



Canada Energy Regulator - Annual Contribution Amount Calculation Form

Last updated: 23 May 2024

This document was initially introduced as Appendix XVI in the MH-001-2013 Reasons for Decision ([A60676](#)) and is updated over time, as required.

[Company Name]			
Computation of Annual Contribution Amount		Effective [date]	
Line #	Particulars / Formula	Values	Information to be furnished by Company with this form
Step 1: Provide latest Abandonment Cost Estimate			
Line 1	Abandonment Cost Estimate in base year dollars (in Canadian dollars of the base year – e.g. \$500,000 in 2023 Canadian dollars)		Provide: <ul style="list-style-type: none"> the REGDOCS number¹ and link to the Commission decision approving the Abandonment Cost Estimate, and the year of the dollars in which the ACE was specified.
Step 2: Convert Abandonment Cost Estimate to future value (i.e., cost estimated in future year dollars)			
Line 2	Base Case inflation rate	2.00%	
Line 3	Total years between base year in Line 1 and end of Collection Period (in years rounded to no fewer than two decimal places) ² = [end-date of the approved Collection Period] – [1 January of the year of the dollars used in the ACE in Line 1]		Provide: <ul style="list-style-type: none"> the REGDOCS number and link to the Commission decision approving the Collection Period, and both dates used in the formula (day, month and year).
Line 4	Future value of Abandonment Cost Estimate at end of Collection Period = Line 1 * (1 + Line 2) ^{Line 3}		

¹ All REGDOCS numbers should be in the format C_____, or if an older filing it may be in a format like A12345, A12345-9, or A1A1A1. This is not the file number found at the top of correspondence. For example, if the company's ACE was last approved by the Commission on 27 March 2024, the REGDOCS number and link is [C29054](#), and is not the file number at the top of the Commission's letter (i.e., it is not 3430786).

² Companies shall use partial years in Line 3 and Line 10, rounded to no fewer than two decimal places, based upon the day, month and year that contributions to trust will commence using the updated ACA, and the day, month and year that the Collection Period ends.

Step 3: Calculate company-specific after-tax rate of return on funds collected			
Line 5	Pre-tax rate of return on funds collected (in per cent of invested funds, before taxes, fees, and expenses)		Provide the REGDOCS numbers and links to all supporting filings (e.g., Statement of Investment Policy and Procedures, trust asset allocation study, Commission decisions, etc.).
Line 6	Adjustment for variable trustee expenses and investment management fees (in per cent of invested funds, for expenses and fees incurred as a percentage of invested funds)		
Line 7	Pre-tax return on funds collected, net of variable trustee expenses and investment management fees = Line 5 – Line 6		
Line 8	Company-specific tax rate on investment income (in per cent)		
Line 9	After-tax rate of return on invested funds (in per cent of invested funds) = Line 7 * (1 - Line 8)		
Step 4: Calculate the remaining Abandonment Cost Estimate to be collected			
Line 10	Years remaining in Collection Period after the updated ACA will take effect (in years rounded to no fewer than two decimal places) = [end-date of the approved Collection Period] – [date the updated ACA will take effect]		Provide both dates used in the formula (day, month and year).
Line 11	Trust balance (forecast or actual) on the date the updated ACA will take effect		Provide: <ul style="list-style-type: none"> • confirmation the date of the trust balance is the same date used in Line 10, • confirmation of whether the balance is a forecast or actual balance, and • if it is a forecast, a description of how it was estimated.³
Line 12	Future value of opening trust balance at end of Collection Period = Line 11 * (1 + Line 9) ^{Line 10}		

³ If the trust balance is a forecast, provide a description of the methodology used to calculate the forecast and all variables and assumptions necessary to recreate the calculation. The forecast should use the latest available actual trust balance, combined with: the additional trust contributions that will be made between the date of the actual trust balance and the date of the forecast balance, and the same rate of return assumptions outlined in Line 9 of this form.

Line 13	<p>Remaining balance of the future value of Abandonment Cost Estimate that must still be funded</p> <p>= Line 4 - Line 12</p>		
Step 5: Compute Annual Contribution Amount			
Line 14	<p>Annual Contribution Amount, before fixed trustee expense adjustment</p> $= \frac{(\text{Line 13} * \text{Line 9})}{[(1 + \text{Line 9})^{\text{Line 10}} - 1]}$		
Line 15	<p>Fixed trustee expenses (in dollars per year, for expenses incurred in dollars annually)</p>		
Line 16	<p>Annual Contribution Amount to Trust, including adjustment for fixed trustee expenses</p> <p>= Line 14 + Line 15 * (1 - Line 8)</p>		