



Canada Energy Regulator

Future-Oriented Statement of Operations (unaudited) for the year ending March 31 (in thousands of dollars)

	Forecast results 2019–20	Planned results 2020–21
Expenses		
Energy Adjudication	25,159	24,394
Safety and Environment Oversight	29,158	21,945
Energy Information	10,471	5,475
Engagement	13,235	9,697
Internal Services	37,398	35,283
Total expenses	115,421	96,795
Revenues		
Regulatory fees	115,344	97,003
Miscellaneous revenues	76	76
Revenues earned on behalf of government	(115,420)	(97,079)
Total revenues	0	0
Net cost of operations before government funding and transfers	115,421	96,795

The accompanying notes form an integral part of the Future-Oriented Statement of Operations.



Notes to the Future-Oriented Statement of Operations (unaudited)

1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and departmental plans as described in the Departmental Plan.

On August 28, 2019, the Canadian Energy Regulator (CER) replaced the National Energy Board following coming into force of Bill C-69. As a result of this bill, regulations made under the National Energy Board Act remain in force under the Canadian Energy Regulator Act (CER Act), all assets, liabilities and unexpended appropriations have been transferred from the NEB to the CER.

The information in the forecast results for fiscal year 2019-20 is based on actual results as at Aug 27, 2019 and on forecasts for the remainder of the fiscal year. Revenues and expenses attributed to the Department of National Energy Board from the effective date have been included in the current's forecasting figures. Forecasts have been made for the planned results for fiscal year 2020-21.

The main assumptions underlying the forecasts are as follows:

- The department's activities will remain substantially the same as in the previous year.
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.

These assumptions are made as at Aug 27, 2019.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2019-20 and for 2020-21, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, the CER has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.



Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- the timing and the amount of acquisitions and disposals of property, plant and equipment, which may affect gains, losses and amortization expense;
- the implementation of new collective agreements;
- economic conditions, which may affect the collectability of loan receivables;
- Volume and complexity of regulatory applications and hearings and
- other changes to the operating budget, such as new initiatives or technical adjustments later in the fiscal year.

After the Departmental Plan is tabled in Parliament, the CER will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

3. Summary of significant accounting policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2019-20, and is based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

a) Expenses

The department records expenses on an accrual basis.

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

Other expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debts, loans, investments and advances and inventory obsolescence, as well as utilization of inventories and prepaid expenses, and other are also included in other expenses.

b) Revenues

Revenues from regulatory levies are recognized in the revenue accounts when they are invoiced and, in accordance with the *National Energy Board Cost Recovery Regulations*, are



based on the estimated cost of operations for the calendar year, with a billing adjustment to actual costs once the costs are known.

Deferred revenue consists of amounts received in advance of the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue.

Other revenues are recognized in the period the event giving rise to the revenues occurred.

Revenues that are non-respendable are not available to discharge the department's liabilities.

Although the deputy head is expected to maintain accounting control, he or she has no authority over the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the department's gross revenues.

4. Parliamentary authorities

The department is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the department differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the department has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:



**a) Reconciliation of net cost of operations to requested authorities
(in thousands of dollars)**

	Forecast results 2019-20	Planned results 2020-21
Net cost of operations before government funding and transfers	115,421	96,795
Adjustment for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(14,142)	(14,142)
Amortization of tangible capital assets	(3,970)	(3,950)
Bad Debt expenses	-	(20)
Total items affecting net cost of operations but not affecting authorities	(18,111)	(18,111)
Adjustment for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	491	511
Increase in prepaid expenses	375	355
Total items not affecting net cost of operations but affecting authorities	866	866
Requested authorities forecasted to be used	98,176	79,549



b) Authorities requested (in thousands of dollars)

	Forecast results for 2019–20	Planned Results for 2020–21
Authorities requested		
Vote 1: operating expenditures	89,358	71,328
Statutory amounts		
EBP	9,148	8,222
Total authorities requested	98,506	79,549
Less: Estimated unused authorities and other adjustments	(330)	0
Requested authorities forecasted to be used	98,176	79,549