



BRITISH COLUMBIA
FERRY COMMISSION

ORDER
NUMBER: 06-07

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**IN THE MATTER OF
Statutes of British Columbia Bill 18 - 2003
The Coastal Ferry Act Section 55
Commission Order 06-06**

And

A Capital Expenditure for Terminal Facilities for the Northern Routes
Proposed by British Columbia Ferry Services Inc ("BC Ferries")

BEFORE: Martin Crilly, Commissioner

DECLARATION

WHEREAS:

- A. under section 55 of the Act BC Ferries may apply to the commissioner for a declaration as to whether the capital assets proposed to be deployed on, or the capital expenditures proposed to be incurred in connection with a designated ferry route, are reasonably required;
- B. on July 14th 2006 BC Ferries applied for such a declaration respecting \$199.7 million in capital expenditures for a replacement vessel (#2) and \$33.4 million for terminal facilities for the Northern route group;
- C. the commissioner, in Order 6-06, declared that the capital expenditure for a replacement vessel in the amount of \$199.7 million, was reasonably required;
- D. the commissioner also stated in Order 6-06 that further information and assurance was required regarding the justification for the amendments to the Statement of Requirements for the new vessel, resulting in significant costs of \$33.4 million for alterations to terminal facilities to meet the vessel design;
- E. BC Ferries has supplied additional supporting statements and materials to justify the cost estimate of \$33.4 million and the commissioner has obtained an independent analysis and opinion from qualified persons;
- F. the commissioner is satisfied that the alterations to the terminal facilities for the Northern ports are required to meet the needs of the vessels to be acquired for the Northern routes.

NOW THEREFORE the commissioner declares as follows:

- the capital expenditure of \$33.4 million for the alterations to the terminal facilities for the Northern ports is reasonably required;
- capital amounts may have to be reviewed if extraordinary changes in costs beyond BC Ferries' control occur before construction contracts are signed.

DATED in Comox, in the Province of British Columbia, this 17th day of September 2006.

BY ORDER

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

Martin Crilly
Commissioner
BC Ferry Commission