



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

	Forecast Results 2018-19	Planned Results 2019-20
Expenses		
Energy Adjudication	24,023	26,817
Safety and Environment Oversight	26,058	26,190
Energy Information	10,185	11,060
Engagement	7,253	5,994
Internal services	35,438	37,948
Total expenses	102,957	108,009
Revenues		
Regulatory fees	83,659	112,003
Miscellaneous revenues	71	120
Revenues earned on behalf of government	(83,730)	(112,123)
Total revenues	-	-
Net cost of operations	\$ 102,957	\$108,009

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 2018-19 is based on actual results as at November 30, 2018 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2019-20.

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 November 30, 2018.

2. Variations and Changes to the Forecast Financial Information

Although every attempt has been made to forecast final results for the remainder of 2018-19 and for 2019-20, 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 *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 2018–19, 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 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.



National Energy
Board

Office national
de l'énergie

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 is financed by the Government of Canada 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 2018-19	Planned Results 2019-20
	(in thousands of dollars)	
Net cost of operations	\$ 102,957	\$ 108,009
Adjustment for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capitals assets	(3,960)	(4,291)
Services provided without charge by other government departments	(13,560)	(13,560)
Decrease (increase) in vacation pay and compensatory leave	(80)	(411)
Decrease (increase) in employee future benefits	(31)	(84)
Total items affecting net cost of operations but not affecting authorities	(17,631)	(18,346)
Adjustment for items not affecting net cost of operations but affecting appropriations:		
Acquisition of tangible assets	1,084	1,084
Increase (decrease) in prepaid expenses	(366)	322
Refund Revenue	14,710	
Total items not affecting net cost of operations but affecting authorities	15,428	1,406
Requested authorities	\$ 100,754	\$ 91,069



b) Authorities requested

	Forecast Results 2018-19	Planned Results 2019-20
	<hr/>	
	(in thousands of dollars)	
Authorities requested:		
Vote 1 – Program expenditures	82,624	82,536
Statutory amounts	23,410	9,148
<i>Less:</i>		
Lapsed Authorities: Operating	(5,280)	(615)
Requested authorities	<hr/>	<hr/>
	\$ 100,754	\$ 91,069