# British Columbia Ferry Services Inc.

Application to the
British Columbia Ferries Commissioner

Pursuant to
Section 55 (2) of the Coastal Ferry Act

For the

Asset Management Information Program

Phase 1 Project

**CONFIDENTIAL AND COMMERCIALLY SENSITIVE INFORMATION HAS BEEN REDACTED**

## July 27, 2026

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# Section 1 Introduction and Application Overview

## 1.1 Introduction

British Columbia Ferry Services Inc. ("BC Ferries", "we", "our" or the "Company") hereby applies for the approval of the British Columbia Ferries Commissioner (the "Commissioner"), for the foundational phase 1 (the "Project") of its Asset Management Improvement Program ("AMIP"). AMIP is a multi-phase program to modernize BC Ferries' asset management capability. This Application concerns only AMIP's first phase (referred to herein as the "Project").

BC Ferries is facing significant financial challenges and the need for a sustainable funding model to avoid unaffordable fare increases for customers. These pressures are the result of the cumulative impact of maintaining aging vessels and terminals, responding to inflation, labour and fuel pressures, meeting evolving regulatory and service obligations, and making prudent long-term investments needed to safely operate one of the world's largest and most geographically complex ferry systems.

Before identifying additional funding requirements or simply passing costs on to our customers, BC Ferries has focused on improving efficiency, managing costs, carefully prioritizing investments and strengthening its long-term financial sustainability.

As we prepare our Performance Term 7 submission, we continue to make difficult decisions to find meaningful savings and prioritize efficiencies throughout our operations. This includes implementing restrictions on exempt hiring, reductions in contractor support, efficiencies in fuel usage, and most significantly, reductions in our 12-year capital plan. BC Ferries has removed or deferred over $3 billion of planned investment in vessel, terminal and IT infrastructure through March 31, ("Fiscal Year") 2038. The remaining allocation is focused on projects that either maintain safe service delivery and renew critical assets, or – like AMIP – replace essential infrastructure to enhance reliability, while also delivering savings or efficiencies that ultimately decrease pressures on customer fares over the long term.

This Project proposes to replace the system that supports the planning, scheduling and execution of maintenance across BC Ferries' vessels and terminals. For context, BC Ferries manages up to a quarter of a billion dollars annually in maintenance and refit activity, including the use and replenishment of spare parts and other inventory.

By modernizing its asset management platform, BC Ferries aims to establish a supported system, trusted data, and standardized processes required to deliver safe, reliable and cost-effective operations into the future. The Project will deliver improved maintenance planning, more efficient use of maintenance and refit spending, reduced inventory carrying costs, and a

supported platform capable of meeting BC Ferries' operational, regulatory and maintenance obligations. It will also help shift maintenance activities from incident-driven work toward corrective and planned preventive maintenance. Beyond these immediate benefits, the Project will provide the foundation for future asset management improvements in subsequent phases of the AMIP.

[redacted]

In line with the goals set out in Charting the Course, a 25-year vision for the coastal ferry system, BC Ferries believes that an affordable, efficient, safe and reliable system is in the public interest, and that we should be as intentional and strategic as possible in how we manage our asset, maintenance and inventory approach. By standardizing maintenance and materials processes, BC Ferries can improve our planning discipline, our financial accountability, transparency of our overall expenditures, and enable more effective management of the maintenance and inventory costs that ultimately contribute to broader affordability efforts. With the benefits set out in this Application, this investment is projected (base case) to begin to deliver a return on investment during PT7 and break even over the next three performance terms. As the majority of BC Ferries' vessel and terminal assets remain in service for several decades, a significant portion of the long-term Project benefits associated with enhanced lifecycle planning, maintenance optimization, and asset management are likely to continue to be realized beyond the evaluation horizon reflected in this Application.

The Project is a foundational information technology investment in BC Ferries' asset management capability. It does not replace vessels or terminals and does not change routes, schedules or fares. Its purpose is to establish a modern system, standardized processes, and improved data required to sustain safe and reliable operations and to support future improvements in maintenance planning, asset performance, and cost management.

BC Ferries believes that the Project is reasonable, affordable and prudent; consistent with the BC Ferries' approved annual plan and current 12-year capital plan; consistent with the current Coastal Ferry Services Contract; and consistent with the long-term vision for the future evolution of coastal ferry services. Specifically, the Project is consistent with Charting the Course, a vision for coastal ferries, and we believe it is in the public interest to ensure our ferry services remain safe, reliable and affordable. BC Ferries respectfully requests that the Commissioner approve the Project.

## 1.2 Application Overview

This section provides a high-level overview of the layout of the Application. The Commissioner sets the framework for the content and review of this Application as described further in Section 2, Applicable Regulatory Framework. BC Ferries has addressed the requirements and guidance of the Commissioner throughout this filing. Appendix A presents a cross-reference between those submission requirements, and where they are addressed in this Application.

The sections of the Application are as follows:

**Section 2: Applicable Regulatory Framework**

This section outlines the legislative, regulatory and policy framework applicable to the Application. It explains why the Asset Management Improvement Program Project constitutes a major capital expenditure and demonstrates how the Application satisfies the Commissioner's information requirements and approval criteria under section 55 of the Coastal Ferry Act.

**Section 3: Project Background and Overview**

This section provides an overview of the Project, including its purpose, scope, strategic alignment, governance approvals and development history. It explains how the Project supports BC Ferries' long term strategic objectives, aligns with Charting the Course and BC Ferries' capital plan, and establishes the foundational systems, processes and data required to support a safe, reliable and cost-effective ferry operations over the long term.

**Section 4: Project Need and Benefits**

This section explains the operational, organizational and financial need for the Project and demonstrates why the investment is required without delay. It describes the limitations and risks associated with BC Ferries' current asset management information environment, the consequences of deferring the Project, and the financial and non-financial benefits expected to result from a supported asset management platform, improved asset and inventory data, standardized maintenance and materials management processes, and enhanced maintenance planning capabilities.

**Section 5: Alternatives Analysis**

This section describes the alternatives considered by BC Ferries to address the need for modernized asset management capabilities and explains why the proposed Project is the preferred solution. It outlines the evaluation of maintaining the current environment, pursuing alternative approaches, and upgrading the existing platform, and concludes that [redacted] provides the most effective, prudent and sustainable means of reducing operational risk, improving asset management capabilities and establishing a supported foundation for future improvements.

### Section 6: Project Financial Considerations

This section summarizes the budget, cost structure and long-term financial implications of the Project. It explains how the Project has been costed, how expenditures have been classified and assessed, the expected operating costs and benefits associated with implementation, and the lifecycle financial analysis supporting our conclusion that completing the Project is a prudent and financially disciplined investment. It demonstrates that the Project has been developed using a structured and risk-informed budgeting approach and is expected to deliver positive long-term operational and financial value through improved asset management, maintenance and inventory management capabilities.

### Section 7: Risk Management

This section summarizes the approach used to identify, assess and manage risks associated with the Project. It explains how project risks were evaluated, quantified and allocated, and how the resulting risk analysis informed the development of a risk-based contingency [redacted] while supporting prudent budgeting and project oversight.

### Section 8: Reasonable and Prudent

This section explains why the Project is a reasonable and prudent response to the limitations and risks associated with BC Ferries' current asset management environment. It demonstrates that the Project provides the supported systems, trusted data and standardized processes needed to improve asset management, reduce operational risk and support the long-term reliability and sustainability of ferry operations.

### Section 9: Project Governance, Procurement and Implementation

This section describes the governance, procurement and implementation arrangements supporting delivery of the Project. It outlines the oversight and control mechanisms established by BC Ferries, summarizes the procurement process used to select the system integrator, and explains the delivery approach designed to support disciplined implementation, effective risk management and operational readiness.

### Section 10: Public, Interest Holders and First Nations Engagement

This section summarizes the engagement undertaken by BC Ferries in relation to the Project. It describes how employees feedback and organizational readiness activities have informed the Project, and how improved asset management capabilities are expected to support safe, reliable and efficient ferry operations for the benefit of customers, communities and other interest holders.

### Section 11: Coastal Ferry Services Contract and Other Obligations

This section explains how the Project aligns with the legislative, contractual and strategic frameworks governing BC Ferries' operations. It demonstrates that the Project supports BC

Ferries' obligations under the Coastal Ferry Services Contract, advances the public-interest objectives of the *Coastal Ferry Act*, and is consistent with the long-term vision for safe, reliable, affordable and sustainable ferry service set out in Charting the Course by strengthening the asset management capabilities that underpin ferry operations.

### Section 12: Conclusion – Project is in the Public Interest

This section brings together the key elements of the Application and explains why proceeding with the Project is the preferred and necessary course of action. It concludes that the Project addresses material operational, technology and asset-management risks, supports the public interest, and represents a reasonable, prudent and affordable investment in the systems and processes required to maintain BC Ferries' assets and deliver reliable ferry service.

# Section 2 Regulatory Framework

## 2.1 Introduction

This section outlines the legislative, regulatory and policy framework applicable to the Application. It explains why the Asset Management Improvement Program Project constitutes a major capital expenditure and demonstrates how the Application satisfies the Commissioner's information requirements and approval criteria under section 55 of the Coastal Ferry Act. Requirements and guidance are provided to BC Ferries by the Commissioner in the following documents applicable to this Application:

- Coastal Ferry Act[1];
- Order 23-02A[2];
- Order 26-01[3]; and
- Guidelines[4] for BCFS for applications under section 55 of the Coastal Ferry Act ("Guidelines").

Appendix A contains a cross-reference between the Guideline's submission requirements and where in the Application the information is presented.

## 2.2 The Project is a Major Capital Expenditure under the Coastal Ferry Act

Section 55 (2) of the Act requires BC Ferries to obtain the approval of the Commissioner before incurring a "major capital expenditure". Under Section 55 (5), a major capital expenditure is one that:

> *"…meets the criteria (a) established by the Commissioner from time to time, and (b) most recently provided by the Commissioner to the ferry operator".*

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[1] https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/03014_01

[2] British Columbia Ferry Commission, *Order 23-02A: In the Matter of Section 55 and Section 67 of the Coastal Ferry Act, and Establishment of the Criteria for a Major Capital Expenditure*, August 20, 2024.

[3] British Columbia Ferry Commission, *Order 26-01: In the Matter of Section 55 and Section 67 of the Coastal Ferry Act, and Establishment of the Criteria for a Major Capital Expenditure*, June 1, 2026.

[4] British Columbia Ferry Commission, *Guidelines for British Columbia Ferry Services Inc. for Applications under Section 55 of the Coastal Ferry Act*, May 29, 2026.

By Order 26-01, the Commissioner determined that for the purposes of Section 55 (5):

> *"3. Any capital expenditure for information technology systems ("IT Expenditure") is a major capital expenditure if the expenditure exceeds $25 million, inclusive of IT related component programs and interest during construction.*
>
> *---*
>
> *5. In the case where a single project ("Project") planned by a ferry operator includes capital expenditures of a type referenced in more than one of paragraphs (1) to (4) above, the entire capital expenditure for the Project will be a major capital expenditure if any of the Vessel Expenditure, Terminal Expenditure, IT Expenditure or Other Expenditure exceeds the applicable threshold;*
>
> *6. When estimating the amount of the planned capital expenditure for a Project for the purposes of this Order, all costs necessarily incurred to bring the asset to the condition and location necessary for its intended use should be included. The ferry operator must also include direct costs necessary to complete the Project regardless of whether those costs are expensed or capitalized in the accounting records. The ferry operator may exclude the amount of any third party contributions;"*

The Commissioner published Order 26-01 on June 1, 2026, which updated the prior Order 23-02A, dated August 20, 2024 and continuing until May 30, 2026. The new Order 26-01 specifically added paragraph 6 referenced above. This additional determination of the Commissioner regarding the applicability of cost estimation to Section 55 has, in BC Ferries view, captured the scope of the AMIP. This is the reason for the submission of this Application in a more advanced state of project development than would be typical of a Section 55 application.

As the result, the Project constitutes a major capital expenditure.

## 2.3 BC Ferries has Provided All Relevant Information

The Commissioner's Guidelines to BC Ferries identify the information required by the Commissioner in an application for approval of a major capital expenditure under section 55 of the Act. In preparing this Application, BC Ferries has considered the submission requirements set out in the Guidelines, in addition to the "guiding principals" identified for each element. Where a requirement is less directly applicable to this Project, BC Ferries has addressed the point in context and explained the basis for its treatment.

The Application is organized to assist the Commissioner in making determinations required under Section 55. Appendix A to this Application provides a mapping of the application contents to the Commissioner's current Guidelines.

## 2.4 The Project Meets the Requirements for Approval

Section 55 identifies factors that the Commissioner must consider in assessing the Application:

> *"**55** … (4) The commissioner may approve a proposed major capital expenditure if the proposed major capital expenditure is*
>
> *(a) reasonable,*
>
> *(b) prudent, and*
>
> *(c) consistent with*
>
> *(i) the current Coastal Ferry Services Contract, and*
>
> *(ii) any long term capital plan established by the ferry operator."*

Order 26-01 adds further context specific to applications under Section 55(2) of the Act:

> *"7. The Commissioners' determinations of a Section 55(2) application for approval of a major capital expenditure, as defined in paragraphs (1) to (4) above, may be based on whether or not the proposed capital expenditure is:*
>
> *a) reasonable, affordable and prudent;*
>
> *b) consistent with the approved and current 12-year capital plan submitted to the commissioner for the current performance term;*
>
> *c) consistent with the current Coastal Ferry Services Contract; and*
>
> *d) consistent with any government long-term vision for the future evolution of coastal ferry services."*

Further, the Act requires the Commissioner to regulate BC Ferries in the public interest, accounting for specific considerations:

> *"**38** (1) Without limiting any other power of the commissioner under this Act, the commissioner must, after considering public feedback obtained under this Act, regulate each ferry operator in relation to the core ferry services that are to be provided by that ferry operator and the tariffs, including, without limitation, reservation fees, that may be charged for those core ferry services, and must undertake that regulation in the public interest and in accordance with the following principles:*
>
> *(a) the primary role of the commissioner is to balance, in the manner the commissioner considers appropriate,*
>
> *(i) the interests of ferry users,*
>
> *(ii) the interests of taxpayers, and*
>
> *(iii) the financial sustainability of ferry operators;*
>
> *(d) ferry operators are encouraged to be innovative and to minimize expenses without adversely affecting their safe compliance with core ferry services."*

BC Ferries believes the Project meets these requirements for approval and welcomes questions or inquiries from this Commissioner to support their determination.

# Section 3 Project Background and Overview

## 3.1 Introduction

This section provides an overview of the Project, including its purpose, scope, strategic alignment, governance approvals and development history. It explains how the Project supports BC Ferries' long term strategic objectives, aligns with Charting the Course and BC Ferries' capital plan, and establishes the foundational systems, processes and data required to support a safe, reliable and cost-effective ferry operations over the long term.

## 3.2 Overview of the Project

AMIP is a multi-phase initiative to modernize BC Ferries' asset management information capabilities. This Project Application concerns AMIP phase 1 – Foundational, which will replace BC Ferries' [redacted] The Project is focused on stabilizing the core system used to manage asset, work and materials information across vessels, terminals and supporting operations. Later phases, if advanced, may address automation, reporting, condition monitoring, and more advanced data-driven asset management capabilities; they are not the subject of this Application.

The Project will replace the [redacted] while reducing reliance on historic application customizations and using standard system functionality wherever practical. The Project will:

- cleanse and migrate critical asset, inventory, work order, job plan, preventive maintenance, and materials data;
- rebuild and stabilize key integrations, particularly with Oracle EBS (Finance and Supply Chain);
- standardize core asset, maintenance and materials management processes;
- introduce mobile functionality for inventory and warehouse operations; and
- provide structured testing, training, change management, hypercare, and transition to sustainment.

The purpose of the Project is to establish the supported system, trusted data, consistent processes, and governance needed for effective asset lifecycle management. These foundations are required to improve maintenance planning, strengthen inventory visibility and control, support regulatory and audit requirements, reduce operational risk, and enable future asset management improvements. [redacted]

## 3.3 The Project is Consistent with Charting the Course

Developed by the Boards of Directors of each of the B.C. Ferry Authority and BC Ferries, and guided by substantial public, interest holder, and First Nations engagement, Charting the Course is a long-term vision for a sustainable, resilient and forward-thinking coastal ferry system that not only addresses today's challenges but is also prepared for the future.

The Project supports the goals of Charting the Course by stabilizing the asset management foundation necessary for safe, reliable and cost-effective operations. The Project is an internal technology and process investment, but it supports the ferry system's direct achievement of these strategic outcomes by improving how BC Ferries manages its assets, maintenance activities, inventory, and asset information.

| | |
|---|---|
| **Reliable and Available** | The Project will improve asset visibility, maintenance planning, work management and asset performance monitoring. These capabilities support BC Ferries' ability to align maintenance activities and asset investments with operational requirements, improve service reliability, and reduce asset-related service risk. |
| **Convenient and Integrated** | The Project will replace fragmented asset management, maintenance, inventory and work management processes with more integrated tools and information flows. This will give employees, leaders and support teams more consistent access to asset information, maintenance records, inventory data and enterprise asset management capabilities. |
| **Safe and Comfortable** | The Project supports safe ferry operations by improving the quality, completeness and accessibility of maintenance and asset information. Better maintenance records, standardized work processes and stronger asset data will help BC Ferries plan, complete and verify maintenance activities that support the safe operation of vessels, terminals and related assets. |
| **Environmentally Sensitive and Resilient** | The Project is not advanced primarily as a greenhouse gas reduction initiative. It supports resilience and environmental stewardship indirectly by improving asset data, maintenance planning and materials management, which can help BC Ferries reduce waste, avoid unnecessary purchases, extend asset life, and make more efficient use of parts and equipment over time. |

| | |
|---|---|
| **Affordable and Efficient** | The Project supports a more affordable and efficient coastal ferry system by improving asset management, maintenance planning, and procurement. Better visibility into asset condition, maintenance needs, inventory, and lifecycle costs will enable more effective maintenance and refit planning, more efficient parts procurement, and reduced reliance on reactive repairs.<br><br>These improvements are expected to lower operating costs, reduce avoidable out-of-service time, and improve fleet reliability and efficiency, supporting Objective 5b's focus on cost-effective operations and maximizing value from existing assets before major capital investments are required. |

The Project is in the public interest because it strengthens the asset management systems and processes that support BC Ferries' safe, reliable and affordable operations. By improving asset data, maintenance planning, materials management, inventory visiblity and system supportability, the Project will help BC Ferries make better asset-related decisions, reduce asset-related service risk, and manage maintenance and inventory costs more effectively. These improvements support the continued delivery of the public-interest goals reflected in Charting the Course and indirectly benefit the customers, communities and supply chains that depend on BC Ferries.

## 3.4 The Project is Board Approved and Consistent with our Capital Plans

BC Ferries' Board and management supports and has prioritized the Project as an important strategic initiative within our capital portfolio. The Project's prioritization within BC Ferries' capital planning is addressed further in Section 8. The Project is consistent with our Board-approved annual capital plan and our 12-year capital plan. Our most recent 12-year capital plan was presented to the Board in June 2026 and included total [redacted].

On June 18, 2026, the Board approved the Project with a [redacted] We have since further refined the budget downward [redacted] The refinements included a reduction [redacted]

As part of the BC Ferries Board approval, management was further authorized to:

- Submit this Application for section 55 approval; and,

- Proceed with the Project upon receiving the Commissioner's approval of this Application, or after satisfying any conditions precedent that the Commissioner imposes in relation to the Application.

[redacted]

One of the Commissioner's determinations listed in the Guidelines relates to whether the total cost is different in any respect from what was indicated in the BC Ferries' last submission to the Commissioner for price cap setting purposes. In lieu of a more appropriate place to respond to this question, we provide the following context:

*Evolution from the PT6 Capital Plan*

BC Ferries' filing to the Commissioner for price-cap setting purposes for PT6 was submitted in September 2022, with supplemental filings in March and August 2023. The IT portfolio was subsequently re-cast to reflect updated priorities while preserving core sustainment investments. While remaining within the PT6 submission estimates, the revised IT portfolio placed greater emphasis on targeted business transformation in areas supporting our highest cost categories, including human resources systems and asset management systems.

The PT6 capital plan (inclusive of capital and project operating costs) did not directly reflect the Project, but did include approximately [redacted] over the four-year term for asset management system upgrades and improvements. Through subsequent discovery and planning, this work has been consolidated and refined into the Project, with a current forecast consistent with the budget of [redacted] The latest forecast reflects only a small amount of the Project budget being spent beyond PT6.

As mentioned above, this increase has been accommodated through prioritization within the broader IT portfolio, rather than an expansion of the capital plan. The current IT capital forecast for the four-year PT6 period, which includes almost the entirety of the Project budget, is approximately [redacted] compared with [redacted] in the PT6 capital plan.

In terms of the overall capital plan, there had been many refinements since the PT6 submission, with an overall reduction in forecast project spend. Total project expenditures, excluding external funding, are now [redacted] the four year PT6 plan.

## 3.5 Project History and Chronology

This Application for the Project concerns phase 1 of AMIP, which includes significant work undertaken as part of detailed discovery assessing current state challenges, future state business process changes, organizational readiness and planned upgrade of BC Ferries' maintenance and asset management [redacted] AMIP also contemplates later phases [redacted] — that build on the Project (phase 1) to deliver additional capabilities such as [redacted]. Those later phases are future concepts being further refined, and dependent on the success of this Project. They are not part of this Application, are not included in the Project budget, and would be brought forward separately if BC Ferries decides to proceed with them.

While this Application focuses on phase 1, it is important to highlight the objectives and business value delivered through prior phases, which established key prerequisites and implementation enablers for the Project.

**Phase 0.0 (Discovery)**

Focused on designing the future operating model by establishing the strategic, technical, future state business process, governance, and implementation foundations for Enterprise Asset Management. The outputs serve as the blueprint for Project implementation. The following were key workstreams:

| | |
|---|---|
| Lean CMMS | Standardized Lean CMMS practices, improved maintenance planning processes, enhanced asset data quality, and expanded user adoption through training and mobile access, enabling more efficient work prioritization, scheduling, and execution. [redacted] |
| System Integrator & Partner Procurement | Conducted a competitive procurement process and selected [redacted] as the implementation partner (system integrator), providing proven enterprise asset management expertise, structured delivery, and reduced implementation risk. |
| Operational Technology (OT) Data Strategy Framework and Strategy Roadmap | Included a pathway to travel from the as-is OT state to the desired future state, and forms the basis and foundation of future analytics, calculation of advanced algorithm applications and |

| | |
|---|---|
| | input for both maintenance and operations to understand the lifecycle and performance of the assets. |
| Future State Integrated Asset Management Discovery | Completed, [redacted] an enterprise-wide discovery to define future-state business processes, technology architecture, data, integrations, governance, security, and organizational change strategies, establishing the implementation blueprint and [redacted] |
| Corporate Asset Management Modelling | Developed an enterprise financial model to support corporate asset management decision-making, benefit realization, long-term investment planning, and alignment with the broader Corporate Asset Management Program. |

**Phase 0.5 (Organizational Readiness)**

Focused on improving organizational readiness before implementation by proactively addressing data quality, governance, inventory accuracy, and business process maturity. The following were key workstreams:

| | |
|---|---|
| Asset Data Governance, Asset Management Plans & MAS9 Demonstrations | Established enterprise data governance, ownership, stewardship, and future-state data management frameworks to ensure sustainable master data quality, organizational accountability, and long-term success of the [redacted] |
| Item and Inventory Master Data Cleansing Assessments | Assessed Item and Inventory Master data lists to determine level of effort to cleanse and enhance data to support the future state workflows, automations, and business requirements to be implemented in the Project. |
| Developed Asset Management Plan Templates | Developed an Asset Management Plan template identifying required sections and critical information to support the asset data governance and asset management future state. |
| Support for Material and Asset Data Collection and Rationalization | Supported future-state alignment for: [redacted] Asset registers to build complete and accurate asset registers, assign asset hierarchy and criticality, and |

significantly improve asset visibility, providing trusted master data for maintenance planning, lifecycle management, and [redacted]

The Project reflects several years of assessment, staged decision-making and implementation planning. The following chronology summarizes the key milestones and decisions to date, as well as the current forward plan.

**Table 1: Project's History and Chronology**

| Date | Project Step | Milestone |
|---|---|---|
| Mar 2024- Sep 2025 | Governance | AMIP Discovery completed |
| Late 2024 | Governance | [redacted] completed the BC Ferries architecture assessment |
| Apr 2025- Jul 2025 | Governance | Future State Integrated AMIP Discovery completed |
| Aug 2025- Apr 2026 | Governance | AMIP Organizational Readiness completed |
| Sep 2025 | Governance | [redacted] |
| Mar 20, 2026 | Governance | Detailed Business Case approval by Capital Project Board Committee of the Board |
| May 29, 2026 | Governance | Order 26-01 established criteria for major capital expenditure requiring Section 55 approval |
| Jun 16, 2026 | Governance | Detailed Business Case approval by the Board and Section 55 submission authorization |
| Jun 27, 2026 | Governance | Section 55 Application |
| 2026-2028 | Program Delivery | AMIP phase 1: Design, Build, Data Migration, Testing, Training, and Go-Live |

# Section 4 Project Need and Benefits

## 4.1 Introduction

This section explains the operational, organizational and financial need for the Project and demonstrates why the investment is required without delay. It describes the limitations and risks associated with BC Ferries' current asset management information environment, the consequences of deferring the Project, and the financial and non-financial benefits expected to result from a supported asset management platform, improved asset and inventory data, standardized maintenance and materials management processes, and enhanced maintenance planning capabilities.

## 4.2 Evaluation of Current State

BC Ferries' current asset management information environment is not sufficient for the scale, complexity and risk profile of the coastal ferry system. [redacted] It is accessed by more than 2,380 BC Ferries staff and is intended to support approximately [redacted] in annual maintenance and refit activity, as well as approximately [redacted] in spares and inventory.

**Current system support and technology risk**

[redacted]

The current system has also accumulated extensive customization and workarounds over time. Many of these customizations were introduced, through the initial implementation decades ago, to avoid changes to business processes or to work around point-in-time integration challenges, rather than to create lasting business value. This has made the system more complex, harder to maintain, and considerably more costly to upgrade. A like-for-like upgrade would carry this technical debt forward and would not address the broader and underlying data, process , or integration issues.

[redacted]

**Inventory and materials management limitations**

The current environment also limits inventory visibility and materials management [redacted] Reliable maintenance depends on having the right parts available at the right time, while affordability and prudent fiscal management of assets depends on not carrying more inventory than needed and not purchasing parts that already exist elsewhere in the system. The current data environment makes this more difficult than it should be and limits BC Ferries' ability to manage maintenance and inventory costs effectively, given the scope of activities and complexity involved.

[redacted]

[redacted]

**Operational and service implications**

The current-state limitations have real operational consequences. Poor asset and inventory data can delay maintenance planning, increase reactive actions, make it more difficult to schedule appropriate resources, and reduce confidence in maintenance and refit planning effectiveness and cost-efficiency. Over time, these limitations affect BC Ferries' ability to manage asset reliability, control maintenance costs, and make informed decisions about asset renewal, retirement, and lifecycle investment.

Although AMIP is an internal systems project, the risks it addresses are connected to customer-facing outcomes. Ferries sail reliably when vessels, terminals, and supporting assets are maintained effectively and efficiently. Effective maintenance depends on accurate asset data, visible inventory, clear work processes, and a supported system of record. The current environment does not provide those foundations with the confidence or consistency required for BC Ferries' current and future operating needs.

The current state is not sustainable. BC Ferries requires a supported asset management platform, trusted data, standardized processes and improved governance to manage its assets safely, reliably and affordably over time. The Project is designed to provide that foundation.

## 4.3 Importance of the Project

The Project is important and reasonably required now because BC Ferries' core maintenance and asset management platform [redacted] while the asset data and processes that depend on that platform are not strong enough for the scale and complexity of BC Ferries' operations. [redacted] supports maintenance planning, work execution, inventory and asset records across vessels and terminals. [redacted]

The Project is also important because reliable ferry service depends on effective maintenance, and effective maintenance depends on accurate asset data, visible inventory and consistent work-management processes. [redacted]

The Project supports BC Ferries' regulatory and operational readiness. [redacted] The Project provides the supported platform, cleaner data, standardized processes and governance needed to manage these obligations more reliably.

## 4.4 Consequences of Delaying or Not Completing the Project

Delaying or not completing the Project [redacted] Deferral would not remove the need for a supported asset management platform, trusted asset data, or more consistent maintenance and inventory processes; it would extend the period in which BC Ferries must manage critical fleet and terminal maintenance [redacted]

[redacted]

**Regulatory maintenance and class-notation risk**

BC Ferries' maintenance obligations, including new Class requirements for condition and reliability-based monitoring on the Island Class Phase 3 and the Summit Class vessels [redacted]

BC Ferries has implemented an interim arrangement under which condition monitoring information for the Island Class fleet is maintained [redacted] This is not a long-term solution. As additional vessels become subject to these monitoring and notation requirements, including the Summit Class fleet, BC Ferries will be required to establish and manage additional interim processes, increasing complexity, reducing consistency of maintenance records, and limiting BC Ferries' ability to maintain a single, authoritative system of record for maintenance and asset information. The Project addresses this risk by providing the supported platform and data foundation required to support these maintenance obligations across the fleet.

**Data integrity, inventory, and cost risk**

The current [redacted] will persist for as long as the Project is deferred. This will continue to limit BC Ferries' ability to plan maintenance on complete information, manage spare parts efficiently, mitigate redundant inventory purchases, and shift work from reactive maintenance toward planned proactive maintenance. Over time, these limitations increase cost pressure and can affect asset availability and service reliability.

For these reasons, BC Ferries does not consider deferral a viable option. It would extend known risks and delay the supported system, data foundation, and standardized processes required for more effective asset management. The alternatives to the Project, and the reasons they are not viable, are addressed in Section 5 of this Application.

## 4.5 Project Provides Other Benefits

In addition to addressing the immediate need for a supported maintenance and asset management platform, the Project is expected to provide financial and non-financial benefits that support safer, more reliable and more cost-effective ferry operations. These benefits arise from improving the quality of asset data used in standardized maintenance and materials processes, strengthening inventory visibility, and giving BC Ferries a more reliable system of record for asset management decisions.

**Net financial benefits**

The Project's quantified financial case includes both expected benefits and incremental operating costs. The benefits are primarily expected to come from improved inventory visibility, better maintenance planning, more disciplined materials management, and improved scheduling and planning of vessel maintenance and refit work. The costs reflect the incremental costs required to license, support and sustain the future-state [redacted] and the related business processes. The Project is expected to generate an average annual net recurring benefit of approximately [redacted] reflecting ongoing efficiencies from vessel maintenance, vessel refits, and capital spares management, net of incremental operating costs. In addition, a one time inventory right-sizing benefit of [redacted] is anticipated over Fiscal Years 2029 to 2033, partially offset by [redacted] of temporary transition support costs during Fiscal Years 2029 to 2032.

**Table 2: Net Financial Benefits**

| Financial Impact Area | Summary of Expected Impact | Estimated EBIDA Impact (in Fiscal Year 2027$) |
|---|---|---|
| **Capital spares efficiency** | Benefit: Improved inventory visibility, item master data, and materials controls are expected to reduce avoidable purchasing, duplication, and obsolescence risk for capital spares over time. | [redacted] |
| **Vessel maintenance efficiency** | Benefit: Better maintenance planning, asset data, and work management are expected to improve the efficiency of vessel maintenance by shifting work toward more planned and preventive activity. | |
| **Vessel refit efficiency** | Benefit: Improved planning, scheduling, materials visibility, and maintenance data are expected to support more efficient vessel refit activity and reduce avoidable re-planning, delays, and premium costs. | |
| **Incremental software licensing costs** | [redacted] | |
| **Incremental Maximo trainer FTE** | Cost: One additional operational [redacted] trainer to maintain consistent system use, support new employees and role changes, and sustain the standardized business processes introduced through the Project. | |
| **Net average annual benefits** | | |
| **Planning, scheduling and materials management** | Cost: [redacted] help the organization adopt new planning, scheduling and materials management processes during the transition period, [redacted] | |
| **Inventory initial right-sizing** | Benefit: Antici ated five- ear benefit [redacted] from initial inventory right-sizing enabled by improved inventory data, reconciliation of materials into the system of record, and stronger inventory controls. | |

The financial benefits are based on cost avoidance and productivity improvements rather than reductions in required maintenance. In particular, the maintenance and refit benefits are expected to come from doing work under more controlled conditions: better planned, better scheduled, better supported by materials, and less dependent on reactive work, expedited purchasing, overtime, contractor callouts, or avoidable re-planning.

The estimates are intentionally conservative. For example, maintenance efficiency benefits are limited to vessel maintenance and refit because terminal data is not currently reliable enough to support a quantified estimate. Similarly, the business case applies conservative cost factors and counts benefits only where the current data can reasonably support the calculation. This means the quantified financial benefits do not rely on the full range of potential value that improved asset management may create over time.

Project financial benefits are detailed further in Appendix C of this Application.

**Non-financial benefits**

The Project also provides important non-financial benefits that support safe, reliable and cost-effective ferry operations. These benefits focus on improving the quality of asset and inventory data, strengthening maintenance discipline, increasing visibility into work and materials, and supporting more consistent process application across the organization. The Benefits Realization Plan groups these benefits into three main areas: Trusted Data, Maintenance Efficiency, and Inventory Reduction.

**Table 3: Non-Financial Benefits**

| Benefit Area | Benefit | Overview |
|---|---|---|
| **Trusted Data** | Improved data consistency and utility | The Project will improve the quality, consistency and search reliability of asset, item and inventory data. This includes more standardized item naming, broader use of valid asset criticality, and more complete bill of materials and spare parts information. Better data will support more reliable maintenance planning, purchasing, inventory control and asset lifecycle decisions. |
| | Improved asset criticality information | Assigning valid criticality to assets will help BC Ferries prioritize maintenance, planning and investment decisions based on operational importance and risk. This supports more disciplined asset management and better alignment of maintenance effort with service reliability needs. |
| | More complete bill of materials and spare parts information | More complete spare parts information will improve BC Ferries' ability to identify which parts support which assets, where those parts are located, and whether quantities are sufficient. This supports faster planning, better inventory decisions and reduced risk of avoidable delays caused by missing or unknown parts. |
| **Maintenance Efficiency** | Preventive maintenance completed on time | The Project will support better tracking and completion of preventive maintenance. Improving preventive maintenance compliance helps ensure assets are maintained as scheduled, supporting safety, lifecycle performance and reduced reliance on reactive maintenance. |

| Benefit Area | Benefit | Overview |
|---|---|---|
| | Improved maintenance scheduling effectiveness | Standardized work management and scheduling processes will make maintenance work more predictable and easier to plan. This supports better coordination of labour, materials and services, and helps reduce disruption caused by unplanned or poorly sequenced work. |
| | Improved visibility into maintenance backlog | Better work order data will allow BC Ferries to measure and manage outstanding maintenance work more effectively. This supports improved labour planning, clearer prioritization, and better visibility into pending or overdue work. |
| | Better repair and reliability information | The Project will improve BC Ferries' ability to track maintenance activity and repair performance, including measures such as mean time to repair and the proportion of emergency maintenance work. These measures will support better understanding of asset reliability and help shift work from emergency response toward planned maintenance. |
| **Inventory Reduction** | Improved inventory effectiveness | The Project will support better measurement of whether inventory is meeting operational needs, including tracking of stockout rates. This will help in better aligning availability of the appropriate parts with actual demand. |
| | Greater use of existing inventory | Improved inventory visibility and mobile inventory processes are expected to increase the use of inventory on hand. This supports better use of existing materials, mitigating redundant inventory purchases, and reduced aged inventory obsolescence. |

The Project will provide the data, process, and governance foundation needed for future asset management improvements, including better reporting, asset performance analysis, more reliable KPIs and future condition-based and predictive maintenance capabilities.

Together, these benefits support a more disciplined and transparent asset management environment. The Project will not, by itself, deliver every future asset management capability, but it establishes the foundation needed for BC Ferries to maintain assets more consistently, manage inventory more effectively, and make better asset lifecycle decisions over time.

Expanded discussion and details of benefits, including explanation and support of financial estimations is provided in Appendix B of this Application.

# Section 5 Alternatives Analysis

## 5.1 Introduction

This section describes the alternatives considered by BC Ferries to address the need for modernized asset management capabilities and explains why the proposed Project is the preferred solution. It outlines the evaluation of maintaining the current environment, pursuing alternative approaches, and upgrading the existing platform, and concludes that [redacted] provides the most effective, prudent and sustainable means of reducing operational risk, improving asset management capabilities and establishing a supported foundation for future improvements.

## 5.2 Identification of Alternatives for this Project

The Commissioner's submission guidelines (referred to in Appendix A) ask BC Ferries to describe the full range of options considered, including whether the need can be met without new capital spend, whether the existing asset can be better used or managed, and whether the need can be met in an alternative way.

The alternatives considered were:

1. **Do nothing or defer**: continue operating the [redacted] without proceeding with the Project.
2. **Better utilize or manage the existing asset:** attempt to address the need through improved configuration, governance or more intensive management of [redacted] or move to a different asset management platform.
3. [redacted] **by "lift and shift":** move from [redacted] while preserving the current customized configuration and existing workarounds.
4. **Reimplement** [redacted]**:** rebuild the system [redacted] using standard functionality wherever practical, while cleansing data, rebuilding integrations, standardizing processes and improving governance.

## 5.3 Analysis of Alternatives

We assessed the alternatives based on their ability to address the Project need, reduce operational and technology risk, support safe and reliable ferry service, improve maintenance and inventory management, and provide a sustainable foundation for future asset management capability. The analysis is summarized below.

**Table 4: Analysis of Alternatives**

| Alternative | Analysis | Result |
|---|---|---|
| **Do nothing or defer** | This alternative would leave BC Ferries operating [redacted] It would also leave current issues unresolved, including [redacted] and continued reliance on technical workarounds. Deferral would not remove these risks; it would extend them. | **Not viable.** [redacted] |
| **Better utilize or manage the existing asset** | BC Ferries considered whether the need could be met by improving how the current [redacted] is managed, or by moving to another asset management platform. [redacted] Moving to a different platform would still require data cleansing, new integrations, testing, training and reimplementation, while adding further transition risk. | **Not viable.**<br><br>The current platform cannot be made sustainable through incremental improvements, and changing platforms would not avoid the core work required. |
| [redacted] **"lift and shift"** | A like-for-like upgrade would [redacted] while carrying forward existing customizations, fragile integrations and current data quality issues. This would preserve many of the problems the Project is intended to address, however it would also require existing customizations to be rebuilt and retested in future releases, increasing lifecycle cost and complexity. The maintenance and inventory benefits depend on cleaner data, standardized processes and better system configuration, which a lift-and-shift approach would not provide. | **Viable but suboptimal.**<br><br>This option would carry forward technical debt, increase long-term support costs, and limit benefits realization. Rebuilding existing customizations is likely to make this option more costly than others. |
| **Reimplement** [redacted] | This option reimplements [redacted] using standard functionality wherever practical, while cleansing and migrating data, rebuilding key integrations, standardizing asset, work and materials processes, and improving governance. It retains a platform BC Ferries already uses and understands, while addressing the supportability, data, process and integration issues that are driving the need for the Project. | **Viable and recommended.**<br>This option best addresses the identified need, reduces risk, and provides the supported system and trusted data foundation required for improved asset management. |

**Consideration of sub-alternatives for Project delivery**

BC Ferries also assessed how the recommended reimplementation approach should be delivered. These delivery sub-alternatives address alternative consideration and decisions making about how responsibility should be allocated between BC Ferries and the contracted system integrator for integration, change management, testing and training. [redacted]

| | |
|---|---|
| **Integration Delivery** | [redacted] |
| **Change Management** | |
| **Testing** | |
| **Training** | |
| **Deployment Model** | |

## 5.4 Best Alternative is Upgrade [redacted]

BC Ferries' alternatives analysis supports the recommended option: upgrading [redacted] through a blended delivery model with a system integrator. In BC Ferries' assessment, this option best addresses the identified need because it [redacted] preserves the functional fit of a platform already used across the organization, and establishes the cleaner data, standardized processes and integration foundations required to improve maintenance and inventory management.

The recommended alternative also avoids key limitations of the other alternatives considered. A do nothing or deferral approach would prolong [redacted] A move to a different platform would not avoid the core work required, including data cleansing, integration, testing, training and change management. A like-for-like upgrade would carry forward the customizations, fragile integrations, and data-quality issues that the Project is intended to resolve.

BC Ferries recognizes that this analysis does not replace the Commissioner's independent review under Section 55. It is intended to explain why BC Ferries considers the recommended option to be the most reasonable, prudent and affordable way to meet the Project need. The Project's financial profile is addressed in Section 6, and affordability and price-cap considerations are addressed in Section 8 of this Application. Considering the alternatives analysis, BC Ferries submits that the recommended option provides the strongest overall value because it addresses the immediate supportability risk while creating the foundation required for longer-term maintenance, inventory and asset-management benefits.

# Section 6 Project Financial Considerations

## 6.1 Introduction

This section summarizes the budget, cost structure and long-term financial implications of the Project. It explains how the Project has been costed, how expenditures have been classified and assessed, the expected operating costs and benefits associated with implementation, and the lifecycle financial analysis supporting our conclusion that completing the Project is a prudent and financially disciplined investment. It demonstrates that the Project has been developed using a structured and risk-informed budgeting approach and is expected to deliver positive long-term operational and financial value through improved asset management, maintenance and inventory management capabilities

## 6.2 The Project has a Comprehensive Budget

On June 18, 2026, the Board approved the Project with a [redacted]
We have since further refined the budget downward [redacted]

The budget covers the work required to reimplement [redacted] cleanse and migrate data, rebuild and stabilize key integrations, standardize asset, work and materials management processes, deliver mobile inventory capability, complete testing and release readiness, and support change management, training, hypercare, and transition to sustainment.

The overall Project budget is within the range of industry experience for asset management system modernizations involving enterprise-wide process transformation, data remediation, systems integration, organizational change management and workforce adoption. In addition, the overall Project budget is consistent with the scale and complexity of similar enterprise transformation programs undertaken by BC Ferries, including the HR Transformation Program.

The Project estimate is based on two main sources.

**System integrator costs:** the system integrator scope is based on [redacted]

**Internal and contractor costs:** BC Ferries' internal and contractor costs are based on internal resource plans, estimated labour levels, rates, and actual costs incurred during the Discovery and Organizational Readiness phases of the Project.

**Table 6: Project Budget**

| PROJECT BUDGET ($millions) | CapEx | OpEx | Total |
|---|---|---|---|
| [redacted] | | | |

The budget reflects the scale and complexity of the Project. The Project affects more than 2,380 [redacted] users across multiple functions, including Engineering, Supply Chain, Finance, Terminal Operations, Fleet Operations, Commercial Services, and other teams that rely on [redacted] for maintenance, materials, operational logs, drill management, and related asset management activities. The Project therefore includes not only technology implementation costs, but also the data cleansing, integration, change management, training, and sustainment-readiness work required to make the new system usable and sustainable in day-to-day operations.

The annual cash flow profile is concentrated in Fiscal Years 2027 and 2028, with smaller amounts in prior years and Fiscal Year 2029, including:

[redacted]

**Table 7: Project Budget**

| *($millions)* | Previous Funding | F27 | F28 | F29 | Contingency | Total |
|---|---|---|---|---|---|---|
| Project Capital | [redacted] | | | | | |
| Project Operating | | | | | | |
| **Total Project** | | | | | | |

The Project is not revenue-generating at this time. Its financial value is expected to arise from operating efficiencies, cost avoidance, improved asset and inventory management, and more effective maintenance and refit planning. Any potential reliability benefit associated with fewer asset-related disruptions is treated as an operational and public-interest benefit, not as incremental revenue in the financial analysis.

See Appendix C of this Application for further details with respect to the Project budget.

## 6.3 The Project Budget Includes a Risk-Based Project Contingency

[redacted]

[redacted]

## 6.5 The Project Budget Classifies Expenditures According to BC Ferries Accounting Policy

BC Ferries classified Project expenditures in accordance with its accounting policies and *IAS 38 – Intangible Assets*. Costs were assessed based on whether they create or enhance a long- term intangible asset controlled by BC Ferries, whether future economic benefits are expected, whether the costs can be measured reliably, and whether the costs are directly attributable to preparing the asset for its intended use. Costs meeting these criteria are capitalized; costs that do not meet these criteria are recognized as operating expenses when incurred.

BC Ferries used a screening tool developed by our Finance department [redacted] to identify and allocate all budgeted Project costs.

Although these costs are treated differently for accounting purposes, both capital and operating expenditures are required to deliver the Project and are included within the Project budget, financial analysis, and affordability assessment. This approach supports transparent financial reporting, prudent stewardship of resources, and an accurate assessment of the Project's total cost, affordability, and expected benefits.

**Capitalized costs**

Using the screening tool, BC Ferries determined that approximately [redacted] of Project costs qualify for capitalization. The capital component primarily relates to [redacted] and related system functionality that meets the criteria for recognition as an intangible asset. The resulting asset is expected to be amortized over a forecast useful life of seven years. This useful life is determined with consideration of accounting standards,however it should be noted that the average useful life of large ERP at BC Ferries has often exceeded forecast, including the ongoing use of the initial [redacted] implementation spanning over two decades.

**Operating costs**

Estimated operating expenditures total [redacted] and include costs that support implementation, organizational readiness, training, change management, data preparation, project support, sustainment readiness, and other activities that are necessary for successful delivery but do not create a qualifying capital asset. A significant portion of the Project investment relates to data cleanup, integration remediation, change management and training activities that are essential to long-term success but are treated as operating costs where they do not meet capitalization criteria.

**Interest during construction**

The Project will not incur interest during construction (IDC). Forecast capital spend does not meet the threshold established by BC Ferries' Corporate Controller Borrowing Cost Policy for capitalizing borrowing costs, and as a result, no IDC is included inthe Project estimate.

**No capital asset write-off**

No capital asset write-off is anticipated. The existing [redacted] being replaced has a nil net book value on the fixed asset listing, and so no writeoff associated with the proposed investment. Nil net book value is a reflection of use of the initial system having well exceeded useful life used for accounting purposes.

## 6.6 Incremental Operating Savings Resulting from the Project

The Project is expected to generate incremental operating savings and cost avoidance through improved asset data, maintenance planning, inventory visibility, materials management, and scheduling discipline. These net financial benefits are described greater detail in Section 4.5 of this Application and are summarized here to explain how they are reflected in the financial lifecycle analysis.

The quantified financial benefits, measured in Fiscal Year 2027 dollars, fall into four main categories:

- **Capital spares efficiency:** reflecting improved visibility and control over capital spares, reduced avoidable purchasing, reduced redundancy, and better management of spares over longer planning horizons. Estimated annual benefit: [redacted] approximately [redacted] of average annual capital spares spend.

- **Vessel maintenance efficiency:** reflecting improved planning and scheduling of vessel maintenance work and a shift from reactive or incident-driven work toward more planned and preventive maintenance. Estimated annual benefit: [redacted] approximately [redacted] of average annual vessel maintenance spend, depending on the vessel class.

- **Vessel refit efficiency:** reflecting improved planning, scheduling, materials visibility and maintenance data for vessel refit and major overhaul work. Estimated annual benefit: [redacted] approximately [redacted] of average annual vessel refit spend, depending on the vessel class. Improved efficiency in this category is likely to reduce refit delays resulting in customer service implications and extending costly alternative service arrangements where vessels remain out of service, the benefits of which have not been included in the Project benefits assessment.

- **Inventory initial right-sizing:** reflecting a time-limited reduction in inventory holdings as item and inventory data are reconciled, cleansed and better aligned to actual operational

demand. Estimated one-time benefit: [redacted] annually, total [redacted] over first five years (Fiscal Years 2029 to 2033).

These benefits are cost avoidance and productivity improvements. They are not based on doing less required maintenance. They are based on doing maintenance under more controlled conditions: better planned, better scheduled, better supported by materials, and less dependent on emergency response, expedited shipping, contractor callouts, overtime labour, avoidable rework or re-planning. These benefits may permit fewer scope reductions during maintenance windows and, ultimately, completing more maintenance with the same or lesser budget.

The financial analysis takes a conservative approach. For example, maintenance efficiency is calculated only for vessels because terminal maintenance data is not currently consistent enough to support a reliable quantified estimate. Lifecycle and benefits analysis also uses conservative cost factors when estimating the relative cost of preventive, corrective and incident work, recognizing the current limitations in BC Ferries' data quality.

## 6.7 Ongoing Costs and Incremental Operating Outflows Resulting from the Project

The Project also creates incremental operating costs required to run, support and sustain the future-state system and related business processes. These costs are included in the lifecycle financial analysis and offset the Project's quantified benefits.

The primary recurring ongoing costs, measured in Fiscal Year 2027 dollars, are:

- **Incremental software licensing costs:** including licensing [redacted] Estimated annual cost: [redacted]
- [redacted]**:** to maintain training materials, support new employees and role changes, and sustain consistent use of [redacted] and the business processes introduced through the Project. Estimated annual cost: [redacted].

The Project lifecycle analysis also identifies an estimated one-time cost of approximately [redacted] supporting planning, scheduling and materials management functions. These roles are for a defined term (referred to as term certain) and are intended to help the organization transition into new business processes by providing additional support for planning, scheduling and materials management work. [redacted]

[redacted]

The ongoing operating cost profile is expected to decline after the transition period. The lifecycle analysis shows total incremental costs of approximately [redacted] in Fiscal Year 2030, falling to approximately [redacted] in Fiscal Years 2033 to 2035, once the temporary support roles phase out and only permanent licensing and training support remain.

The lifecycle analysis does not assume headcount reductions. Productivity improvements are expected to be redeployed to higher-value work, such as better planning, backlog reduction, stronger materials controls, improved data quality and more disciplined asset management practices.

## 6.8 Project Net Present Value (NPV)

BC Ferries completed a lifecycle financial analysis to assess the long-term financial profile of the Project. The primary measure is a 15-year NPV, measured from go-live and discounted at a 7 percent weighted average cost of capital. The analysis also presents sensitivity views excluding sunk costs and extending the analysis to 20 years, recognizing that some benefits, particularly capital spares, vessel maintenance and refit efficiency, continue beyond the 15-year period.

The lifecycle analysis is presented across three benefit realization scenarios: base, optimistic and pessimistic. These are not different delivery options. They are sensitivity views of the recommended option, reflecting different levels of benefit realization while applying the same Project cost of [redacted]

[redacted]

This reflects the nature of the Project: AMIP phase 1 is a foundational investment that stabilizes a critical system, improves data quality, standardizes processes and enables benefits that accrue over a longer period.

**Table 6: NPV Analysis**

| Scenario | Project Cost | 15-Year NPV | NPV Breakeven Fiscal Year | Years to NPV Breakeven | 15-Year NPV ex Sunk Costs | 20-Year NPV |
|---|---|---|---|---|---|---|
| **Base** | [redacted] | | | | | |
| **Optimistic** | | | | | | |
| **Pessimistic** | | | | | | |

The optimistic scenario produces a positive 15-year NPV of [redacted], with breakeven in Fiscal Year 2040. The pessimistic scenario remains negative across the analysis period and does not reach breakeven within the model horizon. The range of outcomes demonstrates that the financial result is sensitive to the degree of Project benefit realization, particularly maintenance efficiency, refit efficiency, and inventory-related benefits.

The Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) profile for the Project shows positive operating impact over time. Under the base benefit scenario, forecast incremental savings increase from approximately [redacted] in Fiscal Year 2030 to [redacted] in Fiscal Year 2033. The EBITDA profile normalizes to approximately [redacted] in Fiscal Year 2034, as the one-time inventory right-sizing benefit ends. After incremental costs, forecast EBITDA impact is approximately [redacted] in Fiscal Year 2030 [redacted] in Fiscal Year 2033, and [redacted] in Fiscal Year 2035 and thereafter, stated in Fiscal Year 2027 dollars.

The financial case should be understood together with the Project need set out in Section 4. The Project is advanced primarily because BC Ferries requires a supported maintenance and asset management platform, trusted data, standardized processes, and improved governance to manage its assets safely and reliably. The lifecycle analysis supports the investment by showing that, [redacted] the Project delivers positive operating impacts over time and becomes positive under longer-horizon and forward-looking sensitivity views.

Taken together, the Project budget, contingency, accounting treatment, operating-cost profile, benefits assumptions and NPV analysis support BC Ferries' conclusion that the Project is a financially disciplined and prudent investment. AMIP phase 1 – the Project - is not a short-payback project. It is a foundational asset management investment required to reduce technology and operational risk, improve maintenance and inventory management, and support the safe, reliable and affordable operation of the ferry system over the long term. Importantly, the benefits presented in this Application are expected to be delivered through the scope of the Project and do not depend on the advancement of future phases of the AMIP. While future phases may build on the capabilities established through this Project and support additional asset management improvements, they are not required to achieve the benefits, financial analysis or outcomes described in this Application. Any future phases would be subject to separate business cases, prioritization decisions and approvals.

See Appendix C of this Application for further details on Project lifecycle and NPV analysis.

# Section 7 Project Risk Management

## 7.1 Introduction

This section describes the Project risk management, including a summary description of the quantification of risk [redacted]

## 7.2 Overview of Project Risk Management Approach

BC Ferries developed a detailed risk register to support the Project risk assessment, [redacted] The register identifies 24 Project risks across the main AMIP delivery areas, including [redacted] For each risk, the register identifies the risk event, root cause, potential consequence, project stage, current mitigations, response plan, early warning indicators, risk allocation, and residual exposure.

The risk assessment is structured to distinguish between inherent risk and residual risk after mitigation. [redacted]

The register also provides a quantitative assessment of risk exposure. Qualitative likelihood ratings were converted into probability estimates using a defined five-point scale. For each quantified risk, BC Ferries estimated a low, most likely and high impact, then calculated a weighted average that gives the most weight to the most likely outcome. [redacted] The total calculated risk premium of approximately [redacted] was then used to inform contingency development for Project budgeting.

## 7.3 Summary of Main Project Risks and Mitigations

**Table 7: Project Risk and Mitigations**

| Risk Category | Key Risks | Mitigation Approaches |
|---|---|---|
| **Organizational adoption after go-live** | [redacted] | [redacted] |
| **Data cleanup effort exceeds plan** | | |
| **Leadership readiness for transformation** | | |
| **Readiness activities take longer than planned** | | |

Together, these risks are being addressed through structured governance, early readiness work, dedicated change management, data quality controls, phased testing, role- based training and defined go-live readiness criteria. The risks are material, but they are known, actively managed and reflected in the Project's delivery approach.

## 7.4 Project Risk Quantification [redacted]

BC Ferries quantified the Project's risks to ensure the contingency included in the budget is tied to specific, identifiable cost exposures rather than a general allowance [redacted] For each quantified risk, BC Ferries estimated a low, most likely and high impact, then calculated a weighted average that gives the most weight to the most likely outcome. This approach supports a realistic contingency by connecting individual project risks to expected monetary exposure.

[redacted]

The resulting total calculated risk premium for contingency-draw risks is [redacted] rounded to [redacted] for the Project contingency carried in the financial analysis. The risk register includes 25 total Program risks, of which risks are categorized [redacted]

The summarized Project risk register, including risk quantification and premium determination, is provided as a supplement and summarized in Appendix D of this Application.

# Section 8 Reasonable and Prudent

## 8.1 Introduction

This section discusses how BC Ferries has considered the implications of the Project from the standpoint of customer affordability and prudence.

## 8.2 The Project is Reasonable and Prudent

BC Ferries assessed the Project's reasonableness and prudence in light of the Commissioner's Section 55 considerations, including whether the expenditure provides good value at a fair and moderate price, reflects sound judgment and due consideration for the future, and avoids an excessive or unnecessary use of resources. This assessment should be read together with the alternatives analysis in Section 5, the financial analysis in Section 6, and the risk assessment in Section 7.

The Project addresses [redacted]

The recommended approach, [redacted] using standard functionality wherever practical, was selected following assessment of available alternatives. It provides a supported technology platform while establishing the trusted data, standardized processes and integration capabilities needed to improve maintenance planning, inventory management, asset visibility and lifecycle decision-making. Other alternatives either failed to address the underlying need or would have carried forward material technical debt and operational risk.

The Project has been developed through a staged and disciplined process that included discovery, organizational readiness activities, future-state design, alternatives analysis, procurement, governance review and risk assessment. The delivery approach incorporates structured governance, phased implementation, testing, data validation, change management, training and a quantified contingency informed by a detailed risk assessment.

While the Project is not being advanced primarily on the basis of short-term financial returns, it is expected to generate operating efficiencies and cost avoidance over time through improved maintenance planning, inventory optimization, refit execution and asset management practices. The Project budget ( [redacted] consisting of $ [redacted] in capital expenditures and $ [redacted]

[redacted] in operating expenditures, inclusive of contingency ) is based on defined scope, market-tested procurement outcomes and risk-informed cost estimates. BC Ferries considers this expenditure proportionate to the operational importance of the system and the risks associated with maintaining the current environment; and expects the Project to provide forward benefit long into the future operating environment.

Accordingly, BC Ferries considers the Project to be a reasonable and prudent expenditure. It represents a measured response to current-state limitations and future operational requirements and is a necessary investment in the systems, processes and information needed to manage BC Ferries' assets safely, reliably and efficiently over the long term.

## 8.3 BC Ferries' Assessment of Potential Changes to Price Cap Submission

BC Ferries assessed the Project's affordability by modelling scenarios with and without the Project over Performance Term 7 ("PT7") and Performance Term 8 ("PT8") using the Company's long-term forecast model. For this purpose, the comparison scenario was modelled as a literal "do nothing" case, with the remaining upfront investment, expected benefits and incremental ongoing costs removed from the forecast. BC Ferries does not consider "do nothing" to be realistic or prudent, because investment would still be required to maintain existing asset management functionality. However, it provides a useful conservative baseline for assessing the Project's potential impact on required price caps.

The modelling indicates that proceeding with the Project places slight upward pressure on required price caps in the early years, as the initial investment is incurred before the full benefit stream is realized. The modelled increase in price cap index averages [redacted] PT7, while transitioning to a decrease in the price cap index by the second half of PT8. This pattern is consistent with a foundational investment that requires near-term funding but is expected to produce longer-term operating and financial benefits.

*Illustrative PT7-PT8 Modelled Change in Price Cap Index from AMIP Phase 1 Project*

**Table 8: Illustrative Change in Price Cap Index**

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---|---|---|---|---|---|---|---|---|
| *Modelled Percentage Change in Price Cap Index* | | | | | | | | |
| Percentage | [redacted] | | | | | | | |

In the above table, negative figures reflect increases to the price cap index while positive figures reflect reductions in the price cap index. In simple terms, the execution of this Project and associated investment is forecast to result in slightly higher average customer tariffs in PT7 of

approximately [redacted] By the end of PT8, the realization of associated benefits is forecast to lower average tariffs by approximately [redacted]

The required price cap can be driven by either the debt service coverage ratio or the leverage ratio. Under the current forecast, the leverage ratio is the limiting factor. This makes near-term impacts on retained earnings relevant, particularly where project costs are treated as operating expenses rather than capitalized.

On balance, BC Ferries considers the Project to be affordable over the forecast horizon and to provide good value when assessed across PT7 and PT8. The Project has a modest near-term impact on required price caps, but that impact diminishes over time and becomes favourable in later years as benefits are realized. In BC Ferries' assessment, the Project supports long-term affordability by improving the information, processes and decision-making capability needed to manage asset-related costs and investment decisions in a more disciplined way.

# Section 9 Project Governance, Procurement and Implementation

## 9.1 Introduction

This section describes the governance, procurement and implementation arrangements supporting delivery of the Project. It outlines the oversight and control mechanisms established by BC Ferries, summarizes the procurement process used to select the system integrator, and explains the delivery approach designed to support disciplined implementation, effective risk management and operational readiness.

## 9.2 Organization, Governance and Controls

BC Ferries has established a governance and delivery model proportionate to the scale and risk of the Project. The Project is being delivered through a [redacted]

BC Ferries retains accountability for business ownership, governance, standards, user acceptance and sustainment readiness. This approach is intended to reduce technical delivery risk while ensuring that BC Ferries builds the internal capability needed to operate and continuously improve the system after go-live.

The Project governance structure is organized across three levels, with escalation flowing upward and direction flowing downward.

- **Strategic oversight:** Board, Executive and Steering Committee forums that set program direction, monitor scope, budget, schedule, strategic alignment, major risks, go-live readiness, rollback authority, and escalation decisions.
- **Tactical delivery oversight:** program management, business leadership, technical, data, integration and vendor forums that manage design decisions, delivery performance, dependencies, issue resolution and readiness for each deployment phase.
- **Operational delivery oversight:** workstream meetings, working sessions, testing forums, defect triage and day-to-day status reporting that manage delivery progress and surface issues for escalation.

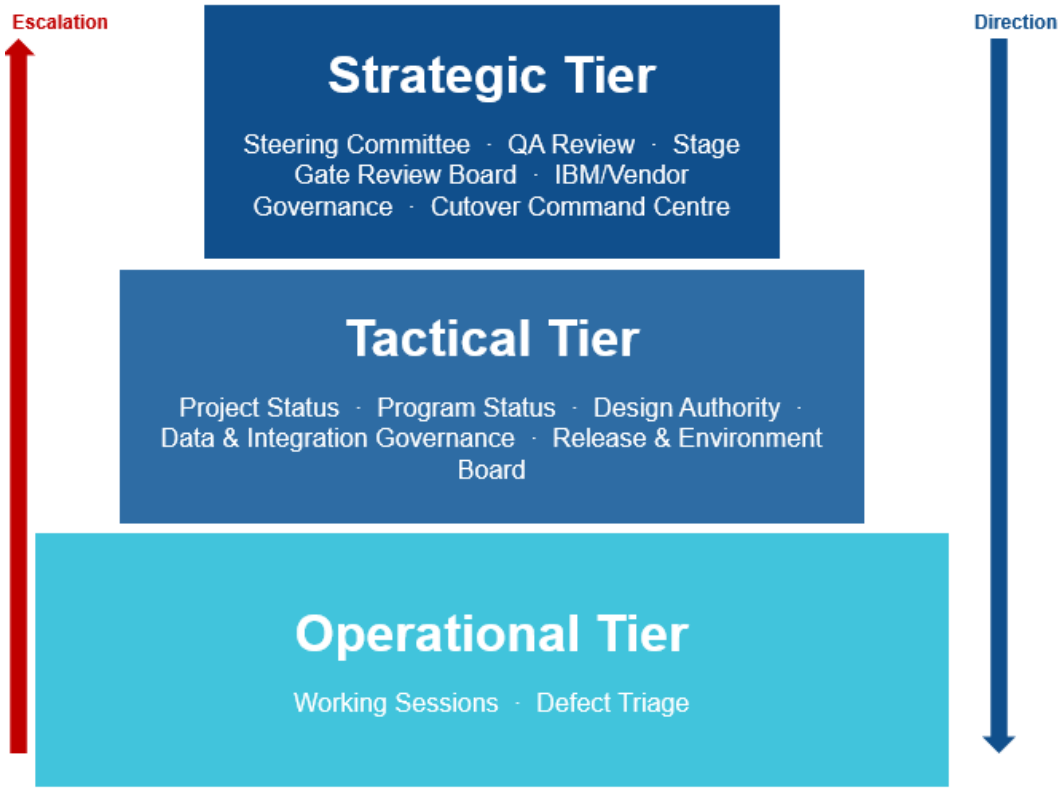


**Figure 2: Three Tier Governance Structure Framework**

The governance bodies operate on a regular reporting cadence. Daily working sessions and subject matter expert meetings support delivery execution. Weekly project and program reporting tracks progress, risks, assumptions, issues, dependencies, budget, and key decisions. Monthly Steering Committee meetings provide senior oversight and escalation. Quarterly quality assurance reviews by system integrator leadership provide an additional checkpoint on delivery performance and emerging risks.

Accountability is supported through a defined RACI model, with clear responsibility for each activity and a single accountable owner for each decision or deliverable. Workstreams are jointly led by BC Ferries and [redacted] so that BC Ferries remains directly involved in delivery rather than delegating implementation wholesale to the system integrator. This "two-in-a-box" approach supports shared delivery discipline while maintaining BC Ferries' ownership of business decisions and operating outcomes.

The Project also includes specific delivery controls to manage scope, quality and readiness. Requirements will be assessed through a disposition framework that prioritizes out-of-the-box functionality, then configuration, then integration, with customization used only where justified and approved. Data quality gates will be used to confirm that asset, item, inventory and related

data meet defined thresholds before progression. Go-live readiness will be assessed across solution, data, infrastructure, people and operational support dimensions, with a formal Go/No-Go decision before cutover.

BC Ferries will monitor implementation and measure Project performance through stage-gate entry and exit criteria, system integration testing and user acceptance testing milestones, defect severity gates, and deliverable acceptance processes. Hypercare will provide structured post-go-live support, stepping down from system-integrator-led support to BC Ferries-led sustainment. Together, these controls provide objective checkpoints for schedule, quality, cost, and readiness, and support the prudent delivery of a complex asset management system implementation.

## 9.3 Procurements

BC Ferries procured the system integrator for the AMIP Phase 1 through a Request for Proposal for Future State Integrated Asset Management Project (RFP 05-08-24) issued on August 1, 2024. [redacted] was selected as the system integrator and AMIP transformation partner based on the evaluation results, including demonstrated qualifications, relevant Maximo and enterprise asset management experience, implementation approach, and change management capabi lity. [redacted]

To ensure a fair and equitable process, BC Ferries issued a Notice of Intent on August 21, 2024 citing the rationale for awarding the [redacted] and a change of supplier would have significant economic and technical complexities that would result in substantial duplication of costs. The key procurement decision was therefore not whether to select a different asset management platform, but how best to deliver the upgrade from [redacted] BC Ferries required a certified system integrator with specialized [redacted] to support solution design, configuration, integration architecture, build, testing support, change management and delivery acceleration.

BC Ferries focused the procurement on vendors with the relevant implementation capability. [redacted] BC

Ferries retains accountability for business ownership, governance, standards, user acceptance and long-term sustainment readiness.

A summary of the procurement evaluation results supporting the selection of [redacted] as system integrator is provided below.

| **Initial Evaluation Category** | [redacted] |
|---|---|
| 2,4 Company Profile and Experience | |
| 5A Project Methodology, Approach and Plan | |
| 5B Project Understanding | |
| 5C Future State Requirements and Design | |
| 5D Implementation Roadmap | |
| 5E Solution Strategy and Approach | |
| 5F [redacted] | |
| 5G Environment Management | |
| 5H Organization Change Management | |
| 5I Quality Assurance (Testing) | |
| 5J Deployment and Transition to Production | |
| 5K Transition to Sustainment and Post Go Live Support | |
| 6,7 Subsequent Phases & Continuous Development & Support | |
| 8 Proposed Project Team | |
| 9 Price | |
| **Total** | |
| **Vendor Presentation Category** | |
| Overall Project Implementation Plan and Approach (Phase 0 Discovery & Phase 1 Implementation) | |
| Phase 0 (Discovery Phase) Detailed Implementation Plan and Approach | |
| Experience and Knowledge | |
| Data & Integration | |
| Organizational Change Management | |
| Resources | |
| **Total** | |

## 9.4 BC Ferries has Developed In-Service Timelines and Dates

The planned available-for-use date for the Project is February 23, 2028, with go-live also planned for February 23, 2028 and Project closeout planned for May 31, 2028. The milestone dates are indicative until the statement of work is finalized and the baseline project plan is confirmed. The current timeline includes design completion in February 2027, solution build completion in October 2027, system integration testing and data migration completion in

December 2027, user acceptance testing completion in March 2028, and hypercare completion in May 2028.

**Table 9: In-Service Timelines**

| Milestone | Grouping | Date (indicative) |
|---|---|---|
| Stage 1 Approval (Capital Project Board Committee) | Governance | Mar 20, 2026 |
| Stage 2 Approval (Board and Section 55) | Governance | Jun 16, 2026 |
| Design Complete | Design and build | Feb 1, 2027 |
| Solution Build Complete | Design and build | Oct 8, 2027 |
| System Integration Testing Complete | Data and Testing | Dec 7, 2027 |
| Data Migration Complete | Data and Testing | Dec 16, 2027 |
| User Acceptance Testing Complete | Data and Testing | Mar 1, 2028 |
| Train the Trainer Complete | Adoption and Go-Live | Dec 31, 2027 |
| Go-Live | Adoption and Go-Live | Feb 23, 2028 |
| Hypercare Complete | Adoption and Go-Live | May 3, 2028 |

The Project is an internal system upgrade. It does not change routes, schedules, capacity, fares or the service customers receive directly. The operational impact is primarily on BC Ferries' maintenance, engineering, supply-chain and related support teams, who will move to the new system through a controlled cutover supported by role-based training, change management, and hypercare. The related workforce and stakeholder impacts are addressed further in Section 10.

BC Ferries' confidence in the planned in-service date is supported by the completed Discovery and Organizational Readiness phases, the staged delivery approach, the planned governance and stage-gate controls, and the readiness framework described above. Go-live will be assessed against solution, data, infrastructure, people and operational support readiness, rather than schedule alone.

BC Ferries has also planned for the possibility of delay. The existing IBM Maximo 7.6 environment is supported through a limited extended support arrangement intended to bridge to the planned go-live, and the Project budget includes contingency as described in Section 6. If readiness concerns arise, the Go/No-Go framework and cutover governance will allow BC

Ferries to defer go-live or use fallback procedures rather than proceeding before the system, data, users and support model are ready.

See Appendix E for details on project activities and milestones.

# Section 10 Engagement

## 10.1 Introduction

This section describes BC Ferries' efforts over several years to gather feedback and insights related to the Project. These opportunities include engaging employees, customers and communities in-person and online. Engagement efforts give employees, customers and communities a voice in the decisions that affect them most, while enabling BCFerries to continually evaluate the services it provides to ensure it is offering a reliable and affordable experience that aligns with the needs of travellers.

## 10.2 Employees

BC Ferries undertook structured engagement with employees whose work will be affected by the Project. This engagement was anchored in a formal Change Impact Assessment completed during the Discovery phase and supported by an ongoing Change Management Strategy. The assessment included approximately 166 hours of engagement across 53 workshops and interviews with representatives from the operational workforce across vessels and terminals. The Project affects more than 2,380 [redacted] users, reflecting its broad operational footprint.

The assessment identified six major workforce impacts: standardized processes and workflows; use of [redacted] at stores; mandatory capture of maintenance activities; time tracking for maintenance tasks; centralized scheduling for trades and maintainers; and a shift toward more proactive planning and project discipline. These impacts are being addressed through ro le-based training, a train-the-trainer model, change leadership and local support networks, defined adoption metrics, and dedicated hypercare following go -live.

This approach gives affected employees meaningful opportunities to inform the Project and prepares them for the new system and related ways of working. It also recognizes that successful implementation depends not only on technology, but on adoption by the maintenance, engineering, supply chain and operational teams that use [redacted] in day-to-day work. The Project aims to provide teams with the right tools and training to succeed and feel confident in their roles, and to design technology and processes to be simple and consistent for easy adoption and utility reducing friction in day-to-day work.

## 10.3 BC Ferry & Marine Workers' Union

The Project affects processes that are relevant to unionized employees, including maintenance planning and scheduling, work assignment, overtime management, training and certification records, workforce availability, and the application of Collective Bargaining Agreement requirements. BC Ferries operates in a complex environment shaped by collective agreement

provisions, regulatory requirements, safety obligations, and operational rules governing how maintenance work is assigned, scheduled, performed and recorded.

The Project is expected to support more consistent workforce and maintenance practices by improving the planning, scheduling, tracking and documentation of maintenance activities. It will provide better visibility into work assignments, overtime allocation, employee qualifications, training requirements and workforce availability, while improving the accuracy and auditability of supporting records. These improvements are intended to reduce process variability, strengthen compliance with applicable workforce obligations, and provide more reliable information for unionized employees, supervisors, planners, maintenance leaders and labour relations representatives.

## 10.4 Customers and Communities

Engagement with customers and communities is a submission requirement under the Guidelines. Direct customer and community engagement is not applicable to this Project because AMIP is internally focused and does not change routes, schedules, capacity, fares, terminal access or other customer-facing services.

Although the Project does not directly affect the customer experience, it is expected to provide indirect benefits to customers and communities over time. By improving asset information, maintenance planning, inventory visibility and operational decision-making, AMIP will support more reliable asset performance and better coordination of maintenance work.

These improvements support BC Ferries' ability to provide safe, reliable and resilient service to the communities it serves. Customers and communities are therefore not directly impacted by implementation, but they are expected to benefit from the stronger asset management capabilities the Project will enable.

## 10.5 First Nations

The Project is an internal asset management systems project. It does not involve physical works, land-use changes, terminal changes, vessel deployment changes, route changes or changes to customer access.

The Project may have indirect relevance to First Nations through service reliability. By improving the systems and data BC Ferries uses to maintain vessels, terminals and supporting assets, the

Project supports safer and more reliable ferry service for coastal communities, including First Nations communities.

## 10.6 Commercial Customers and Interest Holders

The Project affects commercial customers and other interest holders indirectly through service reliability. AMIP does not change commercial booking processes, access arrangements, fares, routes, schedules, terminal access, tourism programs, transit connections or other external-facing processes.

Commercial transportation providers and goods suppliers depend on reliable ferry service to move goods, commercial vehicles, workers and related supply-chain activity. Tourism associations and transit authorities similarly depend on reliable ferry connections to support visitor travel, community access and integrated transportation.

AMIP supports these interests by strengthening the internal asset management capabilities that help BC Ferries maintain vessels, terminals and supporting assets more effectively. Better asset data, maintenance planning, inventory visibility and work management are expected to support more reliable operations over time, indirectly benefiting commercial customers and other interest holders who rely on dependable ferry service.

## 10.7 Provincial Government

BC Ferries did not consult the provincial government because the Project is an internal asset management systems project. It does not change routes, schedules, capacity, fares, terminal access or the service the public receives. The Project cost is managed within BC Ferries' approved capital plan.

# Section 11 Coastal Ferry Services Contract and Other Obligations

## 11.1 Introduction

This section details how the Project is consistent with the Coastal Ferry Services Contract (the "Contract"), the *Coastal Ferry Act*, and the vision for coastal ferry services set out in Charting the Course.

## 11.2 The Project Supports Contract Compliance

The Project is consistent with the Contract and supports BC Ferries' ability to meet its obligations under that contract. The Project does not directly change routes, schedules, vessels, terminals or service levels. Its relevance to the Contract is through the maintenance and asset-management capabilities that underpin service delivery: a supported, well-governed maintenance system with reliable asset data is a precondition for maintaining the vessels, terminals and supporting assets used to deliver contracted ferry service.

BC Ferries delivers the core ferry services required under the Contract using vessels and terminals whose availability depends on effective maintenance. The Project supports that availability in the following ways:

**Table 10: Contract Compliance Summary**

| Contract Provision | How the Project supports compliance |
|---|---|
| **Article 2.01(h)** | Supports this obligation by implementing role-based training, a train-the-trainer model, and sustainment readiness so staff can effectively use and maintain the new [redacted] AMIP ensures BC Ferries has the information needed to plan, maintain, and support the facilities, materials, and equipment required for reliable service delivery . |
| **Articles 6.04(a) and 6.04(b)** | By returning the maintenance system of record to [redacted] AMIP helps BC Ferries maintain reliable records needed to meet Commissioner requirements, maritime safety regulations, and other applicable regulatory obligations. The Project also supports compliance with new maintenance obligations attached to Island Class Phase 3 and New Major Vessels, where condition-based and reliability-based monitoring notations require a functioning maintenance system to record and manage associated condition-based maintenance activities. |
| **Article 6.04(c)** | Replaces customized and inconsistent workforce processes with more standardized, business processes. |
| **Articles 6.04(d) and 6.04(e)** | Supports this obligation by improving the accuracy, completeness, and consistency of asset, work, materials, and inventory data within BC Ferries' asset management system. Better data quality, and stronger system audit trails will improve transparency over asset records enabling more transparent accounting, reporting, and auditability. |
| **Articles 6.04(m)** | By introducing [redacted] BC Ferries either directly or indirectly addresses each of its obligations under this agreement. |

## 11.3 The Project is Consistent with the *Coastal Ferry Act*

The Project is consistent with the Coastal Ferry Act and supports the Act's broader public interest objectives. AMIP is an internal asset management systems project; it does not directly change routes, vessels, terminals, fares or service levels. Its relevance to the Act is through the asset management, maintenance, inventory and data capabilities that support safe, reliable, affordable and accountable ferry service.

**Table 11: Costal Ferry Act Compliance Summary**

| Act Provision | How the Project supports compliance |
|---|---|
| **Section 21.01(1)** | The Project supports the public interest by strengthening the asset management systems, data, and processes BC Ferries relies on to maintain vessels, terminals, materials, and critical assets. By improving maintenance planning, inventory visibility, asset data quality, and system supportability. In doing so AMIP supports the publics interest in safe, reliable, and affordable coastal ferry services in British Columbia. |
| **Section 38(1)(a)** | The Project supports this balance by improving the asset management systems and data that underpin safe and reliable ferry service for users, while strengthening cost control and reducing avoidable maintenance, inventory, and system-support risks. For ferry users, AMIP supports service reliability by improving maintenance planning and asset information; for taxpayers, it supports more disciplined use of public resources through efficient business processes, indirectly providing a better experience for the public; and for BC Ferries, it supports long-term financial sustainability by enabling more efficient maintenance, materials management, and asset lifecycle decision-making. |
| **Section 38(1)(a.1)** | The Project is not advanced primarily as a greenhouse gas reduction initiative. It may support broader sustainability objectives indirectly through digital processes and improved operational efficiency, but BC Ferries does not rely on quantified emissions reductions as a material Project benefit. |
| **Section 55(2)** | The Project is a major capital expenditure and therefore requires the Commissioner's approval before BC Ferries incurs the expenditure. This Application is made to support that approval. |

## 11.4 The Project is consistent with *Charting the Course*

As discussed in Section 1.1 and Section 3.3, the project supports the long-term vision set out in Charting the Course by strengthening the workforce capabilities BC Ferries depends on to deliver safe, reliable and affordable ferry service.

# Section 12 Conclusion

The information presented in this filing is intended to support and facilitate the Commissioner's determination for approval of the Project as a "major project expenditure" under Section 55(2) of the Act.

BC Ferries respectfully submits that the Project should be approved. The Project is a practical and necessary investment in the systems BC Ferries uses to maintain the vessels, terminals, equipment and parts that ferry service depends on every day. It does not change routes, schedules, fares or terminals. Its purpose is to strengthen the foundation behind safe and reliable service: better maintenance information, better inventory visibility and efficiency, better work planning, and a supported asset management system.

**Why the Project is needed**

[redacted]

**Why the recommended Project is the right approach**

BC Ferries considered alternatives, including accepting the status quo, trying to better manage the current system, moving to another platform, and upgrading [redacted] without fixing the underlying data and process issues. BC Ferries concluded that those options would either leave the main risks unresolved or carry forward the technical debt and poor data quality that the Project is intended to address.

The recommended approach—[redacted]—is targeted and practical. It keeps a platform BC Ferries already knows, but rebuilds it on a supported footing with cleaner data, more standard processes, better integrations, role-based training and stronger governance.

**Public interest benefits**

The Project supports the public interest in clear, real-world ways:

- **For customers and communities:** safer and more reliable service supported by better maintenance planning and asset information.

- **For employees:** clearer processes, better training, more consistent use of Maximo, and improved tools for maintenance, inventory and work management.
- **For BC Ferries:** better visibility into assets, parts, maintenance work and lifecycle costs.
- **For affordability:** improved maintenance and inventory practices that support cost control over time.
- **For accountability:** stronger records, auditability and data quality for safety-critical and regulated maintenance activities.

**Reasonable and prudent**

The Project requires significant investment, [redacted]

BC Ferries has also approached the Project prudently. It completed discovery and readiness work, assessed alternatives, selected a blended delivery model, retained internal accountability for governance and acceptance, and built in risk controls, training, change management and sustainment planning.

**Recommendation**

The Project is not a "nice to have" technology refresh. It is a foundational investment in the maintenance and asset management capability BC Ferries needs to operate one of the world's largest and most complex ferry systems safely, reliably, and affordably.

For these reasons, BC Ferries submits that the Project is reasonable, prudent, affordable in the circumstances, consistent with the Coastal Ferry Services Contract and long-term capital planning, aligned with the Charting the Course vision for coastal ferry services, and in the public interest. BC Ferries respectfully requests the Commissioner's approval.

# Appendix A: Guidelines Cross-Reference

The following itemizes responses to questions in "*Guidelines for British Columbia Ferry Services Inc. for Applications under Section 55 of the Coastal Ferry Act*" dated May 29, 2026.

*Commissioner Determinations*

| Commissioner Determination | Response Location |
|---|---|
| a) Is the project reasonably required? | *Sections, 4.2, 4.3* |
| b) Does the proposed capital expenditure demonstrate good judgment, based on wisdom, experience and good sense? | *Section 8.2* |
| i) Does the proposed capital expenditure indicate a wise use of resources? | *Section 8.2* |
| ii) Does the proposed capital expenditure show due consideration for the future? | *Sections 3.3, 3.4, and 8.2* |
| iii) Has it been demonstrated that the proposed capital expenditure would not reasonably be considered excessive? | *Section 6, 8.2* |
| c) Does the proposed capital expenditure provide good value, at a moderate and fair price? Is it affordable i.e., how does the project impact price caps in the current performance term and beyond? | *Sections 5.4, 6, and 8.3* |
| d) Is the proposed capital expenditure provided for in a board approved capital plan? | *Section 3.4, and 6.2* |
| i) Is the total cost different in any respect from what was approved in the most recent capital plan? | *Section 3.4, and 6.2* |
| ii) Is the total cost different in any respect from what was indicated in the BC Ferries' last submission to the Commissioner for price cap setting purposes? | *Sections 3.4, and 6.2* |
| iii) Does the scope of the proposed capital expenditure differ in any respect from what was approved in the most recent capital plan approved by the Board? | *Sections 3.4, and 6.2* |
| e) Is the proposed capital expenditure consistent with the current Coastal Ferry Services Contract? | *Section 11.2* |
| f) Is the proposed capital expenditure consistent with any government long term vision for the future of coastal ferry services? | *Sections 1.1, 3.3, and 11.4* |
| g) Is the proposed capital expenditure in the public interest? Specifically, does the capital expenditure ensure, or enhance, a ferry service that remains safe, reliable and affordable? | *Sections 3.3.1, 4.2, 8.2, and 12* |

| Commissioner Determination | Response Location |
|---|---|
| h) Does the capital expenditure contribute to reduction in GHG emissions? | *Section 11.3* |

*Project Overview and Rationale*

*Guiding Principle: Demonstrate why the capital expenditure is necessary and why it is prioritized at this time and that the project aligns with the long-term vision and capital plan for the ferry system.*

| Section 55 Question | Response Location |
|---|---|
| **1. Overview of the proposed project** | |
| a) Provide a summary of the project including the individual elements. | *Sections 1.1, and 3.5* |
| **2. Project Rationale** | |
| a) Describe the reason(s) for the project and what issues, opportunities and/or deficiencies it will address. | *Sections 3.2, and 4.2* |
| b) Describe how the project is prioritized in relation to other capital projects. | *Sections 4.2, and 4.3* |
| c) Detail the consequences of delaying or not completing the project. | *Section 4.4* |
| d) Demonstrate that the project is consistent with the most current long-term capital plan established by BC Ferries. | *Section 3.4* |
| e) Demonstrate that the project has Board approval. | *Section 3.4* |
| f) Describe how the project is consistent with the current Coastal Ferry Services Contract and the provincial vision for coastal ferry services. | *Section 11.3* |
| **3. Options** | |
| a) Describe a full range of options and in doing so, explain: | *Section 5* |
| i) If the need can be met without a new capital spend; | *Sections 5.2, 5.3, and 5.4* |
| ii) If the existing asset can be better utilized or managed to reduce or limit the capital spend; or | *Sections 5.2, 5.3, and 5.4* |
| iii) If the need can be fully or partially met in an alternative way. | *Sections 5.2, 5.3, 5.4, and Appendix C* |
| b) Demonstrate that all viable options have been considered. | *Section 5* |

*Options Analysis*

*Guiding Principle: Demonstrate that a thorough analysis of the financial impacts and well as non-financial impacts, such as customer service, environmental and social impacts, quantified where possible, of each of the options has been undertaken to clearly demonstrate the reasons for the preferred option.*

| Submission Requirements | Response Location |
|---|---|
| **1. Financial Analysis** | |
| a) Capital cost estimates by year. | *Section 6.2, and Appendix C* |
| b) Incremental (or reduced) operating costs by year. | *Section 6.6, 6.7 and Appendix C* |
| c) Incremental (or reduced) revenues by year. | *Section 6.6, 6.7, and Appendix C* |
| d) Details of how capital and operating cost estimates and revenue estimates were developed. | *Section 6.2, 6.6, and Appendix C* |
| e) Details of how the contingency amounts were developed. | *6.3 and Appendix D* |
| f) A net present value (NPV) analysis on a lifecycle basis comparing the options | *Section 6.8, and Appendix C* |
| g) Details of the rationale for the discount rate. | *Appendix C* |
| h) Sensitivity analysis of key drivers as applicable, e.g., discount rate, inflation rate, capital expenditures, operating costs and revenues. | *Appendix C* |
| i) Total project budget for the preferred option including IDC, contingency and risk premium. | *Section 6.2, 6.3, 6.5, and Appendix C* |
| **2. Risk Analysis** | |
| a) Details on the risk assessment approach. Demonstrating how the risk analysis has been incorporated into the capital cost estimates. | *Section 7.2 and Appendix D* |

| Submission Requirements | Response Location |
|---|---|
| b) Risk identification and mitigation including the following elements:<br>i) A risk register with mitigation identifies in managing significant risks.<br>ii) Risks organized by stages of the project: planning, procurement, execution and post execution.<br>iii) Risk quantification based in the likelihood and consequence of the risk occurring.<br>iv) Assessment of how risks are retained, shared and transferred contractually.<br>v) The quantified risks, as appropriate, should be mapped onto the contingency budget. | *Sections 7.3, 7.4, and Appendix D* |
| **3. Customer Impact** | |
| a) An analysis of how the proposed project will impact customers, now and in the future.<br>i) Vehicles.<br>ii) Foot passengers.<br>iii) Cyclists.<br>iv) Individuals with limited mobility and other accommodation needs.<br>v) Commercial traffic. | *Sections 10.4, and 10.6* |
| b) Impact on servicing future demand. | *Section 3.3* |
| **4. Innovation and Standardization Impacts** | |
| a) Details of any innovative or untried concepts and associated benefits and risks. | *Section 4.5, and Appendix B* |
| b) Details of any new technologies included in the proposal. | *Section 4.5* |
| c) Where applicable, details of how the proposal contributes to standardization of assets. | *Section 3.2, 4.2, and 4.5* |
| **5. Environmental Impacts** | |
| a) Demonstrate how the options align with BC Ferries' Clean Futures Plan. | *Section 11.3* |
| b) If applicable, provide details of alignment with federal and provincial climate change mitigation and adaptation goals. | *Section 11.3* |
| c) Describe how each of the options achieve: | *Section 11.3* |

| Submission Requirements | Response Location |
|---|---|
| i) Reduction in GHG emissions.<br>ii) Reduction in energy consumption. | *Section 11.3* |
| d) Where applicable, describe mitigation measures to minimize any environmental effects. | *Section 11.3* |
| **6. Social/Community Impacts** | |
| a) Where applicable, describe how the options will impact directly affected communities and First Nations. | *Section 10.5* |
| b) Describe mitigation measures to minimize any potential impact to communities and First Nations. | *Section 10.5* |
| **7. Public Interest** | |
| a) Describe how the project is in the public interest. | *Section 12* |

*Stakeholder Engagement*

*Guiding Principle: Demonstrate that thorough and genuine engagement was undertaken with stakeholders affected by the project.*

| Submission Requirements | Response Location |
|---|---|
| a) Details of engagement with stakeholders that are affected by the proposed capital expenditure. Example of stakeholders, depending on the project:<br>*i) Employees*<br>*ii) Ferry Advisory Committees*<br>*iii) Local affected communities*<br>*iv) Customers*<br>*v) Local First nations*<br>*vi) Transit authorities*<br>*vii) Commercial transportation and good suppliers*<br>*viii) Tourism associations* | *Sections 10.2, 10.3, 10.4, 10.5, and 10.6* |
| b) Describe whether the provincial government has been apprised of or consulted on the proposed project. | *Section 10.7* |

*Project Governance, Procurement and Implementation*

*Guiding Principle: Demonstrate that there is an appropriate project governance process and oversight in place for procurement and implementation of the project.*

| Submission Requirements | Response Location |
|---|---|
| a) Details of the procurement process including a rationale for why the particular methodology was selected. | *Section 9.3* |
| b) Details of project governance and oversight structure, reporting procedures and implementation monitoring. Where applicable, include performance measures to monitor that the project meets its objectives. | *Section 9.2* |
| c) In-Service Date | *Section 9.4* |
| *i) Provide details of the impact on current operations.* | *1.1, 9.4, and Appendix E* |
| *ii) Provide the anticipated date on which the asset or project will come into service.* | *Section 9.4, and Appendix E* |
| *iii) Provide information on the confidence of the in-service date and any consequences of delay.* | *Section 9.4* |
| *iv) Provide details of the contingency plans should the project be delayed.* | *Sections 6.3, and 7.4* |

# Appendix B Program Benefits

*Location Section 4.5*

This appendix provides further detail relating to the benefits for base scenario outlined in Section 4.5, as well as the financial benefits included in the Net Present Value analysis.

Project benefit categories

Category 1: Quantified Benefits (Base Case)

- This table summarizes the average annual financial benefit realized over the evaluation period (15-year) under the base-case scenario. Benefits are phased in over time and vary by year; therefore, the values shown are average annual benefits rather than benefits achieved in any single year. In aggregate, the quantified benefits are [redacted] per year during Fiscal Years 2029 through 2033, including inventory right-sizing benefits. Thereafter, recurring benefits are expected to stabilize at approximately [redacted] per year from ongoing maintenance, refit, and capital spares efficiencies.

Category 2: Qualitative Benefits (Base Case)

**<REMAINDER OF APPENDIX REDACTED>**

# Appendix C: Financial Analysis and Budget

## Net Present Value (NPV) Analysis

*Location: Section 5.3 and 6.7*

**<NPV SCHEDULES REDACTED>**

# NPV for Base Case

**<NPV SCHEDULES REDACTED>**

# NPV for Pessimistic Case

**<NPV SCHEDULES REDACTED>**

# NPV for Optimistic Case

**<NPV SCHEDULES REDACTED>**

# Total Project Budget

*Location: Sections 6.2, 6.3, 6.4*

***<TOTAL PROJECT BUDGET SCHEDULE REDACTED>***

# Cashflow Schedule

*Location: Section 6.2*

***<CASH FLOW SCHEDULE REDACTED>***

# Appendix D

## Risk Register

*Location: Section 6.3, and 7.4*

***<APPENDIX D REDACTED>***

# Appendix E

## Project Timeline, Activities and Deliverables

*Location: Section 9.4*

**<APPENDIX E REDACTED>**

# END OF SUBMISSION