

NOTICE OF REVISED SERVICE CHARGES

October 1, 2026

GENERAL

Pursuant to section 33.3 of the *Pilotage Act*, S.C. 1985, c. P-14, the following document provides notice (the “**Notice**”) of the Pacific Pilotage Authority’s (the “**Authority**”) proposed revised charges which would come into effect on January 1, 2027, except as otherwise noted.

This Notice includes a description of the proposal, including justification in relation to establishing or revising the pilotage charge, and the circumstances in which the charge will apply. In developing the charge, the Authority has observed all charging principles established under section 33.2 of the *Pilotage Act*.

A document setting out additional details in relation to this proposal, including a justification in relation to the charging principles established under section 33.2 of the *Pilotage Act*, is available upon request from the Authority.

Persons interested in making representations to the Authority regarding the proposal set out in this Notice may do so in writing to the address set out in section 5 of this Notice and must be received by the Authority no later than close of business on **October 31, 2026**.

Any person making written representations must include a summary of those representations. Note that this summary may be made public by the Authority. In addition, any person making written representations by the date set out in this Notice will have an opportunity to file a notice of objection related to the proposal with the Canadian Transportation Agency.

This Notice affects charges for services that the Authority provides or makes available in relation to compulsory pilotage under s. 33(1) of the *Pilotage Act*.

Except for the revisions proposed in this Notice, all the existing charges and related terms and conditions, set out in the “*Customer Guide to Charges*” remain in effect.

This Notice consists of the following sections:

- 1) Proposed Revision to Service Charge Rates
 - 1.1 Summary
 - 1.2 Background
 - 1.3 Proposed rates
- 2) Proposed Implementation of the Proposed Revised Service Charges;
- 3) Re-establishment of Current Service Charges;
- 4) Definitions and Calculations; and
- 5) Information regarding the Notice and on making representations to the Pacific Pilotage Authority.

1. PROPOSED REVISION TO SERVICE CHARGE RATES

1.1 Summary

The Authority has seen growth in assignments in 2026 due to the increase in tanker traffic after the opening of the expanded Westridge terminal in May 2024, which services Trans Mountain's pipeline operations and the LNG Canada terminal establishing operations in Kitimat. There was also a surge in shipping traffic in the first half of the year triggered by geopolitical tensions and trade disruptions.

An adjustment to base rates to account for expected increases in posted rates of inflation, which automatically trigger increases in most of the Authority's operating costs, is required to fund the cost of operations and maintain financial self-sufficiency in 2027. The increases will cover:

- Contractual increases in operating costs; and
- Increases in the fixed cost portion of the operation.

Changes in most of our operating costs, including wages of the Authority's employees under collective agreements, are directly linked to changes in the rate of inflation (measured by changes in the Consumer Price Index for Vancouver ("CPI")). Accordingly, changes in our service charge rates need to reflect changes in the CPI, as well as any contractual increases in costs.

To maintain financial self-sufficiency in this environment and meet its commitments, the Authority proposes an increase of 3% in 2027 for hourly and unit fee rates, transportation, launch and other charges and no increase for the technology charge, *Pilotage Act* administration charge, and pilot boat replacement charge

1.2 Background

When establishing a new charge for pilotage services or when revising an existing pilotage charge, the Authority must follow the charging principles set out in section 33.2 of the *Pilotage Act*. These principles prescribe that, among other requirements, charges must not be set at levels that, based on reasonable and prudent projections, would generate revenues exceeding the Authority's current and future financial obligations related to the provision of compulsory pilotage services.

In practice, the Authority seeks to maintain a stable and predictable service charge framework by avoiding significant year-to-year fluctuations in rates. As a result, forecast service charge increases are intended to provide a gradual and consistent approach to cost recovery rather than periodic adjustments that could result in sharp increases or decreases. Should traffic volumes or revenues exceed current forecasts in future years, the Authority will reassess its financial requirements and adjust service charges as appropriate through its established consultation process.

Pursuant to the charging principles, the Authority's Board of Directors approves the amount and timing of changes to customer service charges. The Board of Directors also approves the Authority's annual budget which includes the amounts to be recovered through customer service charges for the year.

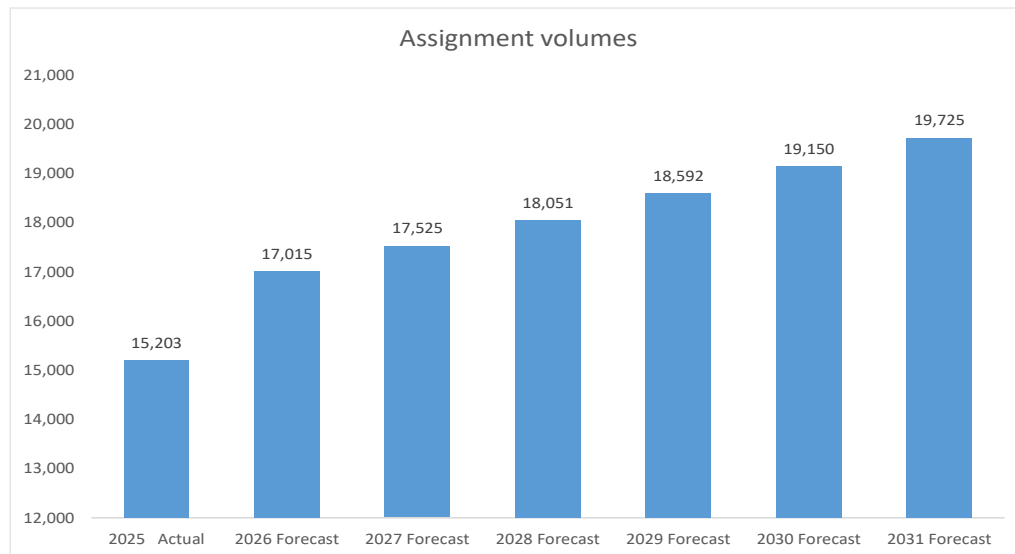
The overall current state and outlook for local, national, and international economic health has a direct impact on cargo trade and tourism. This will directly impact the Authority's assignment

volumes and ultimately influence how the Authority supplies its services in a safe and efficient manner.

In 2026 we have experienced to date a significant increase in assignments due to LNG Canada's new terminal in Kitimat, which opened in June 2025, and a high volume of grain shipments and cruises. There are several more energy projects along the BC coast expected to come on stream in the years ahead.

Assignment volumes

The Authority's assignment count in 2027 is forecast to increase by 3.0% from 2026 to 17,525 assignments and continue to grow to 18,051 assignments in 2028.



Annual inflation rates have remained at historical norms of 2-3%. This is a main factor in forecasting costs because increases in CPI for Vancouver result in increases in wages payable to employees under the Authority's collective agreements. The annual rate of inflation for August for Vancouver was 2.9% and the Authority has assumed an inflation rate of 3.0% when forecasting any increase in wage costs for 2027.

Forecasted financial summary

STATEMENT OF COMPREHENSIVE INCOME							
Amounts in thousands of dollars For the year ended December 31	Actual 2025	Forecast 2026	Plan				
			2027	2028	2029	2030	2031
Operating income and expenses							
Total operating revenue	154,964	180,416	194,657	207,017	219,273	232,258	246,059
Total operating expenses	149,278	176,145	190,793	201,898	213,270	225,842	238,347
Investing income	463	263	150	172	189	207	225
Financing costs	(1,231)	(1,157)	(1,930)	(1,966)	(1,679)	(1,310)	(1,249)
Comprehensive income	4,921	3,377	2,084	3,325	4,513	5,313	6,688

Based on projected volumes, the Authority anticipates that expenses for 2027 will be \$192.7 million. This represents an 8.7% increase over projected 2026 expenses and is primarily driven by additional pilotage costs to support increased vessel traffic in the North, general assignment growth and by contractual cost increases for contract pilots and employee wages. Helicopter operations in the north also start in late 2026 to transport pilots to/from the LNG tankers.

In 2027, the Authority will be investing \$11.4 million in capital projects, which includes \$8.5 million towards the construction of a new pilot launch. The new launch is expected to be in service in 2028 at an estimated total cost of \$14.5 million. In 2026, the northern helicopter lease adds \$23.4 million to the Authority's balance sheet.

The Authority's cash and investments position is projected to be \$23.5 million at the end of 2026 and our adjusted working capital ratio of current assets to current liabilities is forecast to be 1.2. A ratio of at least 1.0 is required to ensure sufficient liquid or near liquid assets to meet current liabilities as they become due.

The Authority's objective is to maintain a cash and investment balance sufficient to provide liquidity for:

- working capital requirements;
- near term capital commitments; and
- a business continuity reserve for significant unforeseen events with adverse financial consequences.

Currently, the Authority estimates its required cash and investment balance to be in the range of \$19 - 21 million.

1.3 Proposed rates

To determine the rate changes required for 2027, the forecasted revenues and cash flow generated have been compared to the amounts the Authority needs to recover based on the financial summary and volumes discussed above. All expected expenses, capital expenditures and reserves are included in the recovery calculation.

Increases in service fees based on hourly or unit fees reflect corresponding increases in the Authority's contract with BCCP. Agreement on a new five-year contract was reached recently with BCCP and includes a 3% increase for 2027. Increases in pilot boat fees for 2027 are based on forecast CPI for the preceding 12 months, as this determines wages payable for launch crews under collective agreements. Increases in fees for other services, such as travel fees, reflect expected increases in CPI for 2027, except for transportation fees for the Fraser River, Prince Rupert and Northern, Pine Island, and the southern helicopter service.

With the growth of assignments in the north, including Prince Rupert and Kitimat, the Authority has been using an air charter service to transport pilots to/from northern assignments rather than continuing to use scheduled flights, which have declined in availability and reliability over the past several years. Although there is an additional cost for the charter service, we expect it to enable more efficient utilization of pilots' time and to provide a more reliable basis for pilotage service in the north.

The service charge for the administration of the *Pilotage Act* is based on the forecast allocation of administration costs from Transport Canada to the Authority and on forecast assignments. The

allocation for 2026/27 increased by 7% and the Authority is proposing to absorb some of this cost by deferring any increases for 2027.

The technology fee per assignment will be unchanged for 2027.

Changes to pilotage charges, proposed to be effective January 1, 2027, are calculated for each service, as outlined in the following table:

Category	Rate increase (decrease)	New / Adjustment	Application methodology	Effect on customers for 2027
Pilotage rates based on hourly or unit fees	3%	Adjustment	All rates affected	\$4.0 million
Transportation charge	3%	Adjustment	Per assignment	\$0.1 million
Pine Island transportation charge	0%	Adjustment	Per assignment	\$0 million
Helicopter transportation charge (Race Rocks)	0%	Adjustment	Per tanker	\$0 million
Pilot boat charges	3%	Adjustment	Per assignment	\$0.6 million
Pilotage Act administration charge	0%	Adjustment	Per assignment	\$0.0 million
Technology fee	0%	Adjustment	Per assignment	\$0.0 million
Other fees	3%	Adjustment	All rates affected	\$0.4 million
Total effect				\$5.1 million

The total increase of \$5.1 million equates to an average increase of approximately \$294 per assignment in 2027.

Additional information including supporting calculations is provided in the document Details and Principles Regarding Proposed Revised Service Charges (*“Details and Principles”*). Refer to section 5 for information on how to request and obtain a copy of this document.

2. PROPOSED IMPLEMENTATION OF THE PROPOSED REVISED SERVICE CHARGES

The Authority acknowledges the ongoing challenges faced by its customers and stakeholders within the marine industry and pressure on freight rates. These increases are, however, necessary for the Authority to continue to fulfill its mandate to provide safe and efficient pilotage services while maintaining financial self-sufficiency. These charges are being proposed after initial consultation with the industry held in the period prior to the publishing of this Notice.

All charges would be effective on January 1, 2027.

3. RE-ESTABLISHMENT OF CURRENT SERVICE CHARGES

Except for the revisions proposed in this Notice, all the existing charges and related terms and calculations continue in effect, as set out in the Authority's current *Customer Guide to Charges* (available on the Authority's website at <https://www.ppa.gc.ca/>)

4. DEFINITIONS AND CALCULATIONS

The definitions and calculations will be found in the Authority's Customer Guide to Charges, which will be available on the Authority's website at <https://www.ppa.gc.ca/>.

5. INFORMATION REGARDING THE NOTICE AND ON MAKING REPRESENTATIONS TO THE PACIFIC PILOTAGE AUTHORITY

The Notice is available online and a copy may be downloaded from the Authority's website at <https://www.ppa.gc.ca/>. Information on the existing charges is also provided on the Authority's website.

Further details of this proposal, including a justification for the proposal in relation to the charging principles, are provided in the Details and Principles document, which is also available on the Authority's website at <https://www.ppa.gc.ca/>.

Additional copies of the Notice or a copy of the Details and Principles document can be obtained through request at the following address:

In writing: *Chief Financial Officer
Pacific Pilotage Authority
1000-1130 West Pender Street
Vancouver, BC
V6E 4A4*

By email: kchong@ppa.gc.ca
By telephone (604) 666-6988

Pursuant to section 33.3 of the *Pilotage Act*, any person may make representations about the proposal to the Authority, in writing, on or before the date set out in this Notice. Any person making written

representations is to include a summary of those representations. The summary may be made public by the Authority. In addition, any person making written representations by the date set out in this Notice will have an opportunity to file a notice of objection related to the proposal with the Canadian Transportation Agency.

Pursuant to section 33.3 of the Pilotage Act, persons interested in making representations in writing to the Authority regarding the Notice may do so in writing to the following address:

*PACIFIC PILOTAGE AUTHORITY
1000-1130 West Pender Street
Vancouver, BC
V6E 4A4
Attention: Chief Financial Officer*

Note: Representations must be received by the Authority no later than the close of business on October 31, 2026.