

№	Question	Answer
1	<p>Please provide us with more information regarding administrative case No 7428/2017 before Sofia Administrative Court, II department, 50-th panel, filed by Wizz Air Hungary to which Sofia Airport EAD is an interested party. More particularly, (i) what is the substance of the pretention of Wizz Air Hungary and what legal grounds is it based on; (ii) what are the statements made in the context of the case by General Directorate Civil Aviation Administration and by Sofia Airport EAD in this respect; (iii) summary of the experts' opinion provided by the forensic experts; (iv) as well as any other relevant information regarding the case based on which could be obtained understanding as to the possible effect of this case on the ability of the Concessionaire to determine the airport charges and comply with the Concession Agreement.</p>	<p>As stated in Q&amp;As published on 22 August 2018, copies of all decisions of DG CAA related to airport charges at Sofia Airport, as well as of the appeals filed against them (including appeals from Wizz Air Hungary Kft. and Bulgaria Air AD), are published on the website of DG CAA (under section “Legislation”, subsection “Appeals” in Bulgarian only).</p> <p>Information of the court decisions can be found on the website of the Administrative Court – Sofia City (ACSC) and the Supreme Administrative Court (SAC).</p> <p>In particular, the subject matter of <b>court case No. 7428/2017</b> of ACSC are appeals from Wizz Air against two decisions of DG CAA: No. 40-02-288 of 09.06.2017 and No. 40-02-288 of 26.06.2017 regarding the 2017 charges at Sofia Airport. The main objection of Wizz Air is against the <b>alignment of the passenger charge for Terminal 1 and Terminal 2</b>.</p>
2	<p>Please provide more information regarding the pending cases with Bulgaria Air. More particularly, (i) what is the substance of the pretentions of the parties and what legal grounds they are based on; (ii) summary of the experts' opinions provided by the forensic experts; (iii) as well as any other relevant information regarding the cases based on which could be obtained understanding as to the possible effect of these cases on the ability of the Concessionaire to determine the airport charges and comply with the Concession Agreement.</p>	<p>The same decisions of DG CAA were subject matter of an appeal from Bulgaria Air AD; however, the main objection of this airline was against the <b>alignment of passenger charges between domestic and international routes</b>. With regard to the appeal of Bulgaria Air, <b>court case No. 7377/2017</b> of ACSC was initiated. ACSC has issued its Decision No. 281/11.01.2018 repealing entirely the two decisions of DG CAA. The decision of ACSC has been confirmed by the Supreme Administrative Court (SAC Decision No. 8399/21.06.2018), which is final.</p> <p>Most recently, ACSC has published on its website its <b>Ruling No. 6241 dated 08.10.2018</b> on case No. <b>7428/2017</b>, by which the proceeding under this case has been <b>terminated</b> due to the fact that the two appealed decisions of DG CAA have already been repealed (by virtue of the court decisions described above). This ruling of ACSC is subject to appeal before the SAC within 7 days from its notification to the parties.</p> <p><b>Each Bidder has to make its own assessment of the effect of the said court decisions.</b> In any case, the Concessionaire shall be entitled to set the airport charges. However, in view of the court decisions, it may need to consider setting differentiated passenger charges, depending on the level of service provided at different terminals and/or gates servicing different routes.</p>
3	<p>Please provide more information regarding the relations between Sofia Airport EAD and all Governmental Users, including the Ministry of Defense and the Bulgarian Air Forces. More</p>	<p>By virtue of para. 3.1.6. of the Contract on the terms and conditions on the use of the Sofia civil airport for public use, pursuant to art. 43e/д/ of the Civil Aviation Act of</p>

	<p>particularly, please specify and provide documents regarding: (i) are there effective contracts and other agreements between Sofia Airport EAD and all Governmental Users; (ii) if yes, please provide a list of all those contracts and relevant copies of all of them.</p>	<p>2016, the governmental users may use airport assets and occupy the relevant sites and facilities free of charge. In accordance with the said provision, the costs and expenses are on the account of the respective governmental users.</p> <p>Within the meaning of the said provision of the contract, governmental users are any and all persons, specified by the minister of transport, information technologies and communications, as proper representatives of governmental bodies and authorities, who carry out regulatorily established functions, related to the defense and security of Bulgaria, as well as other functions, set out in a law, whom the airport operator, according to the provisions of the contract, is obliged to provide with the free-of-charge use of premises and any other conditions, necessary for the performance of their respective functions.</p>
4	<p>Is Sofia Airport EAD a member of the National Transport Chamber at the moment? If yes, since when; and could you provide a document certifying this membership? Please confirm that Sofia Airport EAD is bound by the terms of the Sectorial Collective Bargaining Agreement concluded in 2018 between the National Transport Chamber and two trade unions.</p>	<p>Sofia Airport EAD is not a member of the National Transport Chamber.</p> <p>The trade-union organization of the FTE at the CL Podkrepa and the trade-union organization of the Association of the Employees in the Transport Industry in the Republic of Bulgaria, part of CITUB at Sofia Airport EAD, are parties to the Sectorial Collective Bargaining Agreement concluded in 2018, i.e. Sofia Airport EAD is a party to the Sectorial Collective Bargaining Agreement concluded in 2018.</p>
5	<p>Please provide a list of all key employees of Sofia Airport EAD together with a summary of the additional benefits, privileges and bonuses (if any) available under their individual employment agreements.</p>	<p>The number of key management positions is 78, according to the Positions Chart of Sofia Airport EAD as of 01.08.2018, provided as Appendix 7.1.3.1 in the Virtual Data Room.</p> <p>Regarding the information on the additional benefits, privileges and bonuses that you have requested, the relevant answer was provided in the file Q&amp;A_26.09.18_5, item 10.</p>
6	<p>Could you confirm that all airport charges mentioned in the ordinance (opex and capex) will be fully passed-through to airport carriers? Is the regulator expected to incentivise cost efficiencies on airport charges? Is there any efficiency measure to be included?</p>	<p>Please refer to all previous Q&amp;As related to the mechanism and procedure for setting the airport charges, and the role of DG CAA (more specifically, Q&amp;As published on 10, 18 and 28 September, and 1 October 2018). It is the airport operator's responsibility to set the airport charges in compliance with the principles and specific requirements set out in the applicable legislation, and through consultations with the airport users. DG CAA only intervenes where there is a dispute between the airport operator and the airport users, and rules out on each specific case on the basis of the information and justification provided by the parties.</p>

7	We understand that “the airport operator may apply special discounts on the amount of determined airport charges to increase airport market competitiveness”. Can a discount/incentive for certain customers be offset by an increase in other tariffs to reach the regulated WACC cumulatively? Has this been done in the past? Can you please provide details of the difference between recovered revenue and allowed revenue on historical performance?	The decision on discounts on the airport charges (whether or not, regarding what charge, at what rate, in what form and in what manner) is to be made by the airport operator (the Concessionaire), who shall determine the airport charges pursuant to the provisions of the Civil Aviation Act (Art. 122f- Art. 122k) and the Methods for Determining the Airport Charges. Incentive discounts shall be provided on equal, non-discriminatory basis and under transparent conditions for all airlines meeting the criteria set out in the relevant Incentives Program. As the WACC indicator was first introduced in the Methods in the end of 2017, it is to be applied for the first time in determining the airport charges for 2019, the consultations for which are still ongoing. In the current mode of operation of Sofia Airport EAD, as an airport operator, the discounts are not included in determining the WACC value.
8	What is the methodology of allocation of regulated versus non regulated costs/capex?	The answer to this question was provided in the file Q&A_3_05.10.18, item 5. We once again kindly invite the economic operators to actively track and review the questions asked and answered, as published in the “Q&A“ section. To assist the Economic Operators and to make references faster and easier, a <a href="#">Summary table of questions and answers</a> , also published on the concession website, is updated on a regular basis.
9	Is the airport charge adjusted annually or is there a “regulatory period”?	The airport operator determines himself the period, to which the airport charges apply, in conformity with the Methods for Determining the Airport Charges.
10	Is there a time lag between the aero costs assessment and the costs recovery?	The aero costs assessment is made in accordance with the procedure for determining the airport charges (art. 122f /e/ - art. 122k of the Civil Aviation Act). Their recovery takes place during the actual application of the airport charges, determined for the respective period. In the existing method of operation of Sofia Airport EAD as an airport operator, the incurred actual OPEX and CAPEX for the regulated activities, are recovered by the company in the period, in which they are incurred.
12	We understand the cost of capital is revised annually as per the methodology of ICAO’s Policies. However, the methodology does not provide us with specific parameters (i.e. which 10y bond for the risk free rate, backward or forward looking, Beta etc.)	In determining the Airport Charges Index for 2019, Sofia Airport EAD has used a risk free rate of return of 1.6% (BNB source), market rate of return of 7.27%, and Beta risk factor of 0.69 (source Social Science Research Network (“SSRN”), publications by Professor Aswath Damodaran, Stern School of Business, New York).
11	The ordinance states that cost of capital should ensure a “reasonable return on assets”. What is included in the scope of assets? Is it total assets on the balance sheet? Is there a regulated asset base?	For the purpose of calculating the cost of capital, the scope of the assets depends on the operation model applied by the airport operator at Sofia Airport. In the existing mode of operation of Sofia Airport EAD, which sets the airport charges using the <i>dual till</i> method, according to the Methods for Determining the Airport

		Charges, only the amounts of the average carrying amount of the fixed assets (MTIT's and CAA's) and the net working capital (only assets and liabilities of the regulated activities reported by the airport operator "Sofia Airport EAD") are involved in the scope of the assets for determining the airport charges indicator for 2019.
13	Are the 2017/2018 airport charges based on a calculation as described in the ordinance?	The airport charges for 2017 and 2018 were determined, based on the Methods for Determining the Airport Charges, effective till the end of 2017.
14	Can you please confirm that only one cost of capital will be calculated for the consolidated airport charges?	The cost elements as per item I.1. of the Methods for Determining the Airport Charges are applicable to all individual charges hence the cost of capital is calculated separately for each individual charge.