

№	Question	Отговор
1	Could you please provide an outline of the methodology you undertake in setting airport charges (i.e. do you utilise the 'building block approach' under a dual till system?). Could you please also provide a formulae that describes your methodology?	Pls. see the answer to question 24, published on 05.09.2018 with file Q&A_05.09.18_1.
2	Relevant to the above methodology, is corporate tax recoverable as a cost? Please can you explain why or why not this is the case?	The corporate tax paid by Sofia Airport EAD is not an expenditure that participates in determination of the airport charges, as airport charges are not revenue of Sofia Airport EAD (however, they will be revenue to /of the Concessionaire) and do not generate profit, for which this tax is due (respectively, they will generate a profit for the Concessionaire and it shall be liable for this tax).
3	Could you please provide a breakdown of operating costs for the 2019 aeronautical consultation plan (and / or the 2018 plan) identifying what % of each total cost category is assumed to form the aeronautical charges?	The information is available for review in the electronic section of the Data Room - Annex 1.21.
4	Could you please identify for the 2019 plan (and/or 2018 plan) what % of total fixed assets AND % of new capex is allocated to aeronautical charges? Could you please identify the value of the opening 2018 fixed asset base (attributable to the aeronautical charges recovery)?	This should not be considered as a % of the value of the total fixed assets, because an individual plan is prepared for the acquisition of fixed assets funded by aeronautical /airport charges.
5	Could you please identify for the 2019 plan (and/or 2018 plan) what the depreciation value has been as a % of aeronautical fixed assets?	In the estimates of airport/ aeronautical charges for 2018, the depreciation of existing assets is 5.3% of their book value. Note: Depreciation and amortization are reported in MTITC and GD CAA, not the Sofia Airport.
6	Could you advise if public incentives are recoverable under the cost base recovery for aeronautical charges?	The costs for incentives are included in the amount of the costs used to set airport/ aeronautical charges.
7	Could you please provide a formula as to how the 2019 plan has derived the WACC? (i.e.what formulae has been used and the specific input values?)	The formula used is according to Annex 3 of the ICAO Airport Economics Manual- Doc 9562, Third Edition, 2013 To calculate the weighted average cost of capital (WACC) were used the following input values: - book value of fixed assets; - net working capital; - risk-free rate of return; - market rate of return; beta indicator of sector risk
8	Could you please identify how the WACC (in the 2019 plan) relates to or has derived the	Please see the answer to question 7.

	€1.156m cost? And what was the rationale for its sudden inclusion?	The inclusion of the indicator in the cost base is in accordance with the applicable provisions of the Ordinance on Charges.
9	Could you please provide the documentation package that is provided to airport users in the consultation process for setting aeronautical charges i.e. 2019 (and/or 2018) plan? And / or any filings that you need to make to the CAA?	<p>Consultation on airport/ aeronautical charges for 2019 started officially on 31.08.2018. The documentation in the Bulgarian language, which was sent to users is available on the website of Sofia Airport EAD. The documentation in English is available at the following link on the website of "Sofia Airport" EAD: https://www.sofia-airport.bg/en/business/airlines/charges-and-incentives#.</p> <p>Currently there are no filings to be made to the CAA. The documentation package for 2019 is available for review in the electronic section of the Data Room - Annex 2.2.1.9.</p>
10	Could you please provide a summary of the role of the CAA in setting the methodology for setting airport charges, outside of ensuring ICAO and EU principles are implemented?	The Ordinance on airport charges (the methodology is part thereof) is a statutory act adopted by the Council of Ministers. Proposals for amendments and supplements thereto shall be agreed by the airport operator and MTITC. According to Art. 16 b, Civil Aviation Act, DG CAA is an independent supervisory authority.
11	Could you please provide a summary explanation as to what process with the CAA you needed to go through in adding in the additional WACC recovery in the 2019 plan?	DG CAA and Sofia Airport EAD implement the provisions of the Ordinance on the charges for using the airports for public use and for air navigation services in the Republic of Bulgaria, adopted by Decree of the Council of Ministers № 280/ 23.12.1998 and amended and supplemented, SG No. 102/ 22.12.2017 and the methodology therein, where this indicator is defined.
12	Could you please advise what inflation indexes you use in any aeronautical charges calculations?	In preparing the business plan, Sofia Airport uses the macroeconomic indicators, based on which the state budget was drawn up. The average annual inflation is applied to material costs, outside services and to those costs for which there is no information that they will have different rate of increase or decrease in relation to the macroeconomic indicators.
13	As aeronautical charges are set annually, could you please explain how aeronautical charges would be treated if in any year there is a step change in new capital investment? Would there be any smoothing mechanism deployed?	Based on the Methodology of setting airport charges, Sofia Airport applies a smoothing arrangement according to the text in the Methodology for setting Airport charges of the airport operator of an airport with annual traffic exceeding 5 million transported passengers or of an airport with the largest number of passenger transports in the territory of the Republic of Bulgaria – Appendix 1 to Art. 1, para 3 of the Ordinance on the charges for using the airports for

		<p>public use and for air navigation services in the Republic of Bulgaria:</p> <p><i>“The cost base for the determination of the amount of airport charges shall reflect the reported for the preceding year and / or the expected for the current year shortage or excess of revenue above the cost of the charges. This is done by calculating the total amount of reported and/ or expected revenue and expected costs for the relevant period and including the amount of the difference between them in the amount of the charges for the new period as follows:</i></p> <ul style="list-style-type: none"> - <i>in case of excess of costs over revenue (negative result) - in increase in costs or</i> <i>in case of excess of revenue over costs (positive result) – in decrease in the cost base.”</i>
14	<p>Could you please clarify or confirm that no commercial revenues are included in your cost recovery for aeronautical charges?</p>	<p>Sofia Airport" EAD applies the <i>dual till</i> model for reporting of revenue. No commercial revenue is included in the cost recovery for airport aeronautical charges.</p>