

**BC Ferry Commission
MEMORANDUM 34**

To: Mr. Rob Clarke
Executive Vice President and
Chief Financial Officer, BCFS

From: Martin Crilly
BC Ferry Commissioner

Date: February 12, 2010

Re: Price Cap Index For March 31 2011

Commission Order 07-01A provided a CPI -related formula for setting price caps through the second performance term, i.e. to March 31 2012.

Commission Memorandum 26 detailed how the relevant CPI rate of increase should be derived from Statistics Canada published data.

This Memorandum shows (see page 2) the calculation of the price cap increase for the coming year using these procedures. The result is a price cap increases effective April 1 2010:

- 2.68% for the major route group and
- 5.68% for other route groups.

These increases will mean that by March 31 2011, the values of the price cap indices for the four groups will rise to the values shown in Table 3 on page 2.



BC Ferry Commission
Calculation of Price Cap Index at March 31 2011

Table 1: BC Consumer Price Index

<http://www.bcstats.gov.bc.ca/pubs/cpi/cpidata.pdf>

selected in accord with Commission Memorandum 26 available at

http://www.bcferrycommission.com/BCFCMemo026reCPIforPcap_copy.pdf

	2008	2009	CPI Increase %
January	109.9	111.4	1.36
February	110.3	111.9	1.45
March	110.8	112.0	1.08
April	111.8	112.1	0.27
May	112.8	112.9	0.09
June	113.6	112.8	-0.70
July	114.2	112.4	-1.58
August	114.0	112.8	-1.05
September	114.1	112.7	-1.23
October	112.8	112.1	-0.62
November	112.3	112.4	0.09
December	111.4	111.9	0.45
Annual			-0.03

Table 2 is copied from Schedule A of Order 07-01A

available at http://www.bcferrycommission.com/Order0701A_copy.pdf

Route group number	Route group name	Value of Price Cap Index at March 31 (April 1 2003 = 100)			
		2009	2010	2011	2012
1	Majors	133.25	increase each year over previous year by 2.7% plus 0.49 times CPI increase		
2	Route 3	143.22	increase each year over previous year by 5.7% plus 0.73 times CPI increase		
3	Northern	147.42			
4	Minors	149.15			

Table 3 computes the price cap index at March 31 2011

applying the formulae in Table 2 above

Route group number	Route group name	Value of Price Cap Index at March 31 (April 1 2003 = 100)		
		2010	increase*	2011
1	Majors	138.23	2.68%	141.93
2	Route 3	153.60	5.68%	162.32
3	Northern	158.11		167.09
4	Minors	159.96		169.05

*from Table 1

Prepared January 20, 2010