

DETAILS AND PRINCIPLES REGARDING PROPOSED REVISION TO SERVICE CHARGES

1. INTRODUCTION

Pursuant to section 33.2 of the *Pilotage Act*, S.C. 1985, c. P-14, the following document (“**Details and Principles**” or “**Document**”) provides additional details to expand upon the Notice of Revised Service Charges dated October 1, 2026 (the “**Notice**”). The Notice published by the Pacific Pilotage Authority (the “**Authority**”) proposes the establishment of revised charges to come into effect on January 1, 2027.

This Document includes a description of the proposal, including the Authority’s methodology in relation to establishing or revising the pilotage charges, and the circumstances in which the charges will apply (details in Sections 8 and 9). In developing the charges, the Authority has observed all charging principles established under section 33.2 of the *Pilotage Act*.

Except for the revisions proposed in the Notice, all the existing charges and related terms and calculations, as set out in the Authority’s current *Customer Guide to Charges*, continue in effect.

Persons interested in making representations to the Authority regarding the proposals set out in the Notice may do so in writing (see Section 11 below for instructions) and must be received by the Authority not later than close of business on **October 31, 2026**.

This Document consists of the following sections:

- 1) Introduction
- 2) General overview of the Authority
- 3) Assignment volumes
- 4) Expected financial position of the Authority
- 5) Liquidity and cash reserves
- 6) Proposed revisions to service charge rates
- 7) Justification of the proposal in relation to the charging principles and cost effectiveness assessment
- 8) Determination of charges
- 9) Cost of services
- 10) Consultation
- 11) Information regarding the Notice and on making representations to the Authority

2. GENERAL OVERVIEW OF THE AUTHORITY

The Authority is a non-agent Crown corporation established in 1972 pursuant to the *Pilotage Act*. As a Crown corporation listed in Schedule III Part 1 of the *Financial Administration Act*, the Authority operates in accordance with a budget and corporate plan approved each year by the Treasury Board and Governor in Council, respectively.

The objective of the Authority is to establish, operate, maintain, and administer in the interests of safety of navigation, an efficient pilotage service within the Authority's regional jurisdiction. The Authority is tasked with achieving this objective while respecting the following principles:

- a. that pilotage services be provided in a manner that promotes and contributes to the safety of navigation, including the safety of the public and marine personnel, and that protects human health, property, and the environment
- b. that pilotage services be provided in an efficient and cost-effective manner
- c. that risk management tools be used effectively and that evolving technologies be taken into consideration; and
- d. that an Authority's pilotage charges be set at levels that allow the Authority to be financially self-sufficient.

The system of governance at the Authority is intended to ensure the Authority continues to be financially self-sufficient and does not receive appropriations from the Crown. The Authority is governed by a seven-member Board of Directors (the "Board").

The fundamental elements governing the mandate conferred on the Authority by the *Pilotage Act* include the exclusive right to provide pilotage services to ships in an area of water where ships are subject to compulsory pilotage. This includes the exclusive ability to set and collect charges for pilotage services provided or made available by the Authority or a contractor acting for the Authority, and the obligation by the Authority to provide these services.

When establishing a new charge for pilotage services or revising an existing 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 requirements related to the provision of compulsory pilotage services. Pursuant to the charging principles, the Board approves the amount and timing of the establishment or changes to customer service charges. The Board also approves the Authority's annual budget where the amounts to be recovered through service charges for the ensuing year are determined.

In addition, the Authority consults with industry stakeholders prior to the publication of the Notice. Financial requirements of the Authority include but are not limited to:

- a. operations and maintenance costs
- b. management and administration costs
- c. debt servicing requirements and financial requirements arising out of contractual agreements relating to the borrowing of money
- d. capital costs and depreciation expense on capital assets
- e. financial requirements necessary for the Authority to maintain an appropriate credit rating
- f. tax liabilities
- g. payments to the Minister for the purpose of defraying the costs of the administration of the *Pilotage Act*, including the development of regulations, and the enforcement of the *Pilotage Act*
- h. reasonable reserves for future expenditures and contingencies; and
- i. other costs determined in accordance with accounting principles recommended by the Chartered Professional Accountants of Canada or its successor or assignee.

The Authority's quarterly and annual financial statements and related Management's Discussion and Analysis provide additional information on the revenues and expenses of the Authority. These documents are available at: <https://www.ppa.gc.ca/>.

3. ASSIGNMENT VOLUMES

In developing the outlook for shipping volumes, the initial sources of information considered are estimates provided by discussions with various stakeholders such as industry associations, industry consultants and publications, such as the 2025 Clear Seas Traffic Forecast report, terminal operators, and port authorities. In addition, an analysis of historical traffic patterns is compared to the estimates to obtain an additional level of precision. Forecasts of macro-economic indicators are also used where a correlation has been shown between the indicator and movements in traffic volume.

Assignment volumes in 2026 to date have largely been impacted by two factors. Firstly, the addition of the expanded Westridge terminal and the Kitimat terminal have added material demand for pilotage assignments. The Westridge terminal that services Trans Mountain's pipeline operations, opened since May 2024 has needed relatively consistent assignments on a monthly basis. The opening of LNG Canada's facility in Kitimat in June 2025 has added traffic as expected and an equilibrium level of vessel traffic is still to be determined. Secondly, there has been a meaningful increase in the proportionally busier sectors of grain and cruise activity as well as anchorage activity.

The following table presents the Authority's historical traffic by geographic area of operation and reflects forecast assumptions for 2026 and 2027. Overall assignment volume for 2027 is forecast to increase by 3.0% from levels in 2026.

District	Assignment volume by year						
	2022	2023	2024	2025	2026YTD (July)	2026F	2027F
Southern	10,082	10,147	10,712	11,590	7,263	12,537	12,913
Fraser River	999	1,089	1,215	1,250	838	1,421	1,464
Rupert	1,335	1,329	1,331	1,461	1,062	1,833	1,888
Northern	480	859	830	902	709	1,224	1,260
TOTAL	12,896	13,424	14,088	15,203	9,872	17,015	17,525

4. EXPECTED FINANCIAL POSITION OF THE AUTHORITY

This section includes:

- Discussion on forecast expenses:
 - Summary of forecast expenses;
 - Table of prior year's actual and current year's forecast; and
 - Details of material changes between the prior year actual and current year forecast.

- Discussion on capital program:
 - Summary of forecast capital expenditures;
 - Details on the material elements of the capital program; and
 - Summary of the proportion of the capital program which will be financed versus internally funded.

Based on projected assignment volumes (Section 3), the Authority anticipates that expenses for 2027 will be \$192.7 million, as can be seen below. This represents an 8.7% increase over the forecast for 2026. This increase includes additional pilotage costs to support a full year of operations at the LNG Canada terminal; the northern helicopter program to be implemented in November 2026 to transport pilots to/from tankers calling Kitimat terminal; and reflects the effects of inflation on expenses, as measured by the Consumer Price Index.

Operating Expenses (in \$000's)	2025 Actual	2026 Forecast	2027 Plan
Contract pilots' fees	\$96,029	\$113,128	\$120,584
Salaries and benefits	19,782	21,709	22,950
Pilots' transportation	15,289	19,789	21,274
Depreciation	6,266	7,319	9,996
Repairs and maintenance	2,284	2,610	2,772
Pilots' training	2,549	2,595	3,648
Fuel	2,510	3,288	3,475
Pilotage Act administration fee	1,116	1,201	1,236
Other expenses	4,683	5,663	6,788
Total operating expenses	\$150,508	\$177,302	\$192,723

Expense Analysis

Expenses in 2027 are expected to increase overall as follows, based on the cost drivers set out below:

1. Coastal contract expenses are expected to increase by \$7.5 million in 2027. This increase is primarily driven by:
 - a. a 3.0% increase in volumes over 2026;
 - b. a 3.0% increase in the pilotage unit fee payout rate; and
 - c. a 3.0% increase in the hourly fee payout rate.
 - d. Callback expenses are forecasted to be down 18% from the 2026 levels but will still be over twice as high as 2025 levels. The Authority is working closely with pilots and industry to optimize assignments and to reduce callbacks to the greatest extent possible.
2. Salaries and benefits are expected to increase by \$1.2 million largely due to wage increases in collective agreements being tied to increases in the Consumer Price Index for Vancouver at the beginning of the year, which the Authority forecasts to be 3%. There is also an impact of 2.6% due to planned increases in staffing in response to the increases in assignment traffic.

3. Pilot transportation costs are expected to increase by \$1.5 million, which reflects the expected increase in assignments, continued air charter service to Prince Rupert, and the impact of inflation on costs.
4. Depreciation costs are expected to increase by \$2.7 million in 2027, primarily from adding a right-of-use asset for the northern helicopter services contract.
5. Repairs and maintenance costs are expected to increase by \$0.2 million, based on the past years' costs of maintaining the Authority's fleet of six pilot launches. Costs have increased significantly over the past two years as the fleet grows in age.
6. Training costs are expected to increase by \$1.1 million in 2027, as the Authority follows the plan to systematically bring on pilot apprentices.
7. Other expenses increase by \$1.1 million as a result of additional financing costs associated with the northern helicopter services contracts.

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.

Capital Projects

The Authority expects that its capital program will require \$9.2 million in expenditures in 2027, mainly a function of the new pilot launch and the refurbishment of older launches.

The remaining capital costs include upgrades to information systems, buildings and office space, and other items totaling \$2.1 million.

The Authority intends to use existing cash reserves and bank financing to fund these capital expenditures and will defer increasing the pilot boat capital charge in 2027.

5. LIQUIDITY AND CASH RESERVES

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.

The Authority's current asset balances, including cash and current investments, in comparison to current liabilities, are reflected below. Amounts are as of the year-end:

	2025	2026	2027
(in \$'000)	Actual	Forecast	Plan
Cash	17,711	18,343	18,178
Investments (current)	1,230	2,364	2,664
Other current assets	8,544	9,955	10,818
Current assets	27,485	30,662	31,660
Current liabilities (Note 1)	(21,073)	(26,059)	(28,483)
Net working capital	6,412	4,603	3,177
Current Assets to Current Liabilities Ratio	1.30	1.18	1.11

Note 1: For the purposes of calculating the working capital ratio, a portion of a vessel construction loan has not been included in current liabilities as it is intended that the construction loan will be refinanced with long-term debt.

The increase in current liabilities reflects the lease liability of the northern helicopter contract and the construction loan for the new pilot boat.

The Authority intends to add \$0.6 million to its investment account in 2027, of which \$0.3 million will be current (maturity within one year).

Currently the Authority estimates the required reserve balance to be in the range of \$19 to 21 million.

6. PROPOSED REVISIONS TO SERVICE CHARGE RATES

This section includes commentary about the proposed pilotage charge rates by the Authority with the following proposed structure:

- Basis for determination of rate changes;
- Table of proposed rate changes; and
- Commentary on rate changes.

The Authority determines the rate changes that are required as follows:

- Determine volumes as outlined in Section 3;
- Determine expenses as per volumes and contractual requirements and as outlined in section 4;
- Determine capital expenditures and financing as outlined in section 4;
- Determine reserve account and cash required as outlined in section 5; and
- Determine the rates necessary to achieve all the above.

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 2026
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	\$0.0 million
Helicopter transportation charge (Race Rocks)	0%	Adjustment	Per tanker	\$0.0 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 increase of 3% in the base hourly and unit fee rates, Fraser River transportation, pilot boat charges and other fees in 2027 is driven by inflationary increases in the Authority's base cost structure.

In 2026, the Authority commenced air charter services to transport pilots to/from northern assignments in Prince Rupert and Kitimat. The additional cost for the charter service does enable more efficient utilization of pilots' time and provide a more reliable basis for pilotage service in the north so this cost will continue in 2027 with 3% increase to reflect inflation.

Air charter service to Port Hardy to transport pilots to/from the Pine Island boarding station generated time and efficiency savings. Accordingly, the Authority proposes to maintain this fee for this service.

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 estimated allocation for 2026/2027 increased by 7% and the Authority proposes to absorb this increase another year by maintaining the service charge with no increases in 2027.

The increase in technology fees in 2026 was a function of the large and unforeseen increase in chart fees. For 2027, the Authority proposes to maintain the same technology fee and assess the scope and cost of pending collaborative projects such as the Active Vessel Traffic Management (AVTM) and Single Window initiatives before revising this fee.

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

PROPOSED RATE REVISIONS

Description	Current Rates	Proposed Rate	% Change
Vessel up to 226m			
Pilotage unit fee	6.0979	6.2808	3.0%
Vessel greater than 226m			
Pilotage unit fee	5.3211	5.4807	3.0%
Gross tonnage fee	0.015537	0.016003	3.0%
Tethered tanker (in Area 1)			
Pilotage unit fee	9.6045	9.8926	3.0%
Tethered tanker (in Area 1) greater than 226m			
Pilotage unit fee	8.3811	8.6325	3.0%
Gross tonnage fee	0.02449	0.02522	3.0%
Tethered tanker (in Areas 2-5) with DWT greater than 39 999			
Pilotage unit fee	9.6045	9.8926	3.0%
Tethered tanker (in Areas 2-5) greater than 226m with DWT greater than 39 999			
Pilotage unit fee	8.3811	8.6325	3.0%
Gross tonnage fee	0.02449	0.02522	3.0%
Tethered tanker (in Areas 2-5) with DWT greater than 39 999 and with three pilots			
Pilotage unit fee	15.8546	16.3302	3.0%
Tethered tanker (in Areas 2-5) greater than 226m with DWT greater than 39 999 and with three pilots			
Pilotage unit fee	13.8354	14.2505	3.0%
Gross tonnage fee	0.0404	0.04161	3.0%
Pilotage unit fee – dead ship	12.1958	12.5616	3.0%
Other charges			
Time charges	306.07	315.25	3.0%
Minimum charge	1,417.00	1,460.00	3.0%
Cancellation charge	1,224.00	1,261.00	3.0%
Out-of-region charges			
Per hour	306.07	315.25	3.0%
Embark/Disembark Anacortes, Bellingham, Cherry Point or Ferndale	2,735.00	2,817.00	3.0%
Embark/Disembark other out-of-region location	3,647.00	3,756.00	3.0%

Description	Current Rates	Proposed Rate	% Change
Transportation charges			
Harbour or Port	222.00	229.00	3.0%
Fraser River	402.00	414.00	3.0%
Northern	2,478.00	2,552.00	3.0%
Prince Rupert	784.00	808.00	3.0%
Southern	733.00	755.00	3.0%
Area where pilot has begun travel and is cancelled	222.00	229.00	3.0%
Pine Island	6,132.00	6,132.00	0.0%
Pilot boat charges			
Brotchie Ledge	578.00	595.00	3.0%
Sand Heads	2,313.00	2,382.00	3.0%
Triple Island	3,001.00	3,091.00	3.0%
Northern LNG Carrier Boarding Station	4,099.00	4,222.00	3.0%
Cape Beale	9,044.00	9,315.00	3.0%
Pine Island	5,566.00	5,733.00	3.0%
Entrance to Nanaimo Harbour	1,165.00	1,200.00	3.0%
Prince Rupert Anchorages 8 – 9	808.00	832.00	3.0%
Prince Rupert Anchorages 10 - 31	1,370.00	1,411.00	3.0%
Pilot Boat capital charge	126.00	126.00	0.0%
Heli charges			
Helicopter – Race Rocks	19,500.00	19,500.00	0.0%
Helicopter - Northern came in effect November 1, 2026	16,900.00	16,900.00	0.0%
Ad hoc helicopter usage (per hour)	4,896.00	5,043.00	3.0%
Other charges			
Delay charge	306.07	315.25	3.0%
Short order charges (Applies per pilot)			
· Order initiated <10 hours & between 06:00 and 17:59	1,224.00	1,261.00	3.0%
· Order initiated < 10 hours & between 18:00 and 05:59	2,449.00	2,522.00	3.0%
Restricted ship charge	2,301.00	2,370.00	3.0%
Remote port charge	7,381.00	7,602.00	3.0%
Technology charge	83.00	83.00	0.0%
Pilotage Act administration charge	58.00	58.00	0.0%
Waiver application fee			
1-5 vessels	1,981.00	2,040.00	3.0%
6-15 vessels	2,564.00	2,641.00	3.0%
Over 15 vessels	3,147.00	3,241.00	3.0%

Proposed changes in these rates would be effective January 1, 2027.

7. JUSTIFICATION OF THE PROPOSAL IN RELATION TO THE CHARGING PRINCIPLES AND COST-EFFECTIVENESS ASSESSMENT

The Authority is required to observe the following charging principles when establishing or revising pilotage charges:

- a) that pilotage charges be established and revised in accordance with an explicit methodology;
- b) that pilotage charges be structured in a way that does not encourage a user to engage in practices that diminish safety for the purpose of avoiding a charge;
- c) that pilotage charges be the same for Canadian users or ships and foreign users or ships;
- d) that pilotage charges be set at levels that allow the Authority to be financially self-sufficient and be fair and reasonable; and
- e) that pilotage charges not be set at levels that, based on reasonable and prudent projections, would generate revenues exceeding the Authority's current and future financial requirements related to the provision of compulsory pilotage services.

The principles governing the establishment of new charges or the revision of existing charges by the Authority are set out in section 33.2 of the *Pilotage Act*. Each of the principles is presented below in italics, followed by an explanation of how the Notice complies with that principle.

33.2 (1) a. Pilotage charges shall be established and revised in accordance with an explicit methodology – that includes any conditions affecting the pilotage charges – that the Authority has established and published;

The Notice, required under section 33.3 of the *Pilotage Act*, has been published on the Authority's website. In addition, the Authority has sent a copy of the Notice to all known and affected industry associations. Based on this information, any person subject to the Authority's charges can calculate the amount that would be payable for a given pilotage assignment.

33.2 (1) b. that pilotage charges be structured in a way that does not encourage the user to engage in practices that diminish safety for the purpose of avoiding a charge;

For any given assignment, the Authority's charges are not structured in such a manner that safety may be affected. Given the fact that pilotage services are mandatory for any commercial vessel of 350 gross tons or larger, while travelling in Canadian compulsory pilotage waters, users have no option but to use the services of a pilot. In addition, the structure of the Authority's charges is such that the greatest proportion of a charge is not related to time or routing, but instead on the unalterable dimensions of the vessel which do not change between one journey or the next.

33.2 (1) c. that pilotage charges be the same for Canadian users or ships and foreign users or ships;

There is no differentiation in the proposed charges for an assignment whether the vessel is domestic or foreign.

33.2 (1) d. that pilotage charges be set at levels that allow the Authority to be financially self-sufficient and be fair and reasonable;

The proposed charges are based on an allocation of operating and capital costs, that allow the Authority to fulfill its mandate and achieve financial self-sufficiency. The increases are fair and reasonable considering the increasing costs of business.

33.2 (1) e. that pilotage charges not be set at levels that, based on reasonable and prudent projections, would generate revenues exceeding the Authority's current and future financial requirements related to the provision of compulsory pilotage services;

The Authority's charges are set to recover the Corporation's expenses net of other revenues determined in accordance with International Financial Reporting Standards ("IFRS") and the costs of complying with certain financial requirements, as described in detail in subsection 33.2 of the *Pilotage Act*. The 2027 charges are not set at levels that would result in excess reserves.

8. DETERMINATION OF CHARGES

The Authority's aim when determining charges is to strive for area-by-area and port-by-port financial self-sufficiency over the longer-term. Rates are set on a port-by-port basis to achieve this aim. This is an effort to minimize cross-subsidization between stakeholders.

Charges are applied to a pilotage assignment-based size and time and type of move. The definitions are below:

Areas means the compulsory pilotage areas described in Schedule 5 of the [General Pilotage Regulations](#); (zone)

assignment means the assignment of a pilot to take the conduct of a ship in the Areas; (affectation)

Authority means the Pacific Pilotage Authority; (Administration)

breadth of the ship means the maximum distance, in metres and centimetres, to the outside of the shell plating of the ship; (*largeur du navire*)

dead ship means a ship normally self-propelled that is without the use of its propelling power; (*navire mort*)

draught means the greatest depth of the submerged part of a ship, in metres and centimetres, at the time pilotage services are performed; (*tirant d'eau*)

harbour means a place set out in Part 1 of Schedule 1 of the Customer Guide to Charges, published on the Authority's website; (*havre*)

harbour or port assignment means an assignment which occurs wholly within a harbour or port at which pilots are based; (*affectation dans un havre ou port*)

northern assignment means an assignment in the area north of Seymour Narrows or on the West Coast of Vancouver Island, excluding Barkley Sound and Alberni Inlet, during the course

of which a ship enters or departs a harbour or port in that area or transits that area; (*affectation nord*)

overall length means the total distance, in metres and centimetres, from the foremost to the aftermost point of the hull of the ship; (*longueur hors tout*)

pilotage unit means, the result obtained by multiplying the overall length of the ship, by the breadth and the draught of the ship at the time of the assignment and by dividing the product by 100; (*unité de pilotage*)

pilot boat means a boat employed in the service of the Authority; (*bateau-pilote*)

port means a place set out in Part 2 of Schedule 1 of the Customer Guide to Charges, published on the Authority's website; (*port*)

Prince Rupert assignment means an assignment other than a harbour or port assignment that occurs within the area between the Triple Island boarding station and the port of Prince Rupert or the harbours of Porpoise Harbour or Port Simpson; (*affectation Prince Rupert*)

Region means the Region of the Authority as defined in the Schedule to the [Pilotage Act](#); (*région*)

restricted ship means a ship that is unable to operate at full manoeuvring revolutions per minute or a ship that, because of maintenance on its engines while it was in port, requires more than one hour to work up to full manoeuvring revolutions per minute; (*navire à capacité limitée*)

southern assignment means an assignment other than a harbour or port assignment within Barkley Sound and Alberni Inlet and the area south of Seymour Narrows during the course of which a ship enters or departs a harbour or port in that area or transits that area. (*affectation sud*)

Calculations

Note that any references to “schedules” below refer to the schedules found in the Authority's Customer Guide to Charges, published on its website.

Compulsory Pilotage Areas — One-way trip for a vessel less than 226m

The charge for a ship, other than a dead ship for a one-way trip in a compulsory pilotage area is calculated as follows:

where

PU: The pilotage unit (LOA x breadth x deepest draft)/100

UC: The unit charge set out in schedule 2 column 3

TC: The time charge set out in schedule 3 item 1 column 2

ETC: The excess time charge set out in schedule 3 item 2 column 2

PB: A fee for the pilot boat set out in schedule 7 column 2

FL: Fuel charge set out in schedule 8

PBRC: Pilot Boat Replacement Charge set out in schedule 7 column 3

EX: Pilot expense set out in schedule 6

T: Technology Charge B. Schedule of Charges item o number 20

PAAF: Pilotage Act Administration Fee

TS: Temporary Additional Charge B. Schedule of Charges item d number 7

$$(PU \times UC) + TC + PB + FL + PBRC + EX + T + PAAF + TS$$

If a vessel trip is, or is deemed* to be, 8 hours or less with a second pilot, then:

$$(PU \times UC) \times 1.8 + TC + TC + PB + FL + PBRC + EX + EX + T + PAAF + TS$$

** includes trips that are over 8 hours that could be achieved under normal sea speed in 8 hours or less*

If vessel goes over 8 hours with second pilot:

$$(PU \times UC) + TC + TC + PB + FL + PBRC + EX + EX + T + PAAF + TS$$

If vessel goes over 8 hours without a second pilot:

$$(PU \times UC) + TC + ETC + PB + FL + PBRC + EX + T + PAAF + TS$$

Compulsory Pilotage Areas — One-way trip for a vessel 226m or more

where

PU: The pilotage unit (LOA x breadth x deepest draft)/100

UC: The unit charge from B. Schedule of Charges section 2.C.6.2(a)

GT: The gross tonnage of the ship

GTF: Gross tonnage fee from B. Schedule of Charges section 2.C.6.2(b)

TC: Time charge set out in schedule 3 item 1 column 2

ETC: Excess time charge set out in schedule 3 item 2 column 2

PB: A fee for the pilot boat set out in schedule 7 column 2

FL: Fuel charge set out in schedule 8

PBRC: Pilot Boat Replacement Charge set out in schedule 7 column 3

EX: Pilot expense set out in schedule 6

T: Technology Charge B. Schedule of Charges item o number 20

PAAF: Pilotage Act Administration Fee

TS: Temporary Additional Charge B. Schedule of Charges item d number 7

$$(PU \times UC) + (GT \times GTF) + TC + PB + FL + PBRC + EX + T + PAAF + TS$$

If a vessel trip is, or is deemed* to be, 8 hours or less with a second pilot, then:

$$[(PU \times UC) + (GT \times GTF)] \times 1.8 + TC + TC + PB + FL + PBRC + EX + EX + T + PAAF + TS$$

** includes trips that are over 8 hours that could be achieved under normal sea speed in 8 hours or less*

If vessel goes over 8 hours with second pilot:

$$(PU \times UC) + (GT \times GTF) + TC + TC + PB + FL + PBRC + EX + EX + T + PAAF + TS$$

If vessel goes over 8 hours without a second pilot:

$$(PU \times UC) + (GT \times GTF) + TC + ETC + PB + FL + PBRC + EX + T + PAAF + TS$$

Compulsory Pilotage Areas — One-way trip for a dead ship

The charge for a dead ship for a one-way trip in a compulsory pilotage area is calculated as follows:

where

- PU:** The pilotage unit (LOA x breadth x deepest draft)/100
- DS:** Another pilotage unit (PU + UC) set out in schedule 2 item 2 column 3
- UC:** The unit charge set out in schedule 2 item 1 column 3
- TC:** Time charge set out in schedule 3 item 1 column 2
- ETC:** Excess time charge set out in schedule 3 item 2 column 2
- PB:** A fee for the pilot boat set out in schedule 7 column 2
- FL:** Fuel charge set out in schedule 8
- PBRC:** Pilot Boat Replacement Charge set out in schedule 7 column 3
- EX:** Pilot expense set out in schedule 6
- T:** Technology Charge B. Schedule of Charges item o number 20
- PAAF:** Pilotage Act Administration Fee
- TS:** Temporary Additional Charge B. Schedule of Charges item d number 7

$$(PU \times UC) + DS + TC + PB + FL + PBRC + EX + T + PAAF + TS$$

9. COST OF SERVICES

The Authority records costs for pilotage services provided and does so in accordance with IFRS. There are currently two service delivery centres that are within the Authority's regional jurisdiction. The Fraser River Pilots (employee pilots) cover Area 1 and the BC Coast Pilots cover Areas 2-5 and are licensed for the entire area. Pilot boat services and facilities are localized, and other costs are generated by specific pilotage assignments. Shared costs include administrative overhead, dispatch centre costs, and training costs.

a) Cost Allocation Methodology

Coastal pilotage

The coastal pilotage costs are variable in that the expenses are dependent on the number of assignments carried out in areas 2 through 5. The Authority does not pay the BC Coast pilots unless they are performing assignments. These costs, including the cost of callbacks, are all variable.

Fraser River pilotage

The Fraser River pilotage costs are a mix of fixed and variable with fixed salaries and variable costs for overtime and callbacks related to assignment volume and timing.

Launches

When determining the charges and measuring subsequent results, the direct costs for resources available to the area are applied to that individual service delivery centre based on the locations of the pilot launches and dispatch operations. These costs include:

- Pilot boat costs and crewing services;
- Local wharves and structures costs;
- Depreciation and financing costs related to the above; and
- Communications and other equipment related to the above.

Variable costs for launches driven by activity in the specific area are also charged against the centre for which they are incurred. These costs include pilot boat fuel.

Other costs

Costs that are not attributable to any single service delivery centre or grouping are allocated proportionally to their directly attributed costs, such as the Fraser River.

b) Cost Allocation Process

Individual budgets are developed for each of the cost centres using the actual costs for the previous year as the basis and working with industry to determine the expected volumes and assignments in the following year. These costs are then adjusted for contractual changes and commitments, planned alterations to area resources, and expected changes in activity.

- Pilot fees for the coast and Fraser River are allocated in accordance with the agreements in place and the expected assignment numbers for each centre.
- Pilot boat costs and crewing expenses are local resources and are costs assigned to that cost centre.
- Local wharves, storage facilities, and pilot/crewing offices have costs that are also charged directly to the specific cost centre.
- The assets above have depreciation and financing costs related to them that are also charged directly.

The variable costs for each station, including pilot boat fuel costs and transportation costs, are budgeted based on a forecast of number of assignments. The Authority uses several sources of information to predict traffic levels. The traffic patterns of previous years are combined with input from the industry, terminals, ports and associations.

The allocated costs are determined through the development of administration, dispatch, and training budgets. These budgets are based on historical costs, contractual agreements, and training requirement triggers. These costs are then charged to service delivery centres based on resources and activity levels for each.

10. CONSULTATION

Consultations in various forms have taken place with the affected parties throughout 2026. Formal consultation sessions were held either in-person or via video conference for the following stakeholders during a consultation period prior to publishing the Notice.

Chamber of Shipping BC:	Monthly Association meetings, as well as Service Charge meeting on September 8, 2026.
Shipping Federation of Canada:	Monthly Association meetings, as well as Service Charge meeting on September 9, 2026.
CLIA:	Monthly Association meetings, as well as Service Charge meeting on September 9, 2026.
Trans Mountain:	Monthly Association meetings.

The Authority's financial results are also openly shared at quarterly meetings with industry associations and customers.

Alternatives to service charge increases were discussed, where applicable, and feedback from participants was encouraged. For various ports and districts, an alternative to increased service charge rates would be a reduction in pilot numbers or availability. Decreases in traffic may occur from year to year and are not expected to be long-term. This makes it impractical to reduce pilot numbers without having severe impacts on service levels to industry when a recovery begins. Stakeholders have consistently indicated that their primary concerns are with service levels and have requested that the number of pilots be increased in some areas, and maintained in others, so that pilot availability is not compromised.

11. 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 in the Authority's website.

Additional copies of the Notice 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 close of business on October 31, 2026**, as set out in the Notice to the address above. 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 the Notice will have an opportunity to file a notice of objection related to the proposal with the Canadian Transportation Agency.