.50	\$31.25	\$34.75	\$2.50
Horseshoe Bay - Langdale	\$12.75	\$14.38	\$15.63	\$1.25
Swartz Bay - Fulford Harbour	\$9.38	\$9.38	\$11.00	\$0.60
Swartz Bay - Gulf Islands	\$10.63	\$10.63	\$12.13	\$0.60
Vesuvius Bay - Crofton	\$9.38	\$9.38	\$11.00	\$0.60
Saltery Bay - Earls Cove	\$12.75	\$14.38	\$15.63	\$1.25
Horseshoe Bay - Snug Cove	\$9.00	\$9.00	\$10.25	\$0.60
Tsawwassen - Gulf Islands	\$23.00	\$23.00	\$30.13	\$2.50
Comox - Powell River	\$24.50	\$24.50	\$28.25	\$2.50
Texada Island - Powell River	\$6.75	\$6.75	\$7.63	\$0.60
Gabriola Island - Nanaimo	\$6.75	\$6.75	\$7.63	\$0.60
Thetis Island - Kuper Island - Chemainus	\$6.75	\$6.75	\$7.63	\$0.60
Denman Island - Buckley Bay	\$5.63	\$5.63	\$6.75	\$0.60
Hornby Island - Denman Island	\$5.63	\$5.63	\$6.75	\$0.60
Quadra Island - Campbell River	\$6.00	\$6.00	\$6.75	\$0.60
Cortes Island - Quadra Island	\$7.13	\$7.13	\$8.25	\$0.60
Alert Bay - Sointula - Port McNeill	\$7.13	\$7.13	\$8.25	\$0.60
Skidegate - Alliford Bay	\$6.00	\$6.00	\$6.75	\$0.60
Bear Cove - Bella Bella - Prince Rupert	\$139.00	\$185.00	\$252.00	\$23.00
Prince Rupert - Skidegate	\$79.75	\$79.75	\$93.50	\$8.00
Port Hardy - Bella Coola	N/A	N/A	\$221.75	\$20.00
Port Hardy - Mid Coast	\$88.50	\$117.50	\$141.75	\$12.50
Bella Coola - Mid Coast	N/A	N/A	\$80.75	\$12.50
Inter - Mid Coast	N/A	N/A	\$45.50	\$6.25
Mill Bay - Brentwood Bay	\$10.75	\$10.75	\$12.50	\$1.25

Proposed surcharges are subject to authorization by the BC Ferry Commissioner of the extraordinary price cap increases.