



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

	Forecast Results 2017-18	Planned Results 2018-19
Expenses		
Energy Adjudication	26,526	27,170
Safety and Environment Oversight	24,900	31,346
Energy Information	10,651	7,036
Engagement	5,242	4,667
Internal services	31,621	24,174
Total expenses	98,940	94,393
Revenues		
Regulatory fees	89,979	81,724
Miscellaneous revenues	89	120
Revenues earned on behalf of government	(90,068)	(81,844)
Total revenues	-	-
Net cost of operations	\$ 98,940	\$ 94,393

The accompanying notes form an integral part of these financial statements



Notes to the Future-Oriented Statements 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.

The information in the forecasted results for fiscal year 2017-18 is based on actual results as at December 31, 2017 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2018-19.

The main assumptions underlying the forecasts are as follows:

- The National Energy Board's (NEB or the Board) activities will remain substantially the same as for 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 December 31, 2017.

2. Variations and Changes to the Forecast Financial Information

Although every attempt has been made to forecast final results for the remainder of 2017-18 and for 2018-19, 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 NEB 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 expenses;
- the implementation of new collective agreements;
- economic conditions, which may affect the collectability of loan receivable;
- 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 NEB 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 Government's accounting policies in effect for fiscal year 2017–18, 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.

Expenses for the department's operations are recorded when goods are received or services are rendered, including services provided without charge for accommodation, employer contribution to health and dental insurance plans, legal services and workers' compensation, which are recorded as expenses at their estimated cost. Vacation pay and compensatory leave, as well as severance benefits, are accrued, and expenses are recorded as the benefits are earned by employees under their terms of employment.

Transfer payments are recorded as expenses when the recipients have met all the all the eligibility criteria and the transfers are authorized by March 31. In the case of transfers that do not for part of an existing program, the transfers are considered to be authorized when the government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary prior to the completion of the financial statements.

Expenses also include provisions to reflect changes in the value of assets, including provisions for bad debt on accounts receivable, provision for valuation on loans, investments and advances and inventory obsolescence, or liabilities, including contingent liabilities and environmental liabilities, to the extent the future event is likely to occur and a reasonable estimate can be made.

Expenses also include amortization of tangible capital assets, which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.



b) Revenues

Revenues from regulatory levies are recognized in the 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.

Revenues that have been invoiced but not yet earned are recorded as deferred revenue.

Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

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 NEB's gross revenues.

4. Parliamentary Authorities

The NEB receives most of funding through parliamentary authorities. Financial reporting of authorities provided to the NEB 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 NEB 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

	Forecast Results 2017-18	Planned Results 2018-19
	(in thousands of dollars)	
Net cost of operations	\$ 98,940	\$ 94,393
Adjustment for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capitals assets	(2,435)	(3,247)
Services provided without charge by other government departments	(13,384)	(13,384)
Decrease (increase) in vacation pay and compensatory leave	(273)	271
Decrease (increase) in employee future benefits	0	(100)
Refund of prior years' expenditures		(983)
Total items affecting net cost of operations but not affecting authorities	(16,092)	(17,443)
Adjustment for items not affecting net cost of operations but affecting appropriations:		
Acquisition of tangible assets	542	542
Increase (decrease) in prepaid expenses	1	0
Total items not affecting net cost of operations but affecting authorities	543	542
Requested authorities	\$ 83,391	\$ 77,493

b) Authorities requested

	Forecast Results 2017-18	Planned Results 2018-19
	(in thousands of dollars)	
Authorities requested:		
Vote 1 – Program expenditures	82,390	69,728
Statutory amounts	8,419	7,765
<i>Less:</i>		
Lapsed Authorities: Operating	(7,418)	
Requested authorities	\$ 83,391	\$ 77,493