

For Immediate Release
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BC FERRIES COMMISSIONER APPROVES MAJOR CAPITAL EXPENDITURE FOR THREE INTERMEDIATE CLASS VESSELS

VICTORIA – The BC Ferries Commissioner has approved BC Ferries’ application to construct three new intermediate class vessels to replace the 48-year old Queen of Burnaby and the 49-year old Queen of Nanaimo. Both of these vessels are nearing the end of their service lives and are scheduled for retirement in 2016.

BC Ferries intends to build two vessels capable of carrying 145 vehicles and up to 600 passengers and crew to replace the Queen of Burnaby, which sails between Comox and Powell River and to replace the Queen of Nanaimo, which services the Tsawwassen – Southern Gulf Islands route. A third vessel capable of carrying 125 vehicles and 600 passengers and crew will also be built to augment peak and shoulder season service on the Tsawwassen – Southern Gulf Islands route, plus provide refit relief for the other two new ships.

“As we begin the next phase of our newbuild program, a key objective is to achieve capital and operating cost savings and efficiencies through an overall class and standardization strategy and a series build program,” said Mike Corrigan, BC Ferries’ President and CEO. “Improved operational efficiencies are also expected including lower crew training costs with standardized bridge, engine room and accommodation layouts, and lower maintenance costs with standardization of parts and equipment.”

BC Ferries intends to pursue a design-build contract with a shipyard that will be selected through a formal procurement process. The Company will be issuing a Request for Pre-Qualification later this month. Canadian and international shipyards are invited to participate in this process. BC Ferries expects to award a contract for this project in January 2014. The two-145 vehicle ferries are expected to be in service in 2016 and the 125-vehicle ferry is expected to enter service in 2017.

Among the key design elements yet to be finalized are those respecting liquefied natural gas (LNG). While BC Ferries intends to acquire LNG-fuelled vessels, further technical and financial analyses will be required before a final decision is made. These analyses very much depend on the responses to the Request for Proposals. While vessels fuelled with LNG are expected to have a higher initial capital costs than those fuelled with diesel, they are expected to have lower overall life cycle costs, which would have a positive impact on fares.

Under Section 55 of the Coastal Ferry Act, BC Ferries must not incur a major capital expenditure for procuring new vessels without first obtaining approval for the expenditure from the BC Ferries Commissioner.

In his ruling, the BC Ferries Commissioner states that he finds the major capital expenditure proposed in the Section 55 application to be reasonable, prudent, and consistent with the current Coastal Ferry Services Contract and the long term capital plan established by BC Ferries. The Order stipulates that, in the interest of ferry users and taxpayers, the BC Ferries Commissioner expects that BC Ferries will follow a procurement process that will mitigate the risks involved in such a large capital project and to ensure competitive pricing from a pool of high quality proponents. The Order also states that ancillary food and retail services to be provided on each vessel must not be subsidized by fare revenues on each route.

In the spring, BC Ferries held nine public information sessions in the Southern Gulf Islands, Comox, Powell River and Texada Island as well as in Richmond, to show customers its plans and to solicit feedback. Feedback from the public was included in BC Ferries' Section 55 application to the BC Ferries Commissioner, which is posted at bcferrycommission.com along with the BC Ferries Commissioner's Order 13-01.

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