



ANNOUNCEMENT OF NEW AND REVISED SERVICE CHARGES

APRIL 2006

GENERAL

NAV CANADA hereby announces new and revised service charges, pursuant to Section 37 of the *Civil Air Navigation Services Commercialization Act*, S.C. 1996, c. 20 (ANS Act). This Announcement sets out the new and revised charges that apply to three categories of air navigation services: (i) Terminal, (ii) Enroute, and (iii) Oceanic. These charges will become effective on May 1, 2006, except where otherwise indicated. All other service charges provisions not amended by this Announcement remain in effect.

Pursuant to Section 42 of the ANS Act, persons wishing to appeal these revisions may do so by making an application to the Canadian Transportation Agency. The application must be filed within 30 days after the filing of this Announcement with the Agency. An appeal may only be made on one or more of the grounds set out in Section 43 of the ANS Act.

This Announcement consists of six sections:

- (1) Changes in Terminal Services Charge;
- (2) Changes in Daily Charge for aircraft weighing over three tonnes;
- (3) New Daily Charge at seven international airports for aircraft weighing three tonnes or less;
- (4) Change in International Communication Services Charge;
- (5) Increase in the Rate Stabilization Account; and
- (6) Changes in Credit Terms and Conditions

1. CHANGES IN TERMINAL SERVICES CHARGE

Effective May 1, 2006, the Terminal Services Charge formula will be:

$$\text{Charge} = \text{MTOW}^{0.85} \times \text{Rate}$$

Where:

- MTOW is the maximum permissible take-off weight of the aircraft (in metric tonnes),
- Rate = the unit rate,
- The rate will be changed to \$20.23, and
- An additional rate adjustment, introduced on August 1, 2003 to rebuild the Rate Stabilization Account, will be changed to \$0.35.

The exponent in the formula will change from 0.85 to 0.8, effective September 1, 2008. A Notice will be issued in advance of this date, setting out the proposed unit rate.

2. CHANGES IN DAILY CHARGE FOR AIRCRAFT WEIGHING OVER THREE TONNES

Effective May 1, 2006, the base rates for the Daily Charge, and the related additional rate adjustments introduced on August 1, 2003 to rebuild the Rate Stabilization Account, will be changed to the amounts shown in the table below.

Category and Weight Group* (in metric tonnes)	Base Rates Effective May 1, 2006	Additional Rate Adjustments Effective May 1, 2006
<i>Propeller Aircraft</i>		
Over 3.0 up to 5.0	\$ 39	\$ 1
Over 5.0 up to 6.2	\$ 79	\$ 1
Over 6.2 up to 8.6	\$ 317	\$ 5
Over 8.6 up to 12.3	\$ 751	\$ 13
Over 12.3 up to 15.0	\$ 1,124	\$ 19
Over 15.0 up to 18.0	\$ 1,360	\$ 23
Over 18.0 up to 21.4	\$ 1,847	\$ 32
Over 21.4	\$ 2,441	\$ 42
<i>Maximum for Helicopters</i>	\$ 79	\$ 1
<i>Small Jet Aircraft</i>		
Over 3.0 up to 6.2	\$ 193	\$ 3
Over 6.2 up to 7.5	\$ 318	\$ 5

* Maximum permissible take-off weight.

The Daily Charge will also apply at the water aerodrome at Vancouver International Airport, effective March 1, 2008.

With the change in the Terminal Charge formula, effective September 1, 2008, set out in Section 1, related changes will also be made in the Daily Charge, effective the same date. A Notice will be issued in advance of September 1, 2008, setting out proposed rates for the Daily Charge.

3. NEW DAILY CHARGE AT SEVEN INTERNATIONAL AIRPORTS FOR AIRCRAFT WEIGHING THREE TONNES OR LESS

Effective March 1, 2008, a new Daily Charge will be applied to aircraft weighing 3.0 tonnes or less (MTOW) that depart from Vancouver, Calgary, Edmonton, Winnipeg, Toronto (L. B. Pearson), Ottawa (Macdonald-Cartier), or Montréal (Trudeau) international airports. With respect to Vancouver International Airport, the new Daily Charge will also apply at the water aerodrome. The charge will apply to an aircraft each day it departs from one or more of these airports, where a day is defined as each 24 hour period that commences at 0800 GMT.

An annual maximum limit per aircraft will be in place for the new Daily Charge, where the annual period will run from March 1 to February 28 (or 29). The annual limit will apply to both Canadian-registered aircraft and foreign-registered aircraft.

The new Daily Charge and the related annual maximum limit will be:

Daily Charge for Aircraft Weighing Three Tonnes or Less*

Effective Date	Daily Charge	Maximum Charge
March 1, 2008	\$ 10 per day	\$1,200 per year per aircraft

* Applicable at Vancouver including the water aerodrome, Calgary, Edmonton, Winnipeg, Toronto (L. B. Pearson), Ottawa (Macdonald-Cartier) and Montréal (Trudeau) international airports. This Daily Charge will also apply to aircraft over 3.0 tonnes that have been declared to NAV CANADA as dedicated to recreational use.

To ensure that the Daily Charge is applied to an aircraft only once per chargeable day, the aircraft registration mark is required for each flight by the aircraft. Any flight departing from one of the seven specified airports for which this information is not provided will be charged at the daily rate for each departure. Also, in the absence of the aircraft registration mark, it will not be possible to apply the annual maximum to an aircraft since the specific aircraft cannot be identified.

The new Daily Charge will apply in addition to the existing Annual and Quarterly charges. The Annual and Quarterly charges do not count towards the annual maximum pertaining to the new Daily Charge.

Existing exemptions from charges will apply to the new Daily Charge, with the exception of the exemptions for ultralights, gliders, balloons and aircraft weighing less than 617 kg.

The following exemptions will also be provided:

- A departure that follows a landing by a flight where an emergency was declared and where the airport had not been the intended destination.
- A departure that follows a landing by a flight using the airport as a weather alternate.
- Operational training flights related to search and rescue operations under the direction of the Department of National Defence.

4. CHANGE IN INTERNATIONAL COMMUNICATION SERVICES CHARGE

Effective May 1, 2006, the rates for the International Communication Services Charge will be:

- \$61.00 per flight for flights providing position reports using voice communication; and
- \$22.96 per flight for flights providing position reports using data link communication.

5. INCREASE IN THE RATE STABILIZATION ACCOUNT

Effective September 1, 2006, NAV CANADA will increase the target balance of the Rate Stabilization Account (RSA) from \$50 million to \$75 million and, once that target has been achieved, set the RSA target balance at 7.5% of total annual expenses, excluding one-time non-recurring items, on an ongoing basis.

This initial increase of \$25 million will be achieved only through positive variances in operating results if and when they occur rather than through any specific increase in charges. Subsequent to reaching an actual balance of \$75 million in the RSA, the approach to moving to the target balance of 7.5% of total annual expenses will be as determined by the Board of Directors from time to time.

6. CHANGES IN CREDIT TERMS AND CONDITIONS

The following provision will be included in the Company's credit terms and conditions:

"A customer shall be required to pay for the provision or availability of air navigation services in advance or provide satisfactory security for such payment on the basis of an estimate of charges to be incurred, in the following circumstances:

- A customer fails to make a payment or any part of a payment in accordance with NAV CANADA's payment terms and conditions on three occasions or more;
- The customer's Dun & Bradstreet Financial Stress Score Risk Class is a 3, 4 or 5, or Dun & Bradstreet equivalent failure score as amended from time to time;
- A customer's credit is rated and its credit rating is below or falls to below B as determined by Standard & Poor's and/or B2 as determined by Moody's;

- If a customer is under creditor protection (e.g., Companies' Creditors Arrangement Act (CCAA) in Canada or Chapter 11 in the United States) or any other form of financial restructuring in accordance with applicable insolvency legislation or the customer has publicly announced that it may file for creditor protection or bankruptcy; or
- The customer has not provided NAV CANADA, upon request, with financial information such as credit ratings, credit reports, analyst reports, current audited financial statements, etc. which NAV CANADA deems sufficient to enable it to assess and conclude that the creditworthiness of the customer is satisfactory."

The following paragraphs in the existing terms and conditions will be deleted as they have either been superseded by the above revisions or are redundant:

- "If a customer is under creditor protection (e.g., Companies' Creditors Arrangement Act (CCAA) in Canada or Chapter 11 in the United States) or any other form of financial restructuring in accordance with applicable insolvency legislation or the customer has publicly announced that it may file for creditor protection or bankruptcy, the customer shall be placed immediately on weekly billing and payment terms, such that payment will be received in advance of the provision of services, on the basis of estimates of charges based on prior period usage levels, subject to or in accordance with any applicable insolvency legislation or court orders made thereunder."
- "If a customer's credit is rated and its credit rating is below or falls to below B as determined by Standard & Poor's and/or B2 as determined by Moody's, or if it is not rated and NAV CANADA otherwise determines that the customer's financial position and/or payment history require more frequent billing and payment, the customer shall be placed on weekly billing and payment terms, such that payment will be received on the basis of estimates of charges based on prior period usage levels."
- "Where NAV CANADA provides its customers with a fee adjustment as a result of prior revenues in excess of the company's financial requirements, it may withhold that adjustment to any customer who has not fully paid two or more previous consecutive invoices. However, when a customer brings his account back up to current status, the accumulated adjustments will be credited to the customer."

The effective date for these changes is May 1, 2006.