



Annual Contribution Amount Calculation Form

Last updated: 15 June 2023

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	Values	Formula / Notes
Step 1: Provide latest Abandonment Cost Estimate			
Line 1	Abandonment Cost Estimate in base year		In Canadian dollars of the base year (e.g. \$500,000 in 2023 Canadian dollars). Provide reference to the regulatory instrument approving the Abandonment Cost Estimate
Step 2: Convert Abandonment Cost Estimate to future value (i.e. cost estimated in future year dollars)			
Line 2	Inflation rate	2.00%	Base Case inflation rate
Line 3	Years remaining in Collection Period		Provide reference to the regulatory instrument approving the Collection Period
Line 4	Years since the base year used in Line 1		
Line 5	Total years between base year in Line 1 and end of Collection Period		= Line 3 + Line 4
Line 6	Future value of Abandonment Cost Estimate at end of Collection Period		= Line 1 * (1 + Line 2) ^{Line 5}
Step 3: Calculate company-specific after-tax rate of return on funds collected			
Line 7	Pre-tax nominal rate of return on funds collected		In per cent of invested funds, before taxes, fees and expenses
Line 8	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 9	Pre-tax return on funds collected, net of variable trustee expenses and investment management fees		= Line 7 – Line 8
Line 10	Company-specific tax rate on investment income		
Line 11	After tax return on invested funds		= Line 9 * (1 - Line 10)
Step 4: Calculate the remaining Abandonment Cost Estimate to be collected			
Line 12	Opening trust balance (forecast or actual)		As of 1 January of the year of the effective date for the computed Annual Contribution Amount
Line 13	Future value of opening trust balance at end of Collection Period		= Line 12 * (1 + Line 11) ^{Line 3}
Line 14	Remaining balance of the future value of Abandonment Cost Estimate to be funded		= Line 6 - Line 13
Step 5: Compute Annual Contribution Amount			
Line 15	Annual Contribution Amount, before fixed trustee expense adjustment		= (Line 14 * Line 11) / [(1 + Line 11) ^{Line 3} - 1]
Line 16	Adjustment for fixed trustee expenses		In dollars per year, for those expenses incurred in dollars annually
Line 17	Annual Contribution Amount to Trust		= Line 15 + Line 16 * (1 - Line 10)