

NOTICE TO USERS

December 7, 2007.

Dear User,

RE: Great Lakes Pilotage Authority Tariff For 2008

The Great Lakes Pilotage Authority (GLPA) at its last Board meeting agreed to increase tariffs for pilotage in the Great Lakes by 4% in 2008 as well as 2009. The increase will yield for the Authority an extra \$700,000 in revenue in 2008 and 2009. This increase will permit the Authority to maintain a breakeven position and retire over \$1 million in debt it has on its books. The Authority will maintain in 2008, the 2% surcharge introduced in 2006 but given the positive results in the last few years, GLPA will be removing this 2% charge in 2009. This surcharge was initially scheduled to be in place for 7 or 8 years but given the steady traffic and cost controls undertaken since 2005 an earlier than expected removal is anticipated. The net effect of this change will be a 4% increase in 2008 with a 2% increase for 2009.

The Authority has sheltered most of its revenues from the Canadian currency appreciation experienced in the last two years but still has over \$1 million in revenues invoiced in American dollars by our U.S. counterparts in Duluth. This long term arrangement was established by a *Memorandum of Arrangements* with the U.S. and Canadian Governments and cannot be changed in a timely manner, therefore GLPA received on its \$1 million U.S. revenue approximately \$200,000 less than budget as the U.S. dollar depreciated more than 15% against the Canadian dollar in the last 12 months. This reduction averaged over all of the Authority's revenues represents a 1% tariff adjustment. The balance of the 4% increase is attributable to the cost of living increases faced by the Authority for salaries and operating costs.

The Authority has reduced its reliance on external financing in the last two years by close to \$1.5 million and is forecasting a positive cash position by 2009. The Authority has invested over \$400,000 in the same period to equip all pilots

with state of the art portable navigation systems which has increased safety and reduced delays associated to weather/traffic. This investment and reduction in the reliance of external financing has been funded by pilotage tariffs which remain competitive and at the lowest levels in Canada.

The Authority is planning on publishing the tariff increase at the beginning of January 2008 and welcomes your views and comments on this notice or on any other activities the Authority is involved in.

In the event you require more information please contact the Authority's Treasurer, Mr. Réjean Ménard who will be glad to forward to you an information package with finance/operations statistics.

Thank you for your cooperation in this matter and I look forward to your comments.

Robert F. Lemire,
Chief Executive Officer.

Cornwall, Ontario.