



STRIVING FOR EXCELLENCE

Annual Report - Fiscal 2005

Business Plan - Fiscal 2006-2008

Electrical Safety in Ontario Summary Report 2004



As we move electrical safety forward, ESA remains committed to our vision:

- Experts in Electrical Safety
- Superior Services and Solutions
- A recognized leader

Striving for Excellence is the theme we have chosen for this, our sixth annual review of the Electrical Safety Authority's business performance and our look ahead to the operational plans in place to manage the challenges of a new fiscal year. It is also the theme of our annual safety report summary, which we present for the second time.

Striving for Excellence has been ESA's method of operation since 1999, when it was established as a stand-alone, not-for-profit corporation responsible to an independent Board of Directors for public electrical safety in Ontario as designated by Ontario Regulation 89/99. Each year has brought new safety and business challenges and accomplishments that have allowed us to achieve our important public safety mandate.

ESA operates in accordance with the *Safety and Consumer Statutes Administration Act* under an administrative agreement with the Ministry of Consumer and Business Services (MCBS). Our delegated responsibilities include the

administration and enforcement of Part VIII of the *Electricity Act* and Ontario's *Electrical Safety Code*, and the *Electrical Distribution Safety Regulation*. Our mandated responsibility goes beyond the successful administration of this legislation. Our role also includes responsibility for electrical safety awareness to protect the Ontario public from potential electrical hazards in all aspects of their lives.

Meeting these challenges requires dedicated, knowledgeable and committed employees. It requires successful development of stakeholder relations and effective communication to support ESA. It requires a strong Board of Directors.

Our Board represents a diversified group of partners and stakeholders and forms the basis for consultation at all levels of operation across our safety business. It is through this consultation that we have been able to successfully introduce safety policies, regulations, and programs to enable electrical safety to continue to improve in Ontario.

Annual Report

Board of Directors	1
Message from the Chair	2
Report from the President and Chief Executive Officer	3

Business Overview

Striving for Excellence through Collaboration	5
Striving for Excellence through Commitment	7
Striving for Excellence through Communication	11
Financial Summary	13
Auditors' Report	16
2005 Financial Statements and Notes	17
2005 Operational Performance Review: Strategic Business Objectives	28

Business Plan

Mandate	33
Letter from the President and Chief Executive Officer	34
Planning Assumptions	35
Organizational Structure	35
2006 Strategic Plan 2006-2008 Business Objectives	36
Financial Projections and Trends	38
Privacy Guidelines, Complaints Policy, French Language Services	39
Advisory Councils	40

Electrical Safety in Ontario Summary Report 2004

Statement from the President and Chief Executive Officer	43
Summary Findings	44



STRIVING FOR EXCELLENCE

annual report

FISCAL 2005

Board of Directors

Dane B. MacCarthy (Chair), President, Annedane Investments Incorporated ^{2,3}

Robert M. Stelzer, President and CEO, Electrical Safety Authority ²

Robert G. Dowler, Assistant Deputy Minister, Policy and Consumer Protection Services, Ministry of Consumer and Business Services ^{1,3}

Wayne E. Gatien, President, Powertel ²

Michael Lio, President, Lio & Associates ¹

Margaret Kelch, Former President and CEO, Technical Standards and Safety Authority (from December 15, 2004) ^{2,3}

Reginald A. MacDonald, President, Honey Electric Limited ^{1,3}

Robert J. McGavin, Corporate Director ²

Roy Philippe, (Retired) Deputy Ontario Fire Marshal (to November 18, 2004) ^{1,3}

William Scott, (Retired) General Manager, York Hydro (to September 16, 2004) ^{1a,2}

Joseph L. Tersigni, Retired Chair and CEO, Marshal Macklin Monaghan ¹

Gordon Thursfield, President, Nexans North America ¹

Brad Vollmer, President, Vollmer and Associates ^{2,3}

John Wiersma, Chair, Veridian Corp. (from September 16, 2004) ^{2,3}

Board Appointed Officers

Robert M. Stelzer, President and Chief Executive Officer

Wayne Howard, Vice-President Finance and Chief Financial Officer ^{1a}

Peter Marcucci, Vice-President Regulatory Affairs and Corporate Services ^{1a}

Judith McTavish, Vice-President and General Counsel ^{1a}

Scott Saint, Vice-President and Chief Operating Officer ^{1a}

Ronald Schertzer, Vice-President Programs and Customer Service

Auditor

Ernst & Young

¹ The Audit, Finance & Risk Management Committee, chaired by M. Lio, held four meetings in fiscal 2005. ^{1a} Pension Committee held four meetings. (Chair W. Howard and includes L. Fields, Manager, Pensions, Finance Department, York University.) ² Nominating, Governance & Human Resources Committee, chaired by R. McGavin, held six meetings. ³ Regulatory Affairs Committee, chaired by R. MacDonald, held four meetings. ⁴ The Board of Directors held seven meetings and a two-day strategy session.

Following a long and distinguished career with Ontario Hydro in a number of Vice-Presidential positions, Mr. MacCarthy joined Michael Stern Associates. The experience he has acquired as the past Chairman of the Board of Directors of the Canadian Electricity Association and the Continental Automated Building Association supports the operation of the Electrical Safety Authority Board of Directors.



MESSAGE FROM the Chair

The Electrical Safety Authority's Board of Directors shares the organization's pride in the accomplishments of the past year. With its 'Striving for Excellence' goal, significant achievements were made in such areas as enhanced electrical safety, electrical distribution safety regulations, improved operational and financial performance, appeal process developments, and contractor licensing. These are discussed in more detail further in the report.

The Board applauds the efforts of management and staff, the Advisory Councils and industry partners who helped shape these and other important endeavours that expanded ESA's safety footprint. We also recognize and appreciate the contribution and support we received from the Ministry of Consumer and Business Services.

The Board also contributed to corporate achievements by utilizing the broad-based business, industry and government experience of its 12 members.

The Board takes its corporate governance role very seriously. The Board's responsibility is to

ensure that the business of the organization is conducted with integrity and that the interests of the Ontario community are protected. It does this through such activities as:

- Review and approval of corporate strategy
- Financial monitoring and control
- Ongoing assessments of corporate performance against targets
- Approval of compensation practices
- Analysis of business opportunities and risks

This past year Directors participated in a two-day strategy session with ESA's executive managers as well as a Consumer and Business Affairs annual retreat for Directors of Delegated Administrative Authorities. These and other due diligence activities are largely carried out through regular Board meetings and the work of three major committees: Regulatory Affairs, Audit & Risk Management, Governance and Human Resources. In addition to assessing the performance of the CEO, annual assessments are made of the Board's performance plus an individual assessment of each Board member.

This year we attracted two new members to the Board. John Wiersma, Chair of Veridian Corporation, who has in-depth knowledge of the utility industry, and Margaret Kelch, formerly President and Chief Executive Officer of the Technical Standards and Safety Authority (TSSA), who brings to the Board an extensive background in public policy.

We extend our appreciation and good wishes to retiring Board members William Scott, who was a charter member, and Roy Philippe, who served since 2000. I would also like to express my personal gratitude to Bob McGavin, who so ably assumed leadership of the Board for a number of months this past year.

The information contained in this document reviews our position for fiscal 2005 and looks ahead to the challenges of 2006. In addition, for the second year, we present a summary of findings from the Electrical Safety in Ontario Report.

A handwritten signature in dark ink, appearing to read 'Dane MacCarthy'.

Dane B. MacCarthy
Chair, Electrical Safety Authority



With over 25 years of experience in the electrical and industrial electronics industry, Mr. Stelzer has been leading the development of the Electrical Safety business in Ontario since 2001. Prior to joining the Electrical Safety Authority Mr. Stelzer used his engineering, marketing and sales experience to grow and establish Canadian and International businesses.

LETTER FROM THE President & Chief

Fiscal 2005 was another successful year for the Electrical Safety Authority as we continued to strive for excellence. With Operational Excellence as our guiding theme, we moved our organization closer to its primary objective of providing leadership in electrical safety.

Once again we followed an ambitious business strategy containing measurable objectives and action plans. As we shared the strategy with our staff and stakeholder groups we continued to focus on a collaborative approach to developing unique and successful safety initiatives.

We undertook the successful implementation of the *Electrical Distribution Safety Regulation* and have established a Utility Advisory Council that is working cooperatively with us to produce and develop industry guidelines.

We assisted with the introduction of Bill 70, which establishes electrical contractor licensing in Ontario. This legislative approval is the culmination of the efforts associated with ESA's partnerships with the Electrical Contractors

Association of Ontario (ECAO) and the Ontario Electrical League (OEL) coupled with the outstanding support of the Ministry of Consumer and Business Services.

In addition to continuing our highly regarded Annual Electrical Safety in Ontario Report, safety was the focus of two awareness initiatives. We expanded our relationship with Home Depot, where we introduced in-store kiosks in five pilot locations that enable consumers and employees to access important safety information associated with specific electrical installations. Secondly, in response to a systemic problem associated with 347-volt circuits and the use of multi-meters in the electrical trades, we developed an awareness campaign to remind electrical workers of the associated risks and dangers.

In response to consumer requests for electrical safety and Ontario *Electrical Safety Code* related information, ESA developed and introduced an on-line Frequently Asked Questions database.

Executive Officer

Through the efforts of our in-house Wiring Council we have improved the defect follow-up process to bring quicker resolution to life and/or property hazards.

Using new software, and responding to Inspector feedback, we designed and implemented a mobile software system that reduces Inspectors' administrative time, enabling them to focus on delivering electrical safety.

Working closely with the Power Workers' Union we negotiated a two-year collective agreement that continues to strengthen our relationship with employees and provides stability to our business.

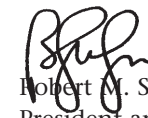
To ensure we have Inspectors available when our customers need them, we enhanced our Hiring Hall initiative to provide qualified Inspectors during seasonal peaks. This resource has reduced Inspector visit backlog.

We have made it easier to do business with ESA. In addition to enhancing our delivery services, we improved our self-serve automated systems, facilitating on-line application and status monitoring on a 24/7 basis. We received 370,000 requests for inspection services, of which 51,000 were submitted on-line.

A buoyant residential building market in combination with ESA's efforts to diversify revenue sources and maintain cost control resulted in a solid financial performance for the year. The additional revenue realized in fiscal 2005 was used to enhance and extend the reach of our public safety awareness initiatives and to introduce new systems to allow ESA to streamline customer and public access to our organization.

The Electrical Safety Authority is committed to delivering an optimal level of service at reasonable cost. I am proud of the strides we made toward that goal in fiscal 2005.

I am proud of our dedicated and committed employees and the work they do. I am grateful to our Advisory Councils, industry partners, the Ministry of Consumer and Business Services, and other stakeholders who have worked with us and who have championed our efforts. Together, we are making Ontario safer.



Robert M. Stelzer
President and Chief Executive Officer
Electrical Safety Authority

STRIVING FOR EXCELLENCE through

collaboration



Established a Utility Advisory Council.

•

Created seven subcommittees within the Utility Advisory Council.

•

Received authority over Contractor Licensing – Bill 70.

•

Requested regulatory approval for an appeals process.

•

Produced an unsafe product strategy.

•

Introduced an On-Line FAQ database for the general public.

•

Developed safe work practices to address potential customer site hazards.

•

Classified Senior Inspectors as Supervisors.

•

Conducted quarterly meetings with ESA Councils.

•

Worked to harmonize national safety through contributing to enhancements to the National Electrical Code.

Detailed information on business objectives reported on page 28. See www.esasafe.com for details on Performance Measures.

Collaboration is key to every aspect of the Electrical Safety Authority's business and nowhere was that more evident than in two important regulatory initiatives that were addressed in fiscal 2005. These regulations will bring together other electrical industry participants to further extend electrical safety in Ontario.

with stakeholders

One initiative was the implementation of an *Electrical Distribution Safety Regulation*, which creates a role for ESA in the oversight of safety in Ontario's electrical distribution industry. In early fiscal 2005, ESA introduced a comprehensive process to ensure an industry-supported implementation.

The introduction of a Utility Advisory Council in mid-2004 has facilitated the development of the operational details of the regulation. The Council is comprised of 30 members representing local distribution companies, consumers, labour unions, manufacturers, standards-writing organizations, safety associations, electrical contractors and other regulatory authorities. Seven working subcommittees are developing guidelines to facilitate implementation requirements of specific sections of the Regulation.

The second initiative was the approval of Bill 70, which gives ESA responsibility for electrical contractor licensing. This legislation has the potential to change the nature of ESA's business and to expand our scope beyond electrical installations and products to include licensing of electrical contractors and electricians. This provides us, for the first time, with the opportunity to directly influence consumer behaviour associated with the use of licensed electrical contractors.

ESA garnered support from various stakeholders during the consultative process to impact regulatory change. Industry stakeholders played a role in the development of both regulations, and ESA's Consumer Advisory Council represented consumer interests and expectations associated with electrical safety and safe electrical installations. The collective support of industry and consumer stakeholder groups has not only enabled ESA and the Government of Ontario to introduce this legislation, it has also reinforced the faith and trust ESA has established with our safety stakeholders.

Working together with standards associations, ESA is developing strategies to counter unsafe electrical products entering the Ontario market and endangering the lives of Ontario residents. As we continue to address this situation, committed partners and sufficient resources are essential to our success, as is supportive legislation. We are actively working with our staff and Advisory Councils to ensure the structure is in place to support our work on unsafe product initiatives.

As ESA expands the regulatory framework for public electrical safety we recognize the importance of establishing a formal process for appealing decisions made under the *Electrical Safety Code* and the *Electrical Distribution Safety Regulation*. We collaborated with external stakeholders, the government, and the Regulatory Affairs Committee of our Board of Directors to establish a formal appeals process. An independent review panel with legal authority to render decisions in disputes has been established.

We continue to maintain and grow our cooperative relationship with our employee bargaining units and collaboration on several fronts has had an extremely positive impact on our business in fiscal 2005.

We worked together with the Power Workers' Union (PWU) to strengthen the Hiring Hall concept to respond to seasonal peaks, and as a result decreased our backlog on inspection services. Even during peak periods, and at the height of construction, we maintained a tight band of 2 to 2½ per cent of defects outstanding. Our challenge is to continue to refine this process in fiscal 2006.

We also worked with the PWU to address a long-standing operational issue by establishing a supervisory role for Senior Inspectors. Subsequently each Senior Inspector was provided with 2½ days of training in supervisory skills, and health and safety requirements.

To ensure workers have the tools, training, and information to protect themselves from potential hazards on the job, ESA worked closely with the PWU and the Society of Energy Professionals to develop a number of best business practices and safe work procedures. These practices and procedures enable Inspectors to review and respond to potential hazards associated with buildings and facilities they are entering. The development of ESA's safe work procedures for inspecting clandestine drug laboratories is a model for employee safety that can be adopted by other public service organizations.

A black and white photograph of a rock climber ascending a steep, craggy cliff face. The climber is positioned on the left side of the frame, with their body angled upwards. The background is a vast, hazy sky with soft, wispy clouds. The overall mood is one of challenge and achievement.

STRIVING FOR EXCELLENCE through

commitment

Contractors reported a 78% satisfaction level associated with the customer service provided by ESA.

•

Contractors reported a 78.4% satisfaction level associated with the inspection service provided by ESA.

•

Contractors reported a 69% satisfaction level with Programs offered by ESA.

•

Contractors reported a 65% satisfaction level with the opportunity they have to provide feedback to influence ESA initiatives and decision-making.

•

Inspector utilization increased by 18%.

•

Conducted 459,795 inspection visits.

•

Conducted 15,669 investigations.

•

Generated 370,000 requests for inspection services.

•

Responded to 51,000 on-line requests for inspection services.

•

Approved 2,475 plans and specifications for electrical work.

•

Grew the Continuous Safety Service business by 17%.

•

Grew the Field Evaluation business by 11%.
Field evaluated 89,286 pieces of electrical equipment.

•

Provided all Inspectors with Code update training.

•

Redeveloped seven training modules.

•

Trained 8,037 customers on Code requirements.

•

Enhanced Authorized Contractor Program participation requirements.

Detailed information on business objectives reported on page 28. See www.esasafe.com for details on Performance Measures.

From initial contact with the Customer Service Centre, to the timely arrival of the Inspector in the field, the Electrical Safety Authority has dedicated itself to making its business more customer responsive.

to service

CUSTOMER SERVICE

Excellent customer service begins at the Customer Service Centre (CSC), the first point of contact through which all customers enter the Electrical Safety Authority (ESA) system.

About 30 per cent of ESA's total requests for inspection services are initiated over the telephone, and more than 430,000 calls were logged at the CSC. The remainder of the work is initiated by fax, e-mail, or submitted on-line. The CSC's role is to document and prioritize the information and deliver it to the appropriate Inspector in a timely manner.

The introduction of a 24/7 on-line system has been met with positive customer response. As a result, approximately 10 per cent of ESA's total work requests are being processed directly by our customers. The demand for this self-serve option continues to escalate, and the on-line service has been extended beyond residential to the commercial and industrial sectors.

Many contractors who select the on-line option to enter and monitor applications for electrical inspections have indicated this service improves their operational efficiency. More than 51,000 on-line notifications were received, and the expansion of the on-line option will continue to be a key focus in fiscal 2006.

By introducing new telephone features and upgraded computers in our Customer Service Centre, we have been able to reduce wait times, increase productivity and improve customer service. This was demonstrated in our customer satisfaction survey where contractors reported higher levels of satisfaction in all categories associated with the customer service function. A one number call strategy has been initiated to streamline calls. By calling 1-877-esa-safe (372-7233), customers enter a system that automatically recognizes their area code and directs them to a Customer Service Representative associated with that area.

Our ability to respond to public inquiries has been enhanced by the development of an FAQ (Frequently Asked Questions) database. The database is used by Customer Service Representatives to respond to basic questions associated with the Ontario *Electrical Safety Code*. Responses can be provided over the phone, or callers can be directed to the FAQ section of ESA's website at www.esasafe.com.

We are pleased our customer service accuracy rate continues to be in the 99 per cent range. Accuracy is monitored through regular quality control audits and addressed through ongoing training updates.



INSPECTION SERVICES

Operationally, the year's most significant achievement in technology and business process improvement was the introduction of FieldWorker, a software package that communicates the daily work of electrical Inspectors. Equipped with new laptop computers and the FieldWorker software, Inspectors now spend minutes daily instead of an hour or more processing work. As a result, Inspectors have more time to focus on inspections and contractor needs, and are able to deliver safety services more efficiently and effectively.

Staff from ESA's Information Technology Group worked closely with Inspectors, Programs Staff, and Customer Service Representatives to ensure the software and training programs met stringent user requirements. FieldWorker was delivered on time, on budget and with the promised functionality.

To improve our response to emergency situations we introduced a 24/7 inspection response system. Previously ESA dealt with emergencies on a 'best effort' basis, so this is a significant service delivery improvement.

Inspector knowledge of the Ontario *Electrical Safety Code* was enhanced through 2½ days of training focused on improving consistent interpretation and application of specific requirements in the Code. This training was delivered to all Inspectors to enable ESA to better support customers in meeting Code requirements.

We met our commitment to reduce the number of defects outstanding by implementing a clear process to ensure timely response and corrective action. The new system brings greater clarity to the Inspector's role in defect follow-up and will assist us in reducing the level of outstanding defects greater than 60 days.

PROGRAM OFFERINGS

We are changing processes and work practices to ensure ESA programs will result in increased efficiency and effectiveness. This includes efficiency and effectiveness of service delivery as well as safety impact.

The Authorized Contractor Program (ACP) has been modified to include more stringent requirements to ensure participants deliver high quality Code compliant work. We have changed the way we calculate the acceptance level of recognizing ACP members. Consumers use our ACP listing to assist in selecting a qualified electrical contractor. ESA wants to ensure the highest possible level of compliance and safety performance is achieved.

Continuous Safety Services (CSS) customers are now receiving detailed lists of defects through a defect-tracking model that is offered to program participants. We have increased the level of reporting detail we provide CSS clients to allow them to demonstrate they are identifying and responding to potential hazards in their facilities. This increases the level of safety we are able to provide, and adds value to our customers in demonstrating their due diligence.

Through enhancements to ESA program offerings, we are improving service delivery. We are seeking to measure the right things and are driving those measures in the right direction. However, we still have room to do better. Working with our employees, stakeholders, and our customers we will continue to modify programs to better respond to customer safety needs.

STRIVING FOR EXCELLENCE through

communication



Issued 44 safety alerts.

•

Published 18 safety articles.

•

Produced 32 Code Bulletins.

•

Distributed 26,000 packages on 347-volt system safety.

•

Increased electrician perception of
347-volt systems as high-risk by 10.5%.

•

Responded to 1,183 inquiries received
through the FAQ database.

•

Increased brand awareness through
the point-of-purchase pilot by 47%.

•

Responded to 530 inquiries received
through the corporate website.

•

Grew corporate website hits to a monthly
average of 850k – exceeding 1 million hits
monthly starting January 2005.

•

Participated in the summer
2004 Elecsafe Plug in Safely campaign.

•

Distributed 250k Plug in Safely
bookmarks through Ontario libraries.

•

Received 39,000 hits on the
retail pilot in-store information kiosks.

*Detailed information on business objectives
reported on page 28. See www.esasafe.com
for details on Performance Measures.*

The Electrical Safety Authority undertook an ambitious plan in fiscal 2005 to positively change the way individuals perceive and work with electrical installations and products.

in support of safety

A public safety campaign launched in partnership with Home Depot a year earlier was expanded to include interactive information kiosks in five store locations. This campaign provides important safety information on electrical products and installations to consumers at the point-of-purchase to ensure safety considerations are factored into purchase decisions. The kiosks provide consumers and Home Depot employees with consistent and thorough information based on the Ontario *Electrical Safety Code*. ESA is committed to expanding this campaign in fiscal 2006 to reach more consumers.

A campaign was launched to address a systemic problem in the electrical trades involving work with 347-volt systems and multi-meters. Surveys were sent to 5,000 electrical trades people to assist ESA in developing its message and establishing a benchmark for measuring impact. Information gleaned from this research, and discussions with electrical contractors, was used to define ESA's approach to developing the program. This resulted in a well-received information campaign that is fully supported and promoted by industry partners, including the Ontario Electrical League (OEL), the Electrical Contractors Association of Ontario (ECAO) and the International Brotherhood of Electrical Workers (IBEW).

In response to consumer requests for information, ESA's Regulatory Group developed and launched an internet-based Frequently Asked Questions (FAQ) database. Created in response to a need to provide basic electrical safety information to homeowners, the FAQ includes more than 150 frequently asked questions and responses based on the requirements of the Ontario *Electrical Safety Code*. From July 2004 to March 31, 2005, answers to questions in the database were accessed more than 52,000 times. The FAQ is used by our Customer Service Representatives to assist them in responding to homeowner inquiries, and can be accessed on-line from our corporate website.

ESA's web site at www.esasafe.com continues to provide safety information to the public and Ontario businesses. In January 2005, the one million mark of successful server hits in a month was recorded and use continues to increase. Visitors are engaged in all areas of the site, and more than 1,000 web-based inquiries were submitted and responded to in fiscal 2005.

ESA continues its leadership role in the Elecsafe Alliance of industry partners dedicated to promoting electrical outlet safety. The 'Don't Be Shocked - Plug in Safely' campaign targeted children through Safety Villages in London, York and Niagara; families through Ontario's network of libraries; and construction workers through the Construction Safety Association of Ontario.

We continue to actively reach stakeholders through submissions to trade and professional publications. Articles about Ontario *Electrical Safety Code* consistency are now a regular feature in several industry publications.

In addition, articles were submitted to publications targeted at the insurance and legal communities to address risk management associated with electrical installations.

Our five Advisory Councils continue to be a vital communication link to stakeholder communities and ensure ESA does not make decisions in isolation. Council members provide input and feedback throughout the development of business processes and safety initiatives.

Each of ESA's communication partners and programs supports a path of greater understanding and awareness of the need to work safer electrically.

STRIVING FOR EXCELLENCE

financial



summary

ESA has focused on strengthening its financial position over the past year to ensure the ongoing provision and improvement of electrical safety services in Ontario. In the past three years ESA has made significant progress towards achieving financial stability. This continued in fiscal 2005, and resulted in ESA releasing funds to bring a number of operational excellence initiatives to completion. The financial plan continued to focus on diversifying revenue sources, containing costs, achieving operating efficiencies, minimizing capital spending and executing our business plan initiatives. These objectives were achieved.

Revenue increased to \$61.5 million in fiscal 2005, an increase of 17.4% from fiscal 2004 and reflected increases across all business lines. Revenue increased due to strong economic activity in Ontario and modestly higher wiring inspection fees.

Wiring revenue (both residential and commercial) increased by 13.4% while revenue from Continuous Safety Services (CSS) contracts increased by 16.9%. New residential construction grew by 4.6% despite earlier predictions of a steady decline. Inspection services for new residential construction represented 30.6% of total wiring related services as housing starts equated to those in the previous fiscal year. The contribution from this segment is expected to decline over subsequent fiscal years, therefore, the Company continues to expand or develop other services and revenue sources. Total wiring services represented 64% of revenue in fiscal 2005 (fiscal 2004 – 66%); CSS services represented 22% of fiscal 2005 revenue (fiscal 2004 – 22%), and other services represented 14% of fiscal 2005 revenue (fiscal 2004 – 12%). Other services include Utility Regulations and Field Evaluations.

Operating expenses (before depreciation and investment income) increased to \$53.9 million compared to \$47.9 million in fiscal 2004 representing a 12.5% increase. This increase in expenses mainly related to the fiscal 2005 initiatives to enhance operational excellence and contracted labour increases and benefit costs including pension costs. There were increases to non-labour operating expenses of 21.5% (after four consecutive years of decreases) and increases to labour related expenses of 10.1%. Initiatives to enhance operation excellence in fiscal 2005 resulted in additional spending of \$3.5 million. These costs included such programs as improving defect follow-up, safety awareness and communication, implementing Utility Regulations, staffing inspection seasonal peaks and business diversification, among others. The cost of benefits, including pension, increased from \$7.0 million last year to \$8.5 million this year, an increase of 21.4%. This continued escalation in the cost of benefits will be reviewed by the business in conjunction with its employee collective bargaining units.

Operating margin (before depreciation and investment income) of \$7.6 million (12.4% of revenue) compares to \$4.5 million in the previous fiscal year (8.6% of revenue). Depreciation net of investment income was reduced to \$1.4 million from \$1.5 million last year.

The increase in revenue more than offset the increase in operating expenses resulting in a net excess (revenue exceeding expenses) for fiscal 2005 of \$6.2 million compared to a net excess in fiscal 2004 of \$2.9 million.

Cash flow in fiscal 2005 of \$3.6 million compared to \$8.9 million in fiscal 2004. Cash flow decreased due to an investment in capital assets of \$3.3 million in fiscal 2005. ESA implemented a new FieldWorker software tool for its inspectors, replaced a significant number of servers and staff computers and invested in new facilities for the Customer Service Centre. There was limited capital spending in fiscal 2004. Capital spending will again be significant in fiscal 2006 as ESA has entered into a contract to purchase the facility currently being occupied by the Customer Service Centre in Cambridge, and as further investments are made on upgrading the information technology infrastructure.

The balance sheet continued to improve in fiscal 2005 with total cash and investments of \$27.5 million compared to \$23.9 million last year. In addition, total assets exceed total liabilities by \$5.1 million; however, the balance sheet does not reflect the \$11.0 million net deficiency in the ESA Pension Plan. The funding of this deficiency, although a concern, is reflected in the Company's business plans.

The Electrical Safety Authority continued on its path of financial prudence in the past fiscal year. Investments were made in enhancing operational efficiency and excellence, introducing new safety initiatives and strengthening our infrastructure. As always, the Company must continue to be diligent to spend wisely, improve productivity, improve customer service and reduce its reliance on wiring services in the future. Our strategic plan addresses these issues.

A handwritten signature in black ink, appearing to read "W. Howard", with a long horizontal stroke extending to the right.

Wayne Howard
Vice-President Finance and Chief Financial Officer

auditors' report

TO THE DIRECTORS OF ELECTRICAL SAFETY AUTHORITY

We have audited the balance sheet of **Electrical Safety Authority** as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Corporations Act (Ontario), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,
May 24, 2005.

Ernst & Young LLP

Chartered Accountants

BALANCE SHEET

As at March 31
(in thousands of dollars)

2005
\$

2004
\$

(restated - note 11)

ASSETS

Current

Cash and cash equivalents	1,805	19,139
Trade accounts receivable, net	5,694	5,046
Short-term investments (note 3)	2,431	4,735
Other assets	653	754

Total current assets	10,583	29,674
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Long-term investments (note 3)	23,266	—
Capital assets, net (note 4)	4,046	2,783
Deferred pension asset (note 5)	7,434	5,730
	45,329	38,187

LIABILITIES AND NET ASSETS

Current

Accounts payable and accrued charges	7,799	7,620
Deferred revenue	8,790	8,669

Total current liabilities	16,589	16,289
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Employee future benefit obligations (note 5)	23,687	23,037
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Total liabilities	40,276	39,326
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Contingencies and commitments (notes 4, 9 and 10)

Net assets

Invested in capital assets	4,046	2,783
Internally restricted (note 7)	24,089	6,956
Unrestricted	(23,082)	(10,878)

Total net assets	5,053	(1,139)
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	45,329	38,187
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See accompanying notes

Approved on behalf of the Board:



Director



Director

STATEMENT OF OPERATIONS

Year ended March 31 (in thousands of dollars)	2005 \$	2004 \$
Revenue (note 11)	61,503	52,370
Expenses		
Salary, wages and benefits (note 5)	41,259	37,480
Operating	12,664	10,427
Depreciation (note 4)	2,062	2,150
Investment income (note 6)	(674)	(601)
	55,311	49,456
Excess of revenue over expenses for the year	6,192	2,914

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

(in thousands of dollars)

	Unrestricted \$	Internally restricted \$ (note 7)	Invested in capital assets \$	Total \$
Balance, March 31, 2003 (as previously reported)	(14,362)	6,956	4,543	(2,863)
Restatement (note 11)	(1,190)	—	—	(1,190)
Balance, March 31, 2003 (as restated)	(15,552)	6,956	4,543	(4,053)
Excess of revenue over expenses for the year	5,064	—	(2,150)	2,914
Purchase of capital assets	(390)	—	390	—
Balance, March 31, 2004	(10,878)	6,956	2,783	(1,139)
Excess of revenue over expenses for the year	8,121	133	(2,062)	6,192
Board transfer (note 7)	(17,000)	17,000	—	—
Purchase of capital assets	(3,325)	—	3,325	—
Balance, March 31, 2005	(23,082)	24,089	4,046	5,053

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31 (in thousands of dollars)	2005 \$	2004 \$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	6,192	2,914
Add (deduct) items not involving cash		
Depreciation	2,062	2,150
Gain on sale of investments	—	(111)
Decrease (increase) in deferred pension asset	(1,704)	110
Increase in employee future benefit obligations	650	942
	7,200	6,005
Net change in non-cash working capital balances related to operations (note 8)	(247)	3,245
Cash provided by operating activities	6,953	9,250
INVESTING ACTIVITIES		
Purchase of short-term investments	(1,761)	(1,205)
Purchase of long-term investments	(19,201)	—
Purchase of capital assets	(3,325)	(390)
Proceeds on sale of investments	—	5,088
Cash provided by (used in) investing activities	(24,287)	3,493
Net increase (decrease) in cash and cash equivalents during the year	(17,334)	12,743
Cash and cash equivalents, beginning of year	19,139	6,396
Cash and cash equivalents, end of year	1,805	19,139

See accompanying notes

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2005

(in thousands of dollars)

1. BASIS OF PRESENTATION

The Electrical Safety Authority (the "Company" or "ESA") is a corporation without share capital incorporated under the Corporations Act (Ontario) and operating as an Administrative Authority under an Administrative Agreement with the Ministry of Consumer & Business Services ("MCBS"). ESA is not taxable under Section 149 of the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of ESA have been prepared in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with that of the preceding year. The following is a summary of the significant accounting policies followed by ESA:

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Rate-setting

ESA establishes fees to be paid for inspection and approval services as described in Section 113(1) of the *Electricity Act*, 1998. Effective April 1, 2003, ESA was granted the authority to establish its own fees for services that in the past required the approval of the MCBS.

Revenue recognition

Revenue is recognized based on the attributes of the service line. Revenue is recognized monthly on a pro-rata basis for long-term contracts, which generally span 12 months. Short-term contract revenue is recognized when the initial inspection service is completed. Revenue billed but not earned is carried forward as deferred revenue.

Capital assets

Capital assets are carried at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis when the related assets are put to use over the estimated useful lives of the assets which are as follows:

Computer software and licenses	5 years
Electronic equipment	3 years
Telephone and projection system equipment	5 years
Office furniture and inspection equipment	10 years

Leasehold improvements are depreciated on a straight-line basis over the term of the lease. Repairs and maintenance costs are charged to the statement of operations as incurred.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2005

(in thousands of dollars)

Investments

Short-term investments are carried at the lower of cost or market value. Long-term investments are carried at amortized cost except those investments with a loss in value that is other than a temporary decline, which are written down to recognize the loss. A write-down of an investment to reflect a loss in value is not reversed if there is a subsequent increase in value. The gain or loss on the sale of investments is calculated on the basis of the average carrying value.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted cash and short-term deposits, with original terms to maturity of less than 90 days.

Employee future benefits

The cost of pensions and other post employment and post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs except for the long-term disability plan which is actuarially determined using that accrued benefit method. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains and losses and past service costs from plan adjustments are amortized on a straight-line basis over the expected average remaining service period of active employees.

The costs of termination benefits and compensated absences are recognized when the event that obligates ESA occurs; costs include projected future compensation payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

Employee future benefit liabilities are discounted using current interest rates on long-term bonds.

ESA accrues its obligations under pension and other post employment benefits "OPEB" plans and the related costs, net of plan assets.

3. INVESTMENTS

Investments consist of the following:

	2005 \$	2004 \$
Short-term investments	6,496	4,735
Federal bonds	7,549	—
Provincial bonds	4,155	—
Corporate bonds	7,497	—
Total (quoted market value - \$25,409)	25,697	4,735
Less short-term investments recorded as current	(2,431)	(4,735)
Long-term investments	23,266	—

Long-term investments are internally restricted for future expenditures for post retirement benefits (notes 5 and 7). The bonds have a weighted average term to maturity of 33 months and a weighted average interest rate of 4.7%.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2005

(in thousands of dollars)

4. CAPITAL ASSETS

Capital assets consist of the following:

	2005			2004		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	\$	\$	\$	\$	\$	\$
Computer software and licenses	7,849	6,641	1,208	6,638	5,251	1,387
Electronic equipment	2,532	1,165	1,367	1,842	1,537	305
Telephone and projection system equipment	521	301	220	447	209	238
Office furniture and inspection equipment	1,071	553	518	1,071	453	618
Leasehold improvements	1,592	859	733	1,548	1,313	235
	13,565	9,519	4,046	11,546	8,763	2,783

Included in 2005 is \$304 for capital projects in process (2004 - \$120), which will be transferred to completed projects during 2006. There was no depreciation recorded for capital projects in process in 2005 and 2004.

In March 2005, the Company entered into an agreement to purchase a building and land currently being occupied by the Company's customer service centre in Cambridge, Ontario for the amount of \$2,935,000. This transaction is expected to close on June 13, 2005.

5. EMPLOYEE FUTURE BENEFIT PLANS

ESA's employee benefit plans include defined benefit plans that provide pension and Other Post-Employment Benefits (OPEB) such as medical, dental and life insurance benefits to most of its employees. The registered pension plan, contributions to which are governed by the Pension Benefits Act of Ontario, is a contributory defined benefit plan covering all regular employees of ESA. Defined benefit plan assets and obligations and related expenses are impacted by factors including interest rates, adjustments arising from plan amendments and changes in assumptions.

The accrued benefit obligations for the pension plan and the supplemental employee retirement plan are measured as at December 31, 2004 and OPEB and long-term disability are measured as at March 31, 2005. The fair value of assets is determined using the December 31, 2004 asset values.

The actuarial present value of the accrued pension benefits for accounting purposes is estimated as at March 31, 2005 based on a projection of the actuarial valuation as at January 1, 2002. The effective date of the next required actuarial valuation report for funding purposes for the pension plans will be January 1, 2005.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2005

(in thousands of dollars)

Information about ESA's defined pension benefit plans and OPEB plans for the year ended March 31, 2005 and 2004 is as follows:

	2005		2004	
	Pension benefit plans \$	OPEB plans \$	Pension benefit plans \$	OPEB plans \$
Accrued benefit obligation, end of year	152,699	24,654	138,435	22,132
Fair value of plan assets, end of year	141,718	—	130,336	—
Funded status - plan deficit	(10,981)	(24,654)	(8,099)	(22,132)
Unamortized net actuarial loss (gain)	13,558	1,436	5,446	(28)
Deferred asset loss	1,843	—	7,665	—
Unamortized past service costs	2,399	125	3,115	170
Unamortized transitional obligation	(2,778)	(173)	(3,334)	(208)
Employer contributions in stub period	3,393	—	937	—
Accrued benefit asset (liability)	7,434	(23,266)	5,730	(22,198)
Add Workplace Safety Insurance Board of Ontario liability	—	(421)	—	(839)
Total employee future benefit obligations	7,434	(23,687)	5,730	(23,037)

The amount of \$7,434 (2004 - 5,730) reported on the balance sheet as a deferred pension asset represents the excess of the net assets over the actuarial value of accrued pension benefits and consists of a balance of \$8,067 (2004 - 6,297) in the pension plan and a liability of \$633 (2004 - \$567) in the Supplementary Retirement Plan.

The net benefit plan expense for the year ended March 31, 2005 for the pension benefit plans is \$4,481 (2004 - \$2,942) and for OPEB plans is \$2,204 (2004 - \$1,689).

The significant actuarial assumptions adopted in measuring ESA's accrued pension benefits and OPEB obligations for the year ended March 31 are as follows:

	Pension benefit plans		OPEB plans	
	2005 %	2004 %	2005 %	2004 %
Discount rate	6.00	6.25	6.00	6.50
Expected long-term rate of return on plan assets	6.90	6.90	n/a	n/a
Rate of compensation				
Increase (before merit)	3.00	3.00	n/a	n/a
Increase in Consumer Price Index	2.50	2.50	2.50	2.50

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2005

(in thousands of dollars)

The significant actuarial assumptions adopted in measuring ESA's expenses for pension benefits and OPEB obligations for the year ended March 31 are as follows:

	Pension benefit plans		OPEB plans	
	2005 %	2004 %	2005 %	2004 %
Discount rate	6.25	7.25	6.50	7.25
Expected long-term rate of return on plan assets	6.90	6.90	n/a	n/a
Rate of compensation				
Increase (before merit)	3.00	3.50	n/a	n/a
Increase in Consumer Price Index	2.50	3.00	2.50	2.50

ESA's rate of growth for health care costs was estimated at 9% per annum and was assumed to decrease gradually to 4.5% in five years and remain at that level thereafter.

The pension plan assets principally include equities and corporate and government debt securities, which are selected by professional investment managers. Pension plan assets are valued using current market values.

The pension plan assets are invested as follows:

	2005 %	2004 %
Cash	2	1
Fixed income securities	34	32
Canadian equities	20	22
US equities	20	21
Non North American equities	24	24

Other information about ESA's defined benefit pension plans is as follows:

	2005 \$	2004 \$
Employer contributions	6,167	2,815
Employees' contributions	1,540	1,436
Benefits paid	5,591	5,229

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2005

(in thousands of dollars)

6. INVESTMENT INCOME

Investment income represents the gain or loss on short-term and long-term investments and interest earned on investments and cash and cash equivalents.

7. INTERNALLY RESTRICTED NET ASSETS

Certain net assets are restricted for specific purposes relating to future expenditures for post retirement benefits. Based on budgets and Board of Directors approval, the necessary transfers are made from or to unrestricted net assets.

8. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2005 \$	2004 \$
Trade accounts receivable	(648)	(693)
Other current assets	101	11
Accounts payable and accrued charges	179	731
Deferred revenue	121	3,196
	(247)	3,245

9. CONTINGENCIES

The Company, in the normal course of its operations, is subject to contingencies. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, management believes that the ultimate outcome of these matters would not have a significant impact on its financial position and results of operations.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2005

(in thousands of dollars)

10. LEASE COMMITMENTS

The Company is committed to premises and equipment leases with terms expiring at various dates during the next five years and thereafter. Future minimum annual payments under non-cancellable operating leases consist of the following at March 31, 2005:

	\$
2006	2,317
2007	2,196
2008	2,187
2009	2,182
2010	2,145
Thereafter	95
	11,122

11. RESTATEMENT

Effective April 1, 2003, ESA corrected the recognition of revenue on authorized contractor programs, the effect of which is to reduce the unrestricted net assets by \$1,190 with a corresponding increase in deferred revenue. There has been no material impact on the statement of operations for the year ended March 31, 2005 and March 31, 2004.

12. FINANCIAL INSTRUMENTS

The fair values of the Company's current financial assets which include cash and cash equivalents, short-term investments and trade accounts receivable and current financial liabilities which include accounts payable and accrued charges approximate their carrying values due to the short-term nature of these financial instruments. The fair value of investments is disclosed in note 3.

ESA is exposed to normal industry credit risk from its customers in the normal course of business, which is mitigated by ESA's credit management policies. ESA has policies in place to ensure that sales are made to customers with an appropriate credit history. ESA is also exposed to interest rate risk and market risk with regards to its short-term and long-term investments which are regularly monitored.

13. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2005 financial statements.



ESA'S Strategic Plan 2005

VISION	Experts in Electrical Safety. Superior services and solutions. A recognized leader.			
INTERNAL MISSION	Easy to do Business with		Operational Excellence	
OBJECTIVE 'WHAT'	Leadership in Electrical Safety (SA)	Excellent Customer Service (CS)	Ensure Financial Stability (FS)	Strengthen Business Processes (BP)
KEY PERFORMANCE INDICATORS (Achieved by March 31, 2005)	• Increase electrical safety awareness at the point-of-purchase by 30% • Increase awareness in the electrical trade of common occupational hazards by 10% • Reduce non-administrative defects by 25%	• Increase Customer Service Centre (CSC) accuracy by 10% • Ensure average quarterly visit backlog does not exceed 4% • Increase contractor satisfaction on code consistency by 2%	• Achieve a surplus of 2.0% of revenue • Achieve a positive cash flow of \$485K • Diversify revenue sources by \$1.5M of incremental Continuous Safety Services (CSS) and Field Evaluation (FE) business	• Reduce Inspector administration time by 10% • Improve processing efficiency by 5%
ACTION PLAN 'HOW' (27 Action Plans)	• Improve defect follow up process • Communicate safety issues to trades • Work to enable contractor licensing • Next phase of Certified Contractor Program for electrical contractors • Promote safety messages, 'rules of engagement', at electrical retailers and wholesalers • Lead the Elecsafe Alliance in promoting electrical safety awareness • Implement the <i>Electrical Distribution Safety Regulation</i> • Unapproved Product Policy	• Work with Power Workers' Union to ensure Hiring Hall can source seasonal peaks • Monitor (IT Report) and respond to backlog per Inspector per team • Communication to contractors on code interpretation • Provide a consistent 7/24 emergency response • Streamline CSC processes associated with one time contractors • Work to enable Code and Licensing Appeals Process • Training for new and existing Inspectors	• CSS sales initiative • Standard fee program review and update • Update and enhance training materials to protect current CSS training revenue base • FE sales initiative through organic growth • CSS margin assessment of key contracts upon renewal	• Make Inspector workload more visible to improve work allocation • Expand utilization of On-Line access • Provide technical phone support for non-contractors • Increase/improve SAP support functions for front-line staff • Information System Selection Project (on time and on budget) • Standardized health & safety delivery materials • Improve Inspector administration by Product Council initiatives

FISCAL 2005 Business Objectives

PROVIDE LEADERSHIP IN ELECTRICAL SAFETY	SUCCESS AND PERFORMANCE	
	PLAN	ACTUAL
Safety Awareness	- Promote safety message to increase consumer electrical safety awareness at the point-of-purchase. - Lead the Elecsafe Alliance in promoting electrical public safety through the introduction of annual targeted campaigns. - Increase awareness in electrical trades of common occupational hazards. - Issue safety alerts as required. - Update four corporate brochures.	- ESA increased public safety awareness by 42% in a retail distribution pilot. - ESA led the Elecsafe Alliance development of a "Plug in Safely" campaign targeted at children, homeowners and construction workers. - ESA increased risk perception in the electrical trade by 10.5% with a safety awareness campaign on occupational hazards associated with 347-volt circuits and lighting systems. - ESA's Technical Advisors issued 44 safety alerts. - ESA issued four public safety alerts to Ontario media. - ESA updated five corporate brochures, and introduced two new brochures. - ESA responded to more than 1,183 inquiries through an on-line Frequently Asked Questions database. - ESA received 39,000 hits associated with a consumer safety information in-store kiosk. - ESA received in excess of 10.4 million successful server hits associated with their corporate website www.esasafe.com.
New Customer Offerings	- Continue to work to establish a provincial contractor and electrician licensing program. - Introduce the concept of "earned-discounts" associated with the Authorized Contractor Program.	- The Ontario Government approved a proposal for provincial contractor licensing, and ESA will enter into a consultative process to develop regulations for a province-wide Contractor Licensing system. - ESA conducted stakeholder meetings on the concept of 'earned-discounts' associated with the Authorized Contractor Program and this did not move forward in FY2005. - Implementation of the <i>Electrical Distribution Safety Regulation</i> was initiated with the development of a Utility Advisory Council, and the development and introduction of specific guidelines to support Local Distribution Company safety compliance.
Safety Management Framework	- Improve defect follow-up process and reduce non-administrative 'defect days outstanding' by four days. - Work to introduce a risk prioritization policy in 2006. - Introduce a Utility Advisory Council to support the implementation of the <i>Electrical Distribution Safety Regulation</i>. - Implement business processes to introduce safety standards defined in the <i>Electrical Distribution Safety Regulation</i>. - Develop a policy for responding to unapproved electrical products. - Develop the 2006 Ontario <i>Electrical Safety Code</i> for provincial government approval in 2006. - Identify and develop new Code training in 2006.	- Reduced technical defects older than 90 days by more than 35%. - A Utility Advisory Council representing various stakeholder groups was created in FY2005. A number of subcommittees were created to support the definition and development of <i>Electrical Distribution Safety Regulation</i> processes and guidelines. <i>Electrical Distribution Safety Regulation</i> guidelines were developed and issued to Local Distribution Companies to support compliance to the new Regulation. - ESA continued to react to increasing issues associated with unapproved products through the development of corporate policy that will lead to the introduction of a proactive strategy for implementation in FY2006. - Work continued to identify required changes to enhance safety standards defined in the Ontario <i>Electrical Safety Code</i>.
Higher Program Participation Standards	Continue the development of the next phase of the Contractor Certification Program (CCP).	A working group of contractors, electrical stakeholders, and ESA worked to further define industry concerns and issues associated with introducing the Certified Contractor Program.

PROVIDE EXCELLENT SERVICE	SUCCESS AND PERFORMANCE MEASURES	
	PLAN	ACTUAL
Inspection	• Increase Contractor satisfaction on Code consistency. • Manage average quarterly visit backlog. • Work with the Power Workers' Union to generate increased interest to ensure Inspector Hiring Hall can source seasonal peaks. • Develop and introduce a monitoring report to support Inspectors in responding to inspection backlogs. • Provide annual update training for Inspectors • Provide consistent 24/7 emergency response across Ontario. • Enable a Code and Licensing appeal process. • Develop a Technical Newsletter for contractors to support consistent Code interpretation.	• Contractor satisfaction on Code Consistency was not increased. • ESA published articles in electrical trade publications to clarify Ontario <i>Electrical Safety Code</i> requirements. • ESA introduced processes to monitor and respond to backlog per Inspector per team resulting in an average quarterly backlog of 1.94%. • A plan to support ESA to respond to seasonal peaks with the use of Hiring Hall Inspectors was approved by the Power Workers' Union. • Code update training was provided to all ESA Inspectors. • Management training was provided to all ESA Senior Inspectors. • ESA has implemented a formal response plan for the 24/7 emergency service. • ESA worked to establish an Appeals Panel and processes to support the resolution of contractor concerns associated with the interpretation of Regulatory requirements. • ESA regularly features Ontario <i>Electrical Safety Code</i> articles in the OEL Dialogue and Electrical Business publications. Contractors can write to ESA with questions on Code consistency at code.consistency@electricalsafety.on.ca.
Customer Service Centre	• Increase CSC accuracy. • Streamline CSC processes to support the provision of inspection services to one-time contractors and the do-it-yourselfer.	• 430,333 calls were on average responded to within 27 seconds or less. • ESA's CSC increased accuracy by 10% on the top five error fields associated with data entry. • Customer turnaround commitments to process requests for inspection in 48 hours were met. • 406 customers (more than 5%) are utilizing ESA's on-line application and status service. • ESA has improved its 24/7 emergency response system.

ENSURING FINANCIAL STABILITY	SUCCESS AND PERFORMANCE MEASURES	
	PLAN	ACTUAL
Financial Resources	• Achieve a surplus of 2% of revenue (for 2005, 2006, and 2007) • Achieve a positive cash flow. • Conduct a review and update of the Standard Fee program. • Diversify revenue sources through incremental sales from the Field Evaluation and Continuous Safety Services (CSS) lines of business. • Update and enhance ESA training materials to support CSS targets. • Review existing CSS contract terms and conditions to ensure customer needs are reflected.	• ESA achieved a surplus of 10% of revenues. • ESA achieved a positive cash flow of \$3.6 million. • Accounts receivable days sales outstanding have been maintained at 35 days. • ESA conducted an annual review and update of the Standard Fee program resulting in modifications of fees of 1.6% for service that reflect the effort required to inspect the electrical installations done by do-it-yourselfers as compared to licensed electricians. • ESA has diversified revenue sources by generating increased Continued Safety Services and Field Evaluation revenues. • ESA introduced a Continuous Safety Services sales initiative targeted at selected segments that contributed to a 17% increase in sales. • Seven training modules associated with Continuous Safety Services program delivery were enhanced and updated to increase the impact of safety training and to secure future program revenue.

STRENGTHEN BUSINESS PROCESSES	SUCCESS AND PERFORMANCE MEASURES	
	PLAN	ACTUAL
Improve Business Productivity	• Reduce Inspector administration time. • Improve processing efficiency. • Expand customer use of the on-line applications system. • Develop and introduce a process to enable ESA to respond to non-contractor requests for Ontario <i>Electrical Safety Code</i> information. • Standardize and improve Health & Safety materials and processes across ESA.	• The maintenance of a Wiring product council has resulted in the identification of system enhancements and new work practices that contributed to an overall year-end improvement to Inspector utilization of 18%. • The Electrical Safety Authority has increased processing efficiency by more than 10%. • 280% more contractors are using the on-line system. • ESA introduced a Frequently Asked Questions database on its corporate website (www.esasafe.com) that provides written and documented response to Ontario <i>Electrical Safety Code</i> requirements. • Five standardized Health & Safety training packages, and six safe work policies and procedures, were produced and delivered to increase employee awareness of safe work practices.
Enhance Information Systems	• Introduce systems to support the Customer Service Centre in scheduling non-contractor inspections. • Implement an Information System to support Inspectors.	• ESA enhanced its telephone Interactive Voice Recording system to better route non-contractor requests. • ESA developed and introduced a frontline work management system to streamline Inspectors' access to work. • The introduction of a special system viewing Inspector workload is more visible to Customer Service Representatives through the introduction of the viewing window.



STRIVING FOR EXCELLENCE

business plan

FISCAL 2006-2008

Governed by the laws of Ontario, the Electrical Safety Authority is responsible for regulating the safe use of electricity and electrical equipment in the province, enforcing the Ontario *Electrical Safety Code* and the *Electrical Distribution Safety Regulation*, and appointing Inspectors. The mandate for electrical safety drives ESA's business direction and, as we pursue aggressive objectives and action plans for the 2006-2008 business cycle, we will ensure:

- Employees have the highest level of technical and service knowledge available.
- The best technical expertise is accessed to define and modify electrical standards to ensure they reflect the highest possible safety requirements in Ontario.
- Programs and services are clearly defined, respond to customer needs, and are delivered in an effective and efficient manner.
- Systems and processes are constantly updated to respond to the changing world of technology.
- Information sources are clearly defined to assist in assessing public safety needs and setting safety priorities for Ontario.
- Consultation with employees, customers and the public on key business initiatives is ongoing.
- New opportunities to increase electrical safety are regularly pursued.
- Safety partnerships are developed to support ESA in extending the reach of its important safety message.

LETTER FROM THE President & Chief Executive Officer

The Electrical Safety Authority plans for the fiscal years 2006-2008 with confidence based on our past performance.

Our business growth has enabled new investments in electrical safety. Our employees understand what is involved in creating a healthy business. Our Board of Directors is a strong champion, and we have established good working relationships with industry, other key stakeholders, and the Ministry of Consumer and Business Services.

We have achieved a measure of financial stability, but remain vigilant on costs. We have made progress in diversifying our revenue streams, adding to our stability by reducing reliance on the residential housing sector.

Our key objectives for fiscal 2006 remain unchanged from the previous year with one exception. Instead of striving for 'excellent customer service', we are going one step further by placing emphasis on 'excellent stakeholder relationships'. In 2006 we are seeking to have all stakeholders view us as excellent service providers.

The other three objectives are leadership in electrical safety, maintaining financial stability, and improvement in business processes. The following key actions will drive our business strategy in fiscal 2006:

REDUCE INCIDENTS IN THE ELECTRICAL TRADES:

An aggressive measurable communication plan will be put in place to raise awareness of the hazards associated with multi-meters and 347-volt installations. We want to see tangible evidence of the effect of our communication activities through an actual reduction in incidents.

IMPLEMENT CONTRACTOR LICENSING:

Many years of background work by ESA, the government and our industry partners, came to fruition last year when contractor licensing legislation was passed. In the coming year, ESA and the Electrical Contractors Association of Ontario and the Ontario Electrical League will continue to work diligently on the implementation plan with a target date of January 1, 2007.

CONTINUE TO INCREASE SERVICE AND EFFICIENCY:

As we continue our journey towards operational excellence, we will further improve efficiency and service quality through a number of initiatives. We will focus on further backlog reduction and disposition of defects, improvements in Inspector utilization, and increased utilization of on-line services.

INVEST IN INFRASTRUCTURE IMPROVEMENTS:

Last year we made great strides in improving our mobile system by replacing it with new hardware and software. This year our focus will be to improve the robustness of our back office computer infrastructure. We intend to improve overall system availability by making significant capital investments in this area.

As is our custom, we have shared our strategic direction and action plans with our employees and other important stakeholders. I'm confident that together we will measurably improve electrical safety in Ontario.



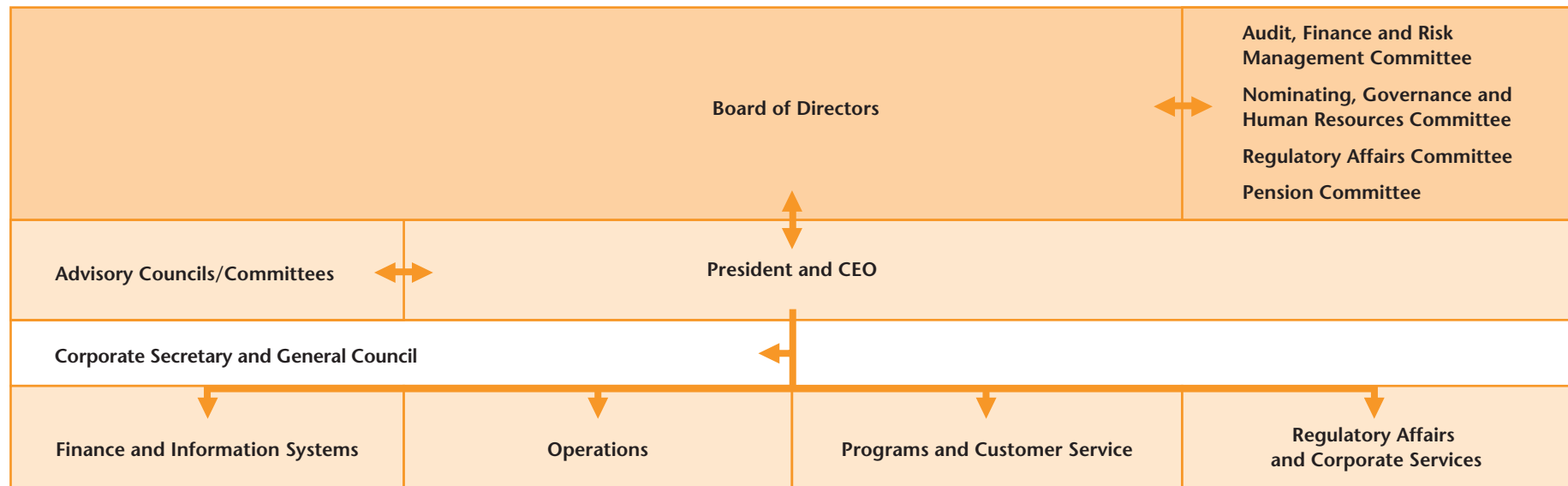
Robert M. Stelzer
President and Chief Executive Officer
Electrical Safety Authority

Planning Assumptions

The following assumptions have been taken into consideration, and must materialize, if the Electrical Safety Authority is to meet the measures of success for its fiscal 2006-2008 business planning cycle:

- ESA successfully executes the strategic plan.
- Electrical installations and maintenance continue to be regulated and inspected by ESA.
- ESA continues to receive Government support to develop and approve new safety regulations or legislation that could impact public electrical safety.
- Employees, customers and other stakeholders continue to provide feedback and support ESA initiatives.
- ESA is able to respond to changing technological needs and advancements to extend the reach of its electrical safety services.
- ESA continues to receive co-operation from safety stakeholders in the collection and sharing of data to define higher-risk areas and to support the development and implementation of new safety initiatives.
- ESA maintains positive relationships with allies, stakeholders, and other safety organizations to advance public electrical safety awareness.
- ESA is able to respond to new safety challenges associated with delivering safety services and information to the broader public in Ontario.
- The Ontario economy continues to be strong especially in new construction.
- ESA continues to meet its financial objectives.
- Continuous Safety Services customers continue to renew contracts.

OUR STRUCTURE



ESA'S Strategic Plan 2006

VISION	Experts in Electrical Safety. Superior services and solutions. A recognized leader.			
MISSION	Easy to do Business with		Operational Excellence	
OBJECTIVE "WHAT"	Leadership in Electrical Safety (SA)	Excellent Stakeholder Relationships (SR)	Maintain Financial Stability (FS)	Improve Business Processes (BP)
KEY PERFORMANCE INDICATORS (Achieved by March 31, 2006)	• Increase electrical safety awareness at the point-of-purchase by 40% • Reduce the number of common electrical incidents in the electrical trade by at least 20% • Reduce the number of defects greater than 60 days by 30%	• Reduce all outstanding notifications by 10% • Increase overall contractor satisfaction with ESA to 80%	• Maintain a positive cash flow while ensuring reasonable fees • Increase the recurring revenue component of the business (i.e. Continuous Safety Services) by \$1.5M	• Achieve a 20% improvement in Inspector utilization rate • Increase the ratio of electronic transactions by 20% • Ensure 99.5% availability of SAP R3 • Achieve 99.5% availability of the mobile system • Double the improvement in Inspector satisfaction with the mobile system
ACTION PLAN "HOW" (30 Action Plans)	• Increase public risk awareness at electrical retail outlets • Communicate safety issues to trades • Communicate powerline safety practices to high-risk groups • Ensure consistent application of rules for defect generation and follow-up • Implement Contractor Licensing • Implement a strategy for Unsafe Products • Prepare the 2006 Ontario <i>Electrical Safety Code</i> • Work with the entertainment industry to improve safety programs • Implement the next phase of the Certified Contractor Program	• Enhance Inspector staffing program to cover seasonal peaks • Standardize operating procedures and a training program for Inspectors • Develop and communicate a resource planning tool for team measurements • Establish a contractor risk profile to support a risk management framework • Expand the range of work covered under Authorized Contractor Program (including verticals) • Get direct contractor feedback on ESA initiatives • Introduce a Contractor's newsletter • Conduct Contractor training/information meetings	• Determine margin of each line of business • Introduce a single dedicated Customer Service 'call-in' number • Implement the current fiscal year Continuous Safety Services (CSS) sales plan • Develop a long-term CSS business plan • Expand the CSS Mining business	• Benchmark and track # of visits per team (time confirmation) • Provide Senior Inspectors with tools to effectively manage their teams • Enhance Customer self-serve functionality • Improve stability of R3 system and examine long-term options • Implement FieldWorker Phase 2 • Establish standard addresses (e.g. township, 911) • Complete a plan that transitions the business to a risk-based safety model by 2008. Define and implement Phase 1 in 2006 • Test feasibility of assigning work by Area Grid

FISCAL 2006 - 2008 **Business Objectives**

PROVIDE LEADERSHIP IN ELECTRICAL SAFETY	SUCCESS AND PERFORMANCE MEASURES
Safety Awareness	• Increase electrical safety awareness at the point-of-purchase by 40%. • Reduce the number of common electrical incidents in the electrical trades by 20%. • Communicate powerline safety practices to high-risk groups. • Reduce the number of defects greater than 60 days by 30%.
Regulatory Development	• Implement Contractor Licensing. • Prepare the 2006 Ontario <i>Electrical Safety Code</i>.
Safety Management Framework	• Ensure consistent application of rules for defect generation and follow-up. • Implement an Unsafe Product strategy.
New Safety Initiatives	• Establish the direction and develop a second pilot to support the development of a Certified Contractor Program that responds to industry needs. • Work with the entertainment industry to develop a safety program that will support this industry in complying with Ontario <i>Electrical Safety Code</i> requirements.
PROVIDE EXCELLENT STAKEHOLDER RELATIONSHIPS	SUCCESS AND PERFORMANCE MEASURES
Inspection	• Reduce all outstanding notifications by 10%. • Enhance Inspector staffing program to cover seasonal peaks. • Standardize operating procedures and training for Inspectors. • Providing update training for all Inspectors. • Develop and communicate a resource planning measurement tool.
Customer Service Centre	• Increase Customer Service Centre accuracy. • Streamline Customer Service Centre processes to support the provision of inspection services to one-time contractors and the do-it-yourselfer.
Risk Management	• Establish a Contractor risk profile as part of ESA's risk management framework.
New Service Offerings	• Expand the range of work covered under the Authorized Contractor Program. • Introduce a Contractor Newsletter. • Conduct Contractor training/information meetings.
Customer Satisfaction	• Increase overall contractor satisfaction with ESA to 80%. • Establish a process to obtain direct Contractor feedback on ESA initiatives.

MAINTAIN FINANCIAL STABILITY	SUCCESS AND PERFORMANCE MEASURES
Financial Resources	• Achieve a positive surplus. • Achieve a positive cash flow. • Increase the recurring revenue components of the business by \$1.5 million.
Service / Program Expectations	• Determine margin of each line of business. • Introduce a single dedicated customer call-in number. • Implement a current fiscal year sales plan for the Continuous Safety Services line of business. • Develop a long-term business plan for the Continuous Safety Services line of business. • Expand the Continuous Safety Services business activity in the Mining Industry.
IMPROVE BUSINESS PROCESSES	SUCCESS AND PERFORMANCE MEASURES
Improve Business Productivity	• Achieve a 20% improvement in Inspector utilization rate. • Increase the ratio of electronic transactions by 20%. • Ensure 99.5% availability of SAP R3. • Achieve 99.5% availability of the mobile system. • Double the improvement in Inspector satisfaction with the mobile system. • Establish a benchmark for the number of inspection visits for each Inspection team. • Provide Senior Inspectors with tools to effectively manage their teams.
Enhance Information Systems	• Enhance customer self-service functionality. • Improve SAP R3 system stability and identify longer-term options to increase stability. • Implement Phase 2 of the FieldWorker mobile system. • Establish standard formats for collecting address information. • Create a plan that supports ESA in making the transition to a risk-based safety model by 2008, with Phase I of this transition defined and implemented in 2006. • Test the feasibility of assigning work by Area Grid.

REVENUE & EXPENSES

	2005	2006		2007		2008	
(\$ millions)	(actual)	(projection)	% change	(projection)	% change	(projection)	% change
REVENUE							
Total	61.5	62.2	1.1	65.7	5.6	63.4	(3.5)
EXPENSES							
Salaries, Wages & Benefits	41.2	45.3	10.0	47.1	4.0	46.5	(1.3)
Operating Expenses	12.7	15.3	20.5	16.3	6.5	15.0	(8.0)
Depreciation	2.1	1.2	(42.9)	1.7	41.7	1.9	11.8
Total	56.0	61.8	10.4	65.1	5.3	63.4	(2.6)
Margin	5.5	0.4		0.6		-	
Investment income	0.7	0.7		0.7		0.7	
NET	6.2	1.1		1.3		0.7	

ESA'S Financial Projections AND Trends

The Electrical Safety Authority, for a third successive year, realized positive financial results in fiscal 2005. Projections include continued positive results in future years, however, these will be at more modest levels than those experienced in the past two years. Construction starts, especially in the new home market, have been at their highest since the late 1980's so it was imperative for the Company to build its financial reserves in this strong economic environment. This financial performance will allow the Company to allocate more resources to safety initiatives, new regulatory initiatives and customer service and productivity improvements in future years.

Revenue is expected to grow at a modest level of between 1% - 6% annually over the next three years and could in-fact decline depending on the impact of new construction starts for housing. The Company's objective is to diversify revenue so that less reliance is placed on wiring inspection services in the new residential sector. Revenue sources associated with the Continuous Safety Services line of business, *Electrical Distribution Safety Regulation*, Contractor Licensing and other similar initiatives will

diversify revenue streams. Modest rate increases that reflect the rate of inflation less productivity improvements are expected in all lines of business. As a result revenue will increase from \$61.5 million in fiscal 2005 to \$63.4 million in fiscal 2008. Wiring revenue is expected to decrease in fiscal 2006 partly due to an expected 7% decline in new home construction and a 5% decline in non-residential construction.

Operating expenses are expected to increase substantially in fiscal 2006. This incremental spending directly relates to the Company's \$4.4 million Strategic Plan initiatives and the allocation for safety programs (\$1.7 million), customer service initiatives (\$1.2 million), revenue diversity (\$0.9 million) and productivity improvements (\$0.6 million). The remainder of the increases of \$1.9 million represents a modest expense growth on our base business. Subsequent years reflect increases or decreases in line with the revenue projections.

As a result, ESA's plan assumes a modest excess (revenue exceeding expenses) of \$1.0 million on average for the next three fiscal years.

The cash position improved in fiscal 2005 as

a result of the positive operating margin which was mainly attributed to growth in revenue. Cash flow is expected to be positive next year as in future years, but will be impacted by capital commitments approaching \$2.2 million in fiscal 2006 related to the upgrade of the Company's information technology infrastructure. In addition, next year the Company is expected to purchase a building in Cambridge currently housing ESA's Customer Service Centre (and other tenants) for an amount of \$3 million. There will be reduced capital spending in fiscal 2007 and fiscal 2008.

Risks to this financial plan relate mainly to the impact of housing and commercial construction starts and the increased funding requirements associated with the Company's benefit programs.

The execution of this financial plan will continue to ensure adequate funding for the execution of the strategic initiatives for fiscal 2006 and future years.

The overlay displays actual financial results for fiscal 2005, and projections for the fiscal years 2006 - 2008.

Responding

TO OUR Customers

OUR PRIVACY GUIDELINES

In accordance with the terms of our Administrative Agreement, the Electrical Safety Authority has adopted an Access and Privacy Code that protects privacy while providing access to public information in accordance with the principles of public sector privacy legislation.

Recognizing the importance of information in maintaining public electrical safety, ESA routinely discloses and actively disseminates records that support our safety mandate. We will not disclose personal information if disclosure would violate an individual's right to privacy. We will not disclose commercial information if it has been provided to us with an expectation of reasonable commercial protection.

Complaints with respect to the collection or disclosure of information are dealt with in accordance with our Complaint Policy outlined on this page.

One complaint regarding information collection or disclosure practices was received in fiscal 2005.

OUR COMPLAINTS POLICY

We view complaints as an opportunity to strengthen relationships with our customers, stakeholders and the public. We provide information and encourage two-way communication at all levels to ensure we are continually improving service quality. Where possible, complaints are dealt with at the source and in a timely manner. Complaints that are not resolved to the satisfaction of the complainants can be referred to the President and Chief Executive Officer.

In fiscal 2005, we recorded 30 written complaints and each received an initial response within 10 days. Two written complaints were escalated to the Chief Executive Officer.

OUR FRENCH LANGUAGE SERVICES

A French language response is provided to all inquiries received in French. The nature and level of service provided in French are determined on an as required basis to ensure ESA fulfills its public safety mandate.

INDUSTRY ADVISORY COUNCIL

Jim Armstrong	Director, Consulting Services, Industrial Accident & Prevention Association
Brad Bell	Hammerschlag and Joffe Consulting Engineers
Frank Hull	Manager, Technical Services, Ontario Good Roads Association
J.J. Knott	Vice-Chair, Canadian Healthcare Engineering Society, Ontario Chapter
Nick Malouf	Vice-President, QPS Evaluation Services
Larry McIntosh	General Manager, Nedco Ontario
Joseph Neu	Chairman of the Board, Electro Federation Canada
Brian Savaria	Manager, Product & Pricing Standards, Eaton Yale Limited Cutler Hammer
Ken Quesnelle	Vice-President and Assistant General Manager, Woodstock Hydro

CONSUMER ADVISORY COUNCIL

Steve Bober	St. Marys
John Buchanan	Ottawa
Mel Fruitman	Maple
Lynn Girty	Blenheim
Pamela Hardie	Toronto
Valerie Lee	Kitchener
Dick Vosburgh	Guelph
Bob Wing	Pickering

CONTRACTOR ADVISORY COUNCIL

Dave Ackison	Ackison Electrical
Gary Beer	Jay Electric Ltd. & Enerscan Control
Ron Bergeron	Bergeron Electric
Glenn Carr	Campbell & Kennedy Electric (Ottawa) Ltd.
Richard Cullis	Dial One Wolfdale Electric Ltd.
Garry Enright	Ontario Electrical League
Eric Glahs	Lorne Electric - 1075777 Ontario Ltd.
Dorothy Hart	Hart-Well Electrical Co. Ltd.
Ken Keegans	Tiltran Services
Dan Lancia	Holaco Installations Ltd.
Dan Moore	The Roberts Group Inc.
Eryl Roberts	Electrical Contractors Association of Ontario
Frank Talenti	Tam Electric

PROVINCIAL CODE COMMITTEE

Sam Bell, P.Eng.	Professional Engineers of Ontario
Gary Beer	Jay Electric Ltd. (Electrical Contractors Association of Ontario)
Ken Brightwell	Electrical Safety Authority
Dale Chaplow	General Motors of Canada Ltd.
John Coles, P.Eng.	Consultant, Electro-Federation Canada
Greg Galbraith	G.E. Galbraith Electric (Electrical Contractors Association of Ontario)
Pamela Hardie	Consumer Representative
Ross Head	The Roberts Group Inc.
Armen Kassabian	Office of the Fire Marshal
Chung Li	Ministry of Municipal Affairs and Housing
Tom Mah	Underwriters' Laboratories of Canada
Nino Mancini	CSA International
Gabriel Mansour	Ministry of Labour
Albert Merlo	Merlo Electric Inc. (Ontario Electrical League)
Ted Olechna	Electrical Safety Authority
Tony Poirier	Durham College
Doug Reith	Nexans Canada Inc.
Paul Stinson	Ontario Home Builders Association
Ross Sutherland	International Association of Electrical Inspectors
Maurice Tucci	Electricity Distributors Association
Gordon Walker	International Brotherhood of Electrical Workers

UTILITY ADVISORY COUNCIL

Terry Branch	E/I Superintendent, Dryden Mill (Representing AMPCO)
William Burr	Director, Electrical, Efficiency and Renewable Energy, Canadian Standards Association
Dan Charron	Manager of Engineering, Chatham Kent Hydro
Bruce Clements	Manager, Training Services, Electrical & Utilities Safety Association of Ontario
George Dick	President, Orangeville Hydro
Garry Enright	President, Ontario Electrical League
Pamela Hardie	Consumer Representative
Terry Irwin	Manager, Corporate Policy, Ministry of Consumer & Business Services
Herb Haller	Vice-President, Engineering & Stations, Waterloo North Hydro Incorporated
Rick Johnson	Chief Steward, Power Workers Union – Electrical Safety Authority
Irv Klajman	Director Engineering & Operations, Aurora Hydro Connections Limited

Pierre Lemay	Supervisor, Commercial Design, Hydro Ottawa Limited
Gabriel Mansour	Provincial Coordinator, Ministry of Labour
John Mattinson	President & Secretary, Orillia Power Distribution Corporation
Brian McMillan	Vice-President Distribution Electrical Systems, Greater Sudbury Hydro Inc.
Nabih Mikhail	Advisor, Licensing & Application Branch, Ontario Energy Board
Franco Mongillo	Trans Power Utility Contractors (Representing Utility Coontractors Association of Ontario)
Doug Morrison	Sr. Manager, Asset Sustainment & Standards, Enersource Hydro
George Mychailenko	Chief Executive Officer, Brantford Power Incorporated
Joseph Neu	Vice-President, Engineering Codes & Standards, Electro-Federation Canada
Mike Penstone	Manager, Standards & Policies, Hydro One (Transmission)
Ron Salt	Manager, Special Projects, Hydro One
Neil Sandford	Vice-President, Distribution & Utility Services AESI (Representing Burlington Hydro)
John Savage	Senior Policy Advisor, Consumer & Regulatory Affairs & Corporate Services, Ministry of Energy
Romano Sironi	Manager, Strategy & Policy, Toronto Hydro
Art Stokeman	Vice-President, Engineering & Operations, Guelph Hydro Electric System Incorporated
Jules Vaisberg	Vice-President, Engineering, Quad Automation Incorporated (Representing the Professional Engineers of Ontario)
Jac Vanderbaan	Vice-President, Engineering & Operations, Festival Hydro
Jerry Van Ooteghem	Vice-President Operations, Kitchener Wilmot Hydro Incorporated
Ken Walsh	Vice-President, Engineering & Operations, London Hydro
Frank Zechner	Barrister & Solicitor (Representing Ontario Sewer and Watermain Contruction Association)



STRIVING FOR EXCELLENCE

Electrical Safety in Ontario Summary Report 2004

STATEMENT FROM THE

President & Chief Executive Officer

In 2004, the Electrical Safety Authority included, for the first time, a summary of the Electrical Safety in Ontario Report in this document. Encouraged by the positive feedback received, we do so again. We believe that through the provision of clear electrical safety measurements, we are adding credibility and transparency to the reporting process. The complete report is available on our web site at www.esasafe.com

It is essential that we understand the underlying issues and circumstances that lead to electrical fatalities and other electrical-related incidents, in order to prevent them in the future. To help us with this important work we have established relationships and information sources to collect and analyze data, identify root causes, and develop appropriate response measures.

In the compilation of this report, we looked at work-related fatalities, home and non-occupational fatalities caused by accidental contact with electricity, and deaths caused by electrical related fires, including those associated with the misuse of electrical appliances and products.

The information collected helps us identify opportunities for improving public electrical safety through changes in provincial legislation, the introduction of new safety initiatives, and heightened safety awareness.

While electrical fatalities are in overall decline, those that do occur are increasingly associated with occupational circumstances, primarily among skilled trades.

The information we have gleaned indicates a cultural problem in our industry -- a failure to take seriously the power of electricity and the impact of unsafe work habits. The Electrical Safety Authority is committed to engaging trades in a safety dialogue to change the culture associated with working with live electrical systems.

To achieve this objective, we have stepped up awareness campaigns in the workplace with powerline and power outlet safety messages produced in association with our industry partners. ESA is working with the Elecsafe Alliance to launch a powerline campaign targeted at homeowners and construction

workers that specifically addresses the safe use of ladders. To grow powerline safety among the Ontario public, ESA is working in conjunction with Local Distribution Companies.

We continue our efforts to increase compliance to requirements of the Ontario *Electrical Safety Code*.

In 2006, we are dedicated to increasing overall electrical safety awareness, but we will concentrate on engaging skilled trades in a safety dialogue. We must do our part to ensure positive change in the culture associated with working with live electrical systems, for the sake of all Ontario citizens.



Robert M. Stelzer
President and Chief Executive Officer
Electrical Safety Authority

FIGURE 1: ELECTROCUTION RATE

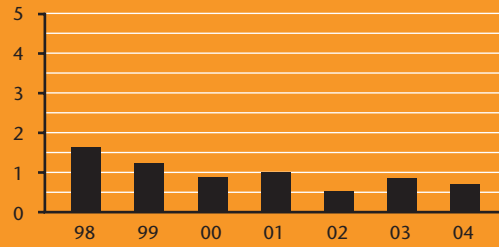


FIGURE 2: ELECTROCUTION RATE (PREVALENCE OF OCCUPATIONAL ELECTROCUTION)

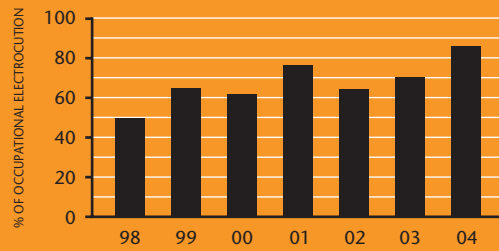


FIGURE 3: OCCUPATION ELECTROCUTION PROBABLE CAUSE

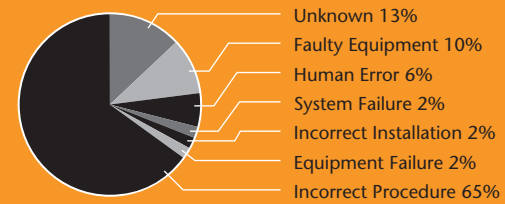
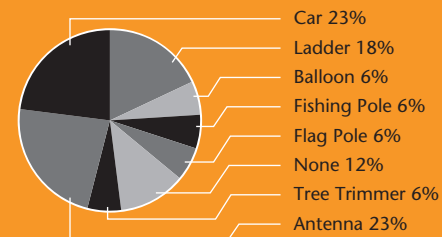


FIGURE 4: NON-OCCUPATIONAL ELECTROCUTION



Summary Findings

FROM THE 2004 ELECTRICAL SAFETY IN ONTARIO REPORT

The Electrical Safety Authority's Annual Electrical Safety in Ontario Report is produced using data and statistics from a number of provincial and federal sources to enable the business to track electrical incidents and fatalities. The data analyzed and presented in this annual report support ESA in responding to changes associated with trends in electrical incidents and fatalities through regulatory change, safety programs, and awareness initiatives.

Data gathered in 2004 demonstrate a continuing decline in electrocution rates in Ontario for the fifth consecutive year. Information for this assessment is focused on incidental electrical contacts and is primarily based on the compilation of records from Ontario coroners. The reported rate for Ontario has decreased from 3.8 deaths per million in 1971, to .64 in 2004, representing a decrease of 83 per cent. A total of 88 per cent of reported electrocutions were occupational, and this increase continued in 2004 with seven of the eight electrical deaths occurring at work.

FIGURE 1: ELECTROCUTION RATE

Electrocutions of an occupational nature have continued to rise as a total percentage of electrocutions, increasing from 50 per cent in 1998 to 90 per cent in 2004. From 1998 to 2004, there were 53 occupational electrocutions in Ontario, an average of seven per annum. The increase appears to correspond to Workplace Safety and Insurance Board records that indicate traumatic (defined as sudden and usually violent death) occupational fatalities increasing 23 per cent from 1998.

FIGURE 2: ELECTROCUTION (PREVALENCE OF OCCUPATIONAL ELECTROCUTION)

As was the case in 2003, repair/maintenance work accounted for more than 60 per cent of all

occupational electrocutions in 2004. Together with construction, these two areas accounted for 80 per cent of electrocutions in the workplace. Reviewing these fatalities, it can be concluded that 67 per cent of workplace electrocutions occur as a direct result of inaccurate or missing safe work procedures or a lack of planning associated with hazard awareness.

Workplace electrocutions impact workers in a number of occupations. Farmers, labourers and maintenance workers recorded the highest incidence, predominantly due to contact with overhead powerlines. However, workers with formal education in electricity, such as electricians, linemen and apprentices, accounted for 24 per cent of all occupational deaths of an electrical nature between 1998 and 2004.

Statistics for electrocutions that occurred in 2004 identified a growing trend associated with working on live electrical equipment resulting in this being the reported cause in more than 70% of electrocutions. Investigations and reports of these fatalities indicate the workers were aware they were working on live electrical equipment. Powerline contacts continued to represent a significant 25 percent of electrocutions.

FIGURE 3: OCCUPATION ELECTROCUTION – PROBABLE CAUSE

Examination of electrical fatalities in residential and public places indicates they are directly related to three primary sources of contact: antennas, cars and ladders. Fifty per cent of the fatalities were directly associated with ladder contact with powerlines.

FIGURE 4: NON-OCCUPATIONAL ELECTROCUTION

Electrical fatalities represent a small fraction of accidental deaths in the province. However, the high degree of accidents associated with the lack of safe work practices and procedures must be addressed. The increasing trend of electrical workers electrocuted while working on live electrical systems is not acceptable. In addition, the continuing trend associated with electrocutions resulting from powerline contact requires increased efforts to grow public and worker safety.

The Electrical Safety Authority is continuing to define, develop and introduce awareness initiatives designed to specifically address these trends. In fiscal 2004 we introduced a successful campaign targeted at electrical workers that encouraged them to not take risks and to follow safe work practices.

The Electrical Contractors Association of Ontario, the International Brotherhood of Electrical Workers, and the Ontario Electrical League have joined our campaign with the message, 'Prepared to take the Risk'. We will continue to enhance our messages to reduce electrical fatalities by encouraging all workers to follow basic safety procedures.

Recognizing the ongoing impact of powerline fatalities, ESA is working with the Elecsafe Alliance to launch a campaign targeted at homeowners and construction workers that specifically addresses the safe use of ladders. To grow power line safety among the Ontario public, ESA is working in conjunction with Local Distribution Companies to launch a province-wide campaign.

By continuing to expand ESA's stakeholder and safety alliances, we will strengthen both the messaging we relay and the channels we use to reach those who are potentially at risk. We are committed to influencing new safety standards associated with ladders, and continue our efforts to increase compliance to the Ontario *Electrical Safety Code* requirement to de-energize electrical systems, test, and to encourage the use of personal protective equipment.

The Electrical Safety Authority will continue to work diligently with its many partners to ensure a safer Ontario at home, at work and at play.



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