

Annual Report - Fiscal 2006

Business Plan - Fiscal 2007-2009

Electrical Safety in Ontario Summary Report 2005

Advancing the Safety Mandate



OUR VISION

Advancing the Safety Mandate is an apt theme for this year's Electrical Safety Authority Annual Report/Business Plan document. In the past year we have focused on advancing our safety mandate by actively promoting greater electrical safety awareness among our many constituents and by embracing and enacting electrical contractor licensing in the province of Ontario. Our goal is to provide greater protection against electrical hazards for everyone in Ontario.

Experts in Electrical Safety

The Electrical Safety Authority was established in 1999 as a not-for-profit corporation accountable to an independent Board of Directors for public electrical safety in Ontario as designated by Ontario Regulation 89/99. In the intervening years, ESA has matured as a business and has assumed a leadership role among safety organizations within Ontario and throughout Canada.

Superior Services and Solutions

The Electrical Safety Authority operates in accordance with the *Safety and Consumer Statutes Administration Act* in accordance with an Administrative Agreement with the Ministry of Government Services (MGS). Our delegated responsibilities include the administration and enforcement of Part VIII of the *Electricity Act*. As of January 1, 2007, we will also assume responsibility for electrical contractor and master electrician licensing.

A Recognized Leader

We are up to the challenge. We have dedicated and able employees and management supported by a strong and talented Board of Directors, and involved industry, community and government partners. It is through this collaborative effort that we were able to significantly advance our mandate this past fiscal year, and we will continue advancing safety services, policies, regulations and programs in pursuit of our safety vision.

Annual Report

Board of Directors 1

Message from the Chair 2

Letter from the President
and Chief Executive Officer . . . 3

Business Overview

Licensed for Safety 5

Engaged in Safety 7

Impacting Safety 9

Delivering Safety 11

Defining Safety Risks 13

Financial Summary 15

Auditors’ Report 17

2006 Financial
Statements and Notes 19

2006 Strategic Plan
Fiscal 2006 Business Objectives:
Performance Overview 29

Business Plan

Mandate 34

Letter from the President
and Chief Executive Officer . . 35

Planning Assumptions 37

2007 Strategic Plan
2007-2009 Business
Objectives 38

Financial Projections
and Trends 40

Privacy Guidelines,
Complaints Policy,
French Language Services . . . 41

Advisory Councils 42

Ontario Electrical Safety Report

Statement from the President
and Chief Executive Officer . . 45

Summary Findings 46

ADVANCING THE SAFETY MANDATE



Dane B. MacCarthy (left)
Chair, Electrical Safety Authority
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.

Robert M. Stelzer (right)
President & CEO, 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.

annual report

FISCAL 2006

Board of Directors

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

Robert M. Stelzer, President and CEO, Electrical Safety Authority²

Michael Caletti, President, Univex

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

Margaret Kelch, Director ICD.D^{2,3}

Alison J. Knight, FCA, Chief Administrative Officer & Secretary of Synod, Incorporated Synod of Diocese of Toronto^{1a}

Michael Lio, President, Lio & Associates¹

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

Oskar T. Sigvaldason, PhD. P.Eng., Director

Gordon Thursfield, President, Nexans North America¹

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

John Wiersma, P.Eng., Director^{2,3}

Board Appointed Officers

Robert M. Stelzer, President and Chief Executive Officer^{1,2,3}

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

Peter Marcucci, Vice-President Regulatory Affairs and Corporate Services^{2,3}

Christopher Jodhan, Vice-President, General Counsel and Corporate Secretary^{1,1a,2,3}

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

Ronald Schertzer, Vice-President Programs and Customer Service³

Auditors

Ernst & Young

¹ The Audit, Finance & Risk Management Committee, chaired by M. Lio, held three meetings in fiscal 2006, ^{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 J. Wiersma, held four meetings, ³ Regulatory Affairs Committee, chaired by R. MacDonald, held four meetings, ⁴ The Board of Directors held four meetings and a two-day strategy session.

MESSAGE FROM THE

Chair

"The Electrical Safety Authority is an organization that demonstrates a safety mandate can be achieved through the dedication of its employees, the support of its stakeholders, and the strong leadership of its management team and its Board of Directors. It is a model that works."

The Electrical Safety Authority's (ESA) Board of Directors is proud of the advancements the organization has made this year toward achieving its public electrical safety mandate. We had ambitious goals - - goals that were met and, in some instances, surpassed. This, of course, is a reflection of the caliber of individuals who comprise our organization and their dedication to the safety mandate. It also reflects the business model we have created following the restructuring of Ontario's electrical utility industry in 1999.

Those of you who were part of that early process can attest to the challenges involved in creating a credible, not-for-profit, financially self-sustaining safety entity. Undaunted by these challenges, ESA's founders built an organizational model that today is the benchmark for advancing safety in an efficient, effective and responsive manner. ESA proves this model works: A safety mandate can be achieved through the dedication of its employees, the support of its stakeholders, and the strong leadership of its management team and Board of Directors.

The Board congratulates the entire ESA team for its strong performance in fiscal 2006. We are confident these high standards of operational effectiveness and safety delivery will be maintained and delivered to the general public into the future.

ESA's Board of Directors is comprised of representatives from government, industry, and the general public. This past year, the Board held seven meetings and participated in a two-day strategy session with ESA's executive team. We continued to maintain our due diligence activities through participation in Board and Committee meetings including: Regulatory Affairs, Audit, Finance & Risk Management, Pension, and Governance & Human Resources.

We strive to retain the most capable directors to serve on our Board. This past year two of our directors retired and we extend our gratitude and best wishes to Wayne Gaten and Joe Tersigni. We attracted strong new directors and welcomed Michael Caletti, President, Univex; Alison J. Knight, Chief Administrative Officer & Secretary of Synod, Incorporated Synod of the Diocese of Toronto; and Oskar T. Sigvaldason, PhD. Their diversity of knowledge and experience will enhance the work of the Board and advance the safety mandate.

In this document, we share the details of ESA's success achieved in fiscal 2006, we review our business strategy for the 2007-2009 planning period, and we provide a summary of the Electrical Safety in Ontario Report for 2005.



Dane B. MacCarthy
Chair of the Board of Directors
Electrical Safety Authority

"We set an ambitious business strategy based on measurable objectives and action plans. Our safety focus grew with increasing emphasis on regulatory change, public awareness, unsafe products, high-risk segments, and the introduction of new processes and systems to make us more customer centric."

LETTER FROM THE President and

In fiscal 2006 the Electrical Safety Authority recorded another strong performance and advanced the success it achieved and celebrated in the previous two years.

We set an ambitious business strategy based on measurable objectives and action plans. Our safety focus grew with increasing emphasis on regulatory change, public awareness, unsafe products, high-risk segments, and the introduction of new processes and systems to make us more customer centric.

On January 1, 2007 the introduction of Ontario Regulation 570/05 will require the licensing of electrical contractors and master electricians operating in this province. Much of our attention this past fiscal year has been focused on establishing the legislative and business framework to support licensing. Processes and systems are under development, communication materials directed at electrical contractors have been created, new policies and regulations are under review, and additional resources have been put in place to manage the full-scale introduction of this licensing regime.

ESA continued its emphasis on promoting 347-volt safety awareness in response to the systemic problem of individuals working on live circuits. Efforts to encourage workers to de-energize 347-volt systems prior to conducting electrical work, and increased awareness of the proper use of multimeters, contributed to a 44% reduction of related electrical incidents. In addition, with support from Advisory Councils, ESA will introduce changes to the Ontario Electrical Safety Code requiring disconnect switches on all new installations of 347-volt system luminaries starting in 2007.

We targeted high-risk public audiences with campaigns based on data contained in our annual Electrical Safety in Ontario Report. These efforts were more effective due to the valuable input received from our Consumer Advisory Council and a working group of local distribution company representatives.

We expanded our pilot project with Home Depot aimed at reducing potential hazards for the do-it-yourself market. Fifteen Home Depot stores are now carrying our safety information through signage and our interactive information kiosks.

We also launched the first comprehensive province-wide public awareness campaign to educate the public about the potential hazards of overhead powerlines.

Chief Executive Officer

Through these efforts, ESA has raised its public profile in the province. Our work with Home Depot alone has increased public awareness of our business by close to 11% in the first five pilot locations and by more than 8% in the 10 new locations. This is expected to grow with the powerline safety awareness initiative, which has the potential of 150 million viewing opportunities through a combined outdoor signage and media campaign coupled with a direct mail venture co-branded with local distribution companies across the province.

In fiscal 2006 a strong residential building market, combined with ESA safety initiatives, created a 4% growth in requests for inspection services, resulting in 385,000 notifications. Operating systems were updated and enhanced to support workload management. To prepare for ongoing growth, ESA developed and piloted a rigorous hiring process that will see more than 30 new inspectors hired over the next two years. These individuals undergo a dedicated two-month training period that prepares them to deliver business services in a manner that meets both customer and public expectations.

To maximize our contribution to electrical safety, risk variance must be factored into our allocation of resources. Consequently, we are defining risk and establishing safety management models (risk association models) to define priorities that will reduce electrical hazards and increase safety.

This past year we again demonstrated our ability to advance ESA's electrical safety mandate in a fiscally responsible manner. I am grateful for the support of our many stakeholders, particularly our Board of Directors, our employees, our Advisory Councils, our industry partners, and the Ministry of Government Services.

We can take great pride in our contribution to advancing electrical safety in Ontario.



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



Licensed

FOR SAFETY

The opportunity to increase public electrical safety by exploring a consistent approach to contractor licensing has resulted in changes to Ontario regulation that will bring about a province-wide electrical contractor licensing system in January 2007.

- Electrical Contractor Registration Agency transfers to ESA 2006
- www.esaecra.info web site launched 2005
- Regulatory change 2005
- Public consultation 2005
- Changes to the *Electricity Act* to accommodate change in 2004
- Contractor Advisory Council introduced 2004
- Industry-led initiative begins 2003
- Joint Electrical Contractors Association of Ontario/Ontario Electrical League/Electrical Safety Authority licensing committee established 2001

The opportunity to increase public electrical safety by exploring a consistent approach to contractor licensing has resulted in changes to Ontario regulation that will bring about a province-wide electrical contractor licensing system in January 2007.

The Electrical Safety Authority has actively supported and championed contractor licensing for a number of years and has done so in collaboration with its key industry partners: the Ontario Electrical League and the Electrical Contractors Association of Ontario. The joint objective was to bring electrical contracting activities together into a unified public safety/consumer protection delivery system that would meet the expectation of the public and effectively address the hazards of an underground economy in electrical work. The existing Electrical Contractor Registration Agency model has been adopted by ESA.

A major step was achieved in November 2005 when the provincial government approved Ontario Regulation 570/05. This regulation will require contractors to be licensed, provides a definition for electrical contractors and master electricians, sets the standards required to obtain a licence, defines a provisional licence or 'grandfathering' process, and establishes timeframes and target dates.

Since then, ESA has been working with local municipalities to support the licensing transition. Municipal feedback was gathered, and transitional plans developed to facilitate a seamless transition from municipal to province-wide licensing.

ESA has focused on preparing for implementation of the new regulation. Business processes and systems were defined to administer the licensing regime, and resource structures were introduced in ESA's Regulatory and Customer Service Centre divisions.

Draft regulation to introduce an appeals process was completed and policies to establish province-wide investigation and enforcement were initiated. The appeals process will provide access to an independent panel that will address refusals to renew licences, suspension of licences, and/or conditions placed on licences.

A dedicated information web site was established at www.esaecra.info and it continues to provide information and regular updates to electrical contractors. In addition, ESA participated in 60 information sessions reaching more than 2,000 electrical contractors across the province. A reference guide and supporting materials have been developed to assist electrical contractors in understanding the steps required to prepare for and to eventually obtain a provincial electrical contractor and master electrician licence.

Pre-master training materials have been updated and, with the concurrence of the Electrical Contractor Registration Agency, courses and examinations are being offered to those who wish to qualify for a master electrician licence in advance of the new regulatory regime. With the preparatory work undertaken and achieved in fiscal 2006, the Electrical Safety Authority is ready for the much-anticipated January 1, 2007 implementation of electrical contractor licensing.



Engaged

IN SAFETY

The greatest challenge and the greatest opportunity to influence public electrical safety come from public education. In fiscal 2006, the Electrical Safety Authority worked diligently with partners in retail, the electrical trades and electrical distribution to make the Ontario public more aware of potential electrical hazards and how to avoid them.

- Website receives one million hits per month starting January 2005

- Powerline Safety/Local Distribution Companies co-initiative 2005

- Home Depot expansion 2005

- 347-awareness 2004-2005

- Consumer Frequently Asked Questions feature introduced 2004

- www.esasafe.com updated 2003

- Home Depot pilot 2002-2004

- Elecsafe Alliance initiated 2001

- Standby Generator Campaign 2000

- Fire Marshal's Public Fire Safety Council initiative 2000

- Consumer Advisory Council introduced 2000

In the past fiscal year, the Electrical Safety Authority expanded its involvement with Home Depot and statistically demonstrated that bringing electrical safety information to the point of purchase substantially raises awareness among do-it-yourselfers. During the year, ESA increased its presence in Home Depot locations from five to 15, representing 25% of Ontario-based stores. Survey activity indicates safety awareness among consumers has increased by 26% in participating locations.

ESA's electronic information kiosks are now functioning in 15 Home Depot locations across Ontario. From these kiosks consumers can access Ontario Electrical Safety Code information, assess risk associated with specific electrical installations, and receive information on what to look for when hiring a qualified electrical contractor.

In response to research into safety incidents in the electrical trades, ESA focused its efforts on the dangers associated with working live on 347-volt electrical systems and the misuse of multimeters. ESA promoted its *Prepared to Take the Risk* awareness campaign across the electrical trades with full support of industry stakeholders. In the past year, electrical incidents associated with 347-volt systems and multimeters were reduced by 44%. ESA's ultimate goal is to drive the number of electrical incidents to zero.

In an effort to influence the behaviour of individuals who work on 347-volt systems, ESA developed the more aggressive *Don't Work Live* campaign. This health and safety initiative was launched at year-end and targets the electrical trades and facility supervisors and owners who must ensure they are in compliance with Ontario's Occupational Health & Safety Act requirements. The awareness campaign involves the distribution of a health and safety video, a *Don't Work Live* policy guideline, and an information brochure to 40,000 electrical trades workers and businesses across Ontario, including ESA's Continuous Safety Services customers. It has been bolstered by national support to change the Canadian Electrical Code to require a disconnect switch on new installations of 347-volt luminaries. This change will be reflected in the next edition of the Ontario Electrical Safety Code.

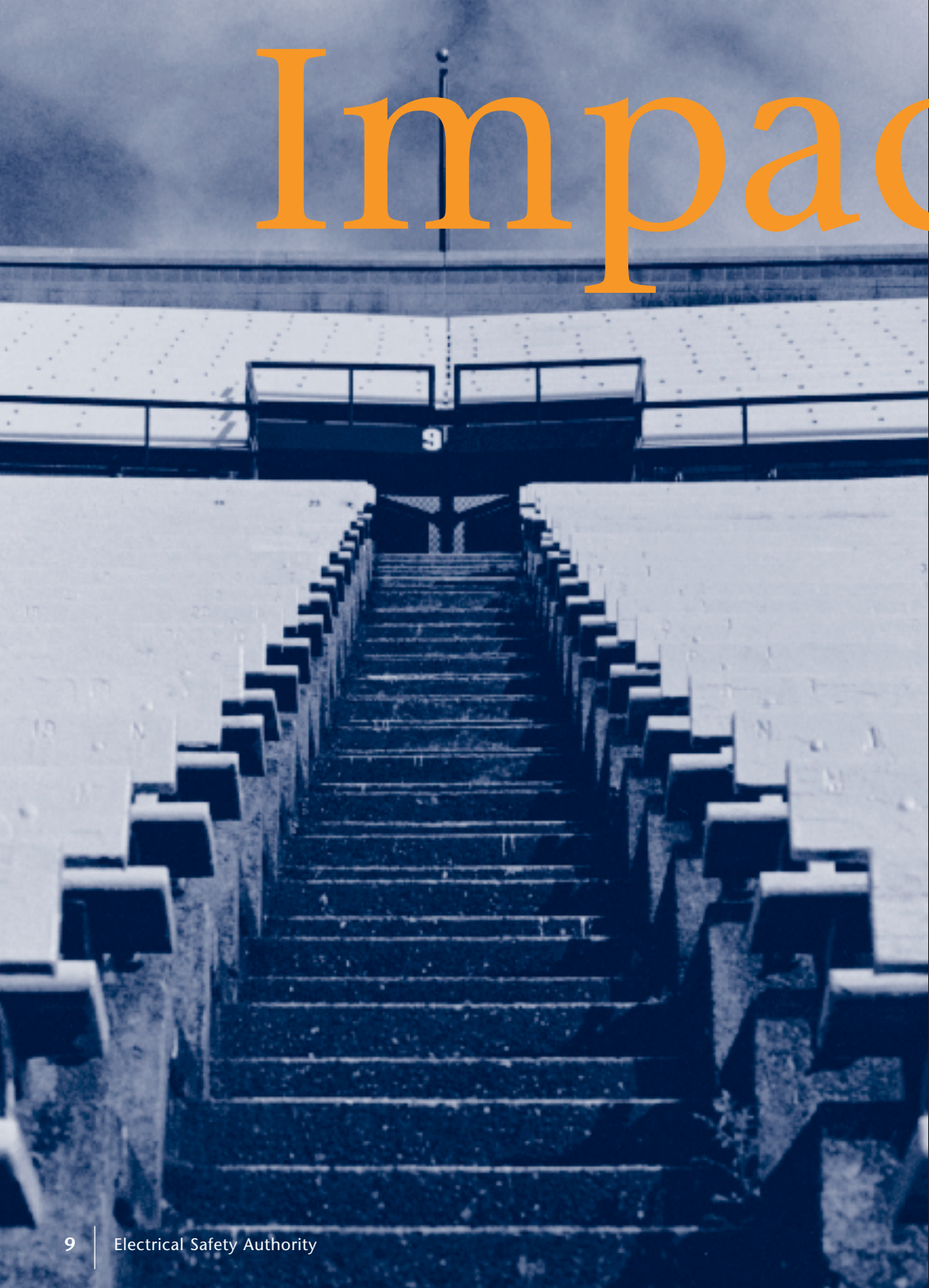
The awareness campaign has received support from ESA's Advisory Councils, the Industrial Accident Prevention Association, the Ontario Electrical League, the Electrical Contractors Association of Ontario, and the International Brotherhood of Electrical Workers. Campaign materials reside on ESA's corporate web site to encourage *Don't Work Live* policies as a standard practice in Ontario.

The introduction of the Electrical Distribution Safety Regulation in 2004 provided an opportunity for ESA to grow a relationship with local distribution companies resulting in the development and introduction of a province-wide powerline safety awareness initiative in fiscal 2006. The *Look Up, Look Out, Respect the Power* campaign will run for seven months.

Traditional media, outdoor signage and direct mail combined to create a level of impact aimed at modifying public behaviour around overhead powerlines at home, at work and at play. Messaging targets high-risk points of contact identified in the 2004 - Electrical Safety in Ontario Report, and introduces a co-branding strategy with local distribution companies. A dedicated information website was introduced at www.powerlinesafety.info. Campaign activity will continue in fiscal 2007. Ongoing involvement from local distribution companies and ESA's Utility Advisory Council will continue to identify campaign approaches for reaching segments of the Ontario population that are at high risk of coming into contact with overhead powerlines.

ESA continues to engage the public in electrical safety through an annual targeted campaign associated with the Elecsafe Alliance. In the past year this alliance of industry representatives targeted overhead powerlines on construction sites to heighten awareness of the most common points of contact resulting in accidents. One in five occupational electrocutions involve construction workers, and overhead powerlines are the most common point of contact.

ESA's reputation as an important electrical safety information source continues to grow with the public. The corporate web site at www.esasafe.com receives 1.7 million successful server hits and generates in excess of 100 'contact us' inquiries monthly. In addition, the on-line Frequently Asked Questions feature resulted in 35,000 successful responses to searches and enabled ESA to respond to 825 e-mail inquiries for electrical safety Code information. The success of the corporate web site has led to the development and launch of the powerline safety information web site and dedicated information sites to support ESA's contractor licensing initiative and Electrical Distribution Safety Regulation.



Impacting

SAFETY

A dedicated program has been established to address electrical safety issues associated with traveling shows and carnivals. A new annual process has been introduced as an option to support the industry in meeting compliance requirements.

• 3,068
Plan
Approvals
conducted
2006

- Authorized Contractor
Program expanded:
 - Residential 1998
 - C/I & HVAC 2000
- Pole line & Substation
maintenance 2005

- First Continuous Safety Services contract
in a non-jurisdictional area 2001;
14 contracts in
non-jurisdictional areas 2005

- High Risk - Roadway traffic lights and
carnival industry targeted 2005

- Electrical Distribution Safety Regulation introduced in 2004;
guidelines, audits, etc operational 2005

- Ministry of Labour Memorandum of Understanding
established 2005

- ESA recognized as an accredited inspection body by
the Standards Council of Canada 2005

Over the past year, the Electrical Safety Authority responded to customer and public feedback by enhancing program offerings and introducing new safety initiatives. This was accomplished while maintaining an acceptable and reasonable fee structure.

ESA continued to enhance program offerings that streamline the inspection process and improve communication with contractors. The Authorized Contractor Program (ACP) was expanded to include high voltage pole line and substation maintenance after these needs were identified through ESA's Contractor Advisory Council and the Ontario Electrical League Contractor Committee. Guidelines and parameters were developed in collaboration with a working group of contractor representatives from both the Ontario Electrical League and the Electrical Contractors Association of Ontario.

Following a review of data that assessed an alternative pricing model based on hours worked rather than electrical devices, the Contractor Advisory Council indicated continued interest. A more in-depth examination of the model will take place in fiscal 2007.

Ongoing communication with contractors was strengthened this past year. Business updates were provided in 27 province-wide ESA arranged contractor information sessions, four focus groups were conducted to explore top-of-mind contractor issues, and a quarterly newsletter, *Plugged In*, was introduced to reach ESA's database of 5,000 customers.

Assessment of ESA's Continuous Safety Services (CSS) program indicates significant inroads have been made promoting this offering to the transports/parts manufacturing, property management, municipalities, and educational services segments. Companies participating in the CSS program effectively manage their risk by ensuring maintenance work is properly reported and electrical defects are identified and repaired. The CSS line of business grew by 8% in the past fiscal year. In addition, 97% of existing customers continued to participate in the program. Increased use of inspection and defect reports, and improved data reporting have demonstrated the value of this safety program.

A long-term CSS business plan identifies significant market potential and recommends increased attention to large municipalities, large manufacturing and real estate sectors in the next two years. Requests for this service from jurisdictions outside Ontario are gratifying. ESA currently has 14 contracts with customers beyond its jurisdiction, and will continue to explore these opportunities.

A dedicated program has been established to address electrical safety issues associated with traveling shows and carnivals. Of particular concern is the lack of product approvals and regular maintenance of electrical equipment and components. A working group of ESA and industry representatives established an annual process to assist this segment of the entertainment industry with meeting compliance requirements. This program streamlines the permit process and makes it easier for the industry to arrange for electrical inspections. A total of 56% of large carnival and traveling show operators have elected to use this option as of the end of fiscal 2006.

Amendments to the Ontario Electrical Safety Code (OESC) will focus on high-risk electrical safety areas and modifications required for contractor licensing in fiscal 2007. Changes will be communicated through a series of update bulletins rather than a new edition of the Code. In fiscal 2006, ESA issued 31 Bulletins, five Safety Notices, 63 Recall Notices, and 33 articles in industry publications. In addition, ESA invested in creating a contractor version of the Frequently Asked Questions database that will be available to all Bulletin subscribers.

The Ontario Provincial Code Committee reviewed the plan approval process and recommended changes such as increasing the feeder size required for submission of plans prior to the initiation of electrical work. Requests for plan approval services increased by 17% from fiscal 2005 to fiscal 2006. ESA and the Ministry of Labour have established a Memorandum of Understanding that will strengthen the partnership between the organizations. Higher quality accident investigations and appropriate corrective measures will be identified and implemented as both organizations strive to enhance electrical safety in Ontario.

Work continued in the development of guidelines and program management associated with the Electrical Distribution Safety Regulation. The Utility Advisory Council supported the successful completion of all required guidelines. ESA introduced protocol for diligence inspections and auditing, and pre-approved auditors for this program area.

Increasing awareness of product approval requirements has facilitated growth in the Field Evaluation business. ESA conducted 97 visits to approve products bound for Ontario, and approved 84,835 pieces of electrical equipment.

Delivering

SAFETY

Best business practices have been developed with front-line input to establish tools and training requirements in support of ESA's inspection consistency goals and objectives.



- Notifications reach 385,000 2005
 - Self-Serve functionality introduced 2004
 - New Mobile system Fieldworker introduced 2004
 - New Mobile system SAP introduced 2001
 - Centralized Customer Service Centre introduced 2001
 - Notifications reach 293,000 1999

The Electrical Safety Authority continued to look for opportunities to increase the efficiency of its operating systems and processes in fiscal 2006.

Performance objectives for the SAP R3 and mobile systems were exceeded, and ESA made substantial software and hardware upgrades to further improve efficiency and reliability. The stability of the R3 system was improved through the implementation of an upgraded software package, and the mobile system was enhanced through the launch of the second phase of the Fieldworker mobile system. There was no interruption of service while these changes were being made, and inspectors reported a 146% improvement in satisfaction with the enhanced Fieldworker performance.

The upgrade to the new SAP R3 package can improve the organization's ability to assign work by Area Grid. Analysis will continue in fiscal 2007 to determine the benefits of introducing a change to work assignment by Area Grid.

ESA further streamlined access to the front-end customer service aspect of its business. The introduction of a single dedicated customer service call-in number has increased efficiency for contractors working in multiple territories. It has also enabled ESA to easily communicate and promote contact information to the public.

Increasingly, customers who regularly interface with ESA select the on-line option. This service provides 24/7 access to arranging notifications for inspection, and enables account customers to check the status of their notification, and reschedule if they are an ACP contractor. ESA orchestrated calling campaigns to promote this service and in fiscal 2006 the number of notifications generated on-line increased to represent 16.5% of all notifications processed. Contractors registered to use the on-line system doubled over the past year, growing to 800.

In the past five years ESA has worked diligently to address inspection resource issues associated with seasonal peaks and increased demand for services. Requests for inspections rose from 293,000 notifications in 1999 to 385,000 in fiscal 2006 and demand for investigative services also increased substantially during this period. More than 30 new inspectors are being hired. Each candidate must pass a rigorous interview and screening process, and once hired participates in two months of intensive in-class and field training.

ESA maintains its commitment to mandatory annual inspector training, developed and delivered by its Regulatory division. In fiscal 2006 a customer relationship and service component was added to Ontario Electrical Safety Code training. In addition, regular Code review meetings and health and safety training sessions were conducted with inspector teams across the province. Collectively, inspectors received 15,000 hours of training during the year.

Inspection consistency is vital to safety. Best business practices were developed with front-line input to define inspector training requirements to support ESA's inspection objectives. One component focuses on the consistent application of rules for defect generation and follow-up. This process has helped ESA identify the top 10 defects, which we regularly communicate to inspectors and contractors. Combined efforts have reduced the number of defects greater than 60 days by 66.5%, and all outstanding notifications by 17.4%.

ESA has achieved a 100% improvement in our inspector utilization rate. Using benchmark data gathered on visits per inspection team across the province, a resource-planning tool was developed that applies a pre-determined number of visits and duration of visit to each of our inspection types. This tool helps us better understand and manage each inspector's workload.

ESA's efforts to respond to customer needs have resulted in ongoing increases to customer satisfaction reaching a rating of 79.6% in fiscal 2006.



Defining

SAFETY RISKS

The Electrical Safety Authority has developed and implemented an unsafe product strategy to address the increasing presence of unapproved electrical products in Ontario markets. Relationships and infrastructures have been established with retailers and agencies that can support ESA in minimizing the number of unsafe products available to Ontarians.

- First phase of a Safety Management Model developed 2005

- Unsafe Product Strategy created 2004

The Electrical Safety Authority has implemented an unsafe product strategy to address the increasing presence of unapproved electrical products in Ontario. In addition, ESA sponsored a national forum for convening Chief Electrical Inspectors from across Canada to review and develop a national process to respond to this growing concern.

Relationships have been established with retailers and agencies who are able to influence the containment of unsafe products available in Ontario. Certification agencies have been engaged to communicate electrical product approval requirements. Retailers are being encouraged to act as gatekeepers on behalf of consumers when displaying and selling electrical products. This activity has required increased effort to identify and respond to unapproved and unsafe products in the marketplace with legal action and broad-based media campaigns to warn the public. ESA's corporate web site at www.esasafe.com contains detailed information on product approval requirements, electrical product safety alerts and recall notices.

In fiscal 2006, ESA received 106 unapproved product complaints, responded to 49 reports of unsafe products, issued five safety alerts, initiated four media awareness campaigns, and conducted four investigations. Our business processes support documentation, investigative dispatch, safety alert production, and a standardized reporting format.

Safety management is a critical piece of ESA's mandate and the organization has established a comprehensive safety risk framework. This decision-making process requires that all future safety initiatives assess risk before establishing priorities. ESA's Advisory Councils provided input to the development process, and existing models in other jurisdictions were studied to establish a best practices benchmark. ESA's recommendation going forward includes the continual monitoring of incidents to identify when and where risk profiles need to be changed, based on the likelihood and severity of a specific incident occurring. Focusing on high-risk areas will potentially achieve the greatest safety return.

Financial Summary

ESA's financial focus in fiscal 2006 was to maintain its position to ensure the allocation of appropriate funding for electrical safety initiatives and services in Ontario. Over the last number of years, ESA has improved its financial position with continued focus on diversifying revenue sources, scaling costs, achieving operating efficiencies, minimizing capital spending and executing business plan initiatives. Major business safety initiatives totaled over \$2 million and included contractor licensing, an electrical trade video, a powerline safety campaign and unsafe consumer products investigations, among others.

Revenue increased to \$67.8 million in fiscal 2006, an increase of 10.2% from fiscal 2005 and reflected increases across all business lines. Revenue increased due to the continued strong economic activity in Ontario and modestly higher wiring inspection fees.

Wiring revenue (both residential and commercial) increased by 7.9% while revenue from Continuous Safety Services (CSS) contracts also increased by 7.9%. Residential construction grew by 4.1% despite predictions of a decline in housing starts in that sector. Inspection services for residential construction represented 61.2% of total wiring related services (fiscal 2005 - 63.4%). New residential construction, included within this segment, is expected to decline over subsequent fiscal years, therefore, ESA will continue to expand or develop other services and revenue sources. Total wiring services represented 62% of revenue in fiscal 2006 (fiscal 2005 - 64%); CSS services represented 22% of fiscal 2006 revenue (fiscal 2005 - 22%), and other services represented 16% of fiscal 2006 revenue (fiscal 2005 - 14%). Other services include utility regulations, field evaluations, plan approvals and training.

Operating expenses (including depreciation and net of investment income) increased to \$62.1 million compared to \$55.3 million in fiscal 2005 representing a 12.3% increase. This increase in expenses is mainly related to the increase in business service activities, the fiscal 2006 safety initiatives, contracted labour increases and benefit costs including pension costs. There were increases to non-labour related operating expenses of 25.4% and increases to labour related expenses of 11.0%. Specific initiatives, including many safety initiatives, resulted in additional spending of close to \$5 million. These costs included such programs as safety messaging and communication, implementing contractor licensing, investigating unsafe products, staffing inspection seasonal peaks, continuing to improve defect follow-up and business diversification, among others. Benefit costs including pension costs increased from \$10.5 million last year to \$12.8 million this year, an increase of 21.9%. There was a similar increase in fiscal 2005. This continued escalation of benefit costs will be reviewed by the business in conjunction with its employee collective bargaining units.

The increase in revenue offset somewhat the increase in operating expenses resulting in a net excess (revenue exceeding expenses) for fiscal 2006 of \$5.7 million compared to a net excess in fiscal 2005 of \$6.2 million.

Capital spending of \$5.2 million was higher in fiscal 2006 due to the purchase of a building in Cambridge, Ontario that houses ESA's Customer Service Centre and Plan Approval business. ESA also made further investments in its program for continuous improvements in its information technology infrastructure.

The balance sheet continued to improve in fiscal 2006 with assets exceeding liabilities by \$10.7 million of which \$7.8 million is represented by capital assets. However, the balance sheet does not reflect the \$21.2 million net deficiency in the ESA Pension Plan. The funding of this deficiency, although a concern, is reflected in the Company's business plans.

In the past fiscal year, the Electrical Safety Authority continued to maintain an adequate financial base to support the many safety initiatives and programs required to protect the citizens of Ontario. ESA has developed strong financial processes to ensure spending is prudent, productivity increases, customer service is enhanced and business diversity is encouraged. ESA's financial structure is an integral part of its strategic plan.

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 BOARD OF DIRECTORS OF ELECTRICAL SAFETY AUTHORITY

We have audited the balance sheet of **Electrical Safety Authority** as at March 31, 2006 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, 2006 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,
April 28, 2006.

A handwritten signature in blue ink, appearing to read "Ernst & Young", followed by the text "LLP" in a smaller, printed font.

Chartered Accountants

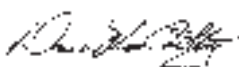
BALANCE SHEET

As at March 31
(in thousands of dollars)

	2006 \$	2005 \$
ASSETS		
Current		
Cash and cash equivalents [note 7]	12,594	1,805
Trade accounts receivable, net	6,057	5,694
Short-term investments [notes 3 and 7]	-	2,431
Other assets	903	653
Total current assets	19,554	10,583
Long-term investments [notes 3 and 7]	22,429	23,266
Capital assets, net [note 4]	7,831	4,046
Deferred pension asset [note 5]	4,350	7,434
	54,164	45,329
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued charges	8,405	7,799
Deferred revenue	10,143	8,790
Total current liabilities	18,548	16,589
Employee future benefit obligations [note 5]	24,886	23,687
Total liabilities	43,434	40,276
Contingencies and commitments [notes 9 and 10]		
Net assets		
Invested in capital assets	7,831	4,046
Unrestricted	2,899	1,007
Total net assets	10,730	5,053
	54,164	45,329

See accompanying notes

Approved on behalf of the Board:



Director



Director

STATEMENT OF OPERATIONS

Year ended March 31 (in thousands of dollars)	2006 \$	2005 \$
Revenue	67,798	61,503
Expenses		
Salaries, wages and benefits [note 5]	45,786	41,259
Operating	15,886	12,664
Depreciation [note 4]	1,406	2,062
Investment income [note 6]	(957)	(674)
	62,121	55,311
Excess of revenue over expenses for the year	5,677	6,192

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS

(in thousands of dollars)	Unrestricted \$	Invested in capital assets \$	Total \$
Balance, March 31, 2004	(3,922)	2,783	(1,139)
Excess of revenue over expenses for the year	8,254	(2,062)	6,192
Purchase of capital assets	(3,325)	3,325	-
Balance, March 31, 2005	1,007	4,046	5,053
Excess of revenue over expenses for the year	7,101	(1,424)	5,677
Purchase of capital assets	(5,209)	5,209	-
Balance, March 31, 2006	2,899	7,831	10,730

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31 (in thousands of dollars)	2006 \$	2005 \$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	5,677	6,192
Add (deduct) items not involving cash		
Depreciation	1,406	2,062
Loss on disposal of capital assets	18	—
Decrease (increase) in deferred pension asset	3,084	(1,704)
Increase in employee future benefit obligations	1,199	650
	11,384	7,200
Net change in non-cash working capital balances related to operations [note 8]	1,346	(247)
Cash provided by operating activities	12,730	6,953
INVESTING ACTIVITIES		
Net decrease (increase) in investments	3,268	(20,962)
Purchase of capital assets	(5,209)	(3,325)
Cash provided (used) in investing activities	(1,941)	(24,287)
Net increase (decrease) in cash and cash equivalents during the year	10,789	(17,334)
Cash and cash equivalents, beginning of year	1,805	19,139
Cash and cash equivalents, end of year	12,594	1,805
Cash and cash equivalents comprise		
Cash	144	1,805
Short-term investments	12,450	—
	12,594	1,805

See accompanying notes

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

(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 Government Services ["MGS"]. 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 results 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 MGS.

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 into use over the estimated useful lives of the assets, as follows:

Building	25 years
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, 2006

(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, in which case they 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 benefits 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 the 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:

	2006 \$	2005 \$
Short-term investments	–	6,496
Federal bonds	8,497	7,549
Provincial bonds	6,340	4,155
Corporate bonds	7,592	7,497
Total [quoted market value - \$21,985 [2005 - \$25,409]]	22,429	25,697
Less short-term investments recorded as current	–	2,431
Long-term investments	22,429	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 30 months and a weighted average interest rate of 3.5%.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

(IN THOUSANDS OF DOLLARS)

4. CAPITAL ASSETS

Capital assets consist of the following:

	2006			2005		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	\$	\$	\$	\$	\$	\$
Land	450	–	450	–	–	–
Building	3,054	102	2,952	–	–	–
Computer software and licenses	6,626	4,918	1,708	7,849	6,641	1,208
Electronic equipment	2,114	830	1,284	2,532	1,165	1,367
Telephone and projection system equipment	548	419	129	521	301	220
Office furniture and inspection equipment	1,060	531	529	1,071	553	518
Leasehold improvements	1,805	1,026	779	1,592	859	733
	15,657	7,826	7,831	13,565	9,519	4,046

In 2006 there were no capital projects in process [2005 - \$304]. The 2005 amount was transferred to completed projects during 2006. There was no depreciation recorded for capital projects in process in 2005.

5. EMPLOYEE FUTURE BENEFIT PLANS

ESA's employee benefit plans include defined benefit plans that provide pension and 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 supplemental employee retirement plan are measured as at December 31, 2005 and OPEB and long-term disability are measured as at March 31, 2006. The fair value of assets is determined using the December 31, 2005 asset values.

The actuarial present value of the accrued pension benefits for accounting purposes is estimated as at March 31, 2006 based on a projection of the actuarial valuation as at January 1, 2005. The effective date of the next required actuarial valuation report for funding purposes for the pension plans will be January 1, 2008.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

(IN THOUSANDS OF DOLLARS)

Information about ESA's defined pension benefit plans and OPEB plans for the year ended March 31, 2006 and 2005 is as follows:

	2006	2005		
	Pension benefit plans \$	OPEB plans \$	Pension benefit plans \$	OPEB plans \$
Accrued benefit obligation, end of year	179,322	31,697	152,699	24,654
Fair value of plan assets, end of year	158,151	–	141,718	–
Funded status - plan deficit	(21,171)	(31,697)	(10,981)	(24,654)
Unamortized net actuarial loss	31,182	7,252	13,558	1,436
Deferred asset (gain) loss	(6,414)	–	1,843	–
Unamortized past service costs	1,683	80	2,399	125
Unamortized transitional obligation	(2,222)	(139)	(2,778)	(173)
Employer contributions in stub period	1,292	–	3,393	–
Accrued benefit asset (liability)	4,350	(24,504)	7,434	(23,266)
Add Workplace Safety Insurance Board of Ontario liability	–	(382)	–	(421)
Total employee future benefit asset (obligation)	4,350	(24,886)	7,434	(23,687)

The amount of \$4,350 [2005 - \$7,434] 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 \$5,048 [2005 - \$8,067] in the pension plan and a liability of \$698 [2005 - \$633] in the Supplementary Retirement Plan.

The net benefit plan expense for the year ended March 31, 2006 for the pension benefit plans is \$5,995 [2005 - \$4,481] and for OPEB plans is \$2,526 [2005 - \$2,204].

The balance as at January 1, 2005 of the actuarial present value of accrued pension benefits has been adjusted to reflect a change in the nominal discount rate from 6% to 5.1% [2004 - 6.25% to 6%].

The significant increase in actuarial loss is due to a combination of new entrants from the date of the last valuation to the current valuation date and changes due to plan experience arising from retirements, turnover and mortality, as well as changes in the Canada Revenue Agency Maximum Pension limits.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

(IN THOUSANDS OF DOLLARS)

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	
	2006 %	2005 %	2006 %	2005 %
Discount rate	5.10	6.00	5.25	6.00
Expected long-term rate of return on plan assets	7.10	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	2.20	2.50	2.20	2.50

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	
	2006 %	2005 %	2006 %	2005 %
Discount rate	5.10	6.25	5.25	6.50
Expected long-term rate of return on plan assets	7.10	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	2.20	2.50	2.20	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:

	2006 %	2005 %
Cash	0	2
Fixed income securities	32	34
Canadian equities	21	20
U.S. equities	19	20
Non-North American equities	28	24

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

(IN THOUSANDS OF DOLLARS)

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

	2006 \$	2005 \$
Employer's contributions	2,857	6,167
Employees' contributions	1,634	1,540
Benefits paid	5,904	5,591

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 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Long-term investments in the amount of \$22,429 and cash and cash equivalents in the amount of \$2,457 are restricted for specific purposes relating to future expenditures for post-retirement benefits. The total amount restricted is based on budgets and the Board of Directors' approval.

8. STATEMENT OF CASH FLOWS

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

	2006 \$	2005 \$
Trade accounts receivable	(363)	(648)
Other assets	(250)	101
Accounts payable and accrued charges	606	179
Deferred revenue	1,353	121
	1,346	(247)

9. CONTINGENCIES

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and employees. Specific claims have been brought against the Company, the outcome of which is indeterminable at this time. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such claims would not have a material adverse effect on the financial position of the Company.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

(IN THOUSANDS OF DOLLARS)

10. COMMITMENTS

[a] 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, 2006:

	\$
2007	2,765
2008	2,719
2009	2,638
2010	2,420
2011	2,066
Thereafter	1,900
	14,508

[b] As at March 31, 2006, a letter of credit in the amount of \$421 has been issued to the Workplace Safety Insurance Board of Ontario. A corresponding liability for this amount has been accrued.

11. 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.

12. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2006 financial statements.

Business Objectives

FISCAL 2006

ESA'S Strategic Plan 2006

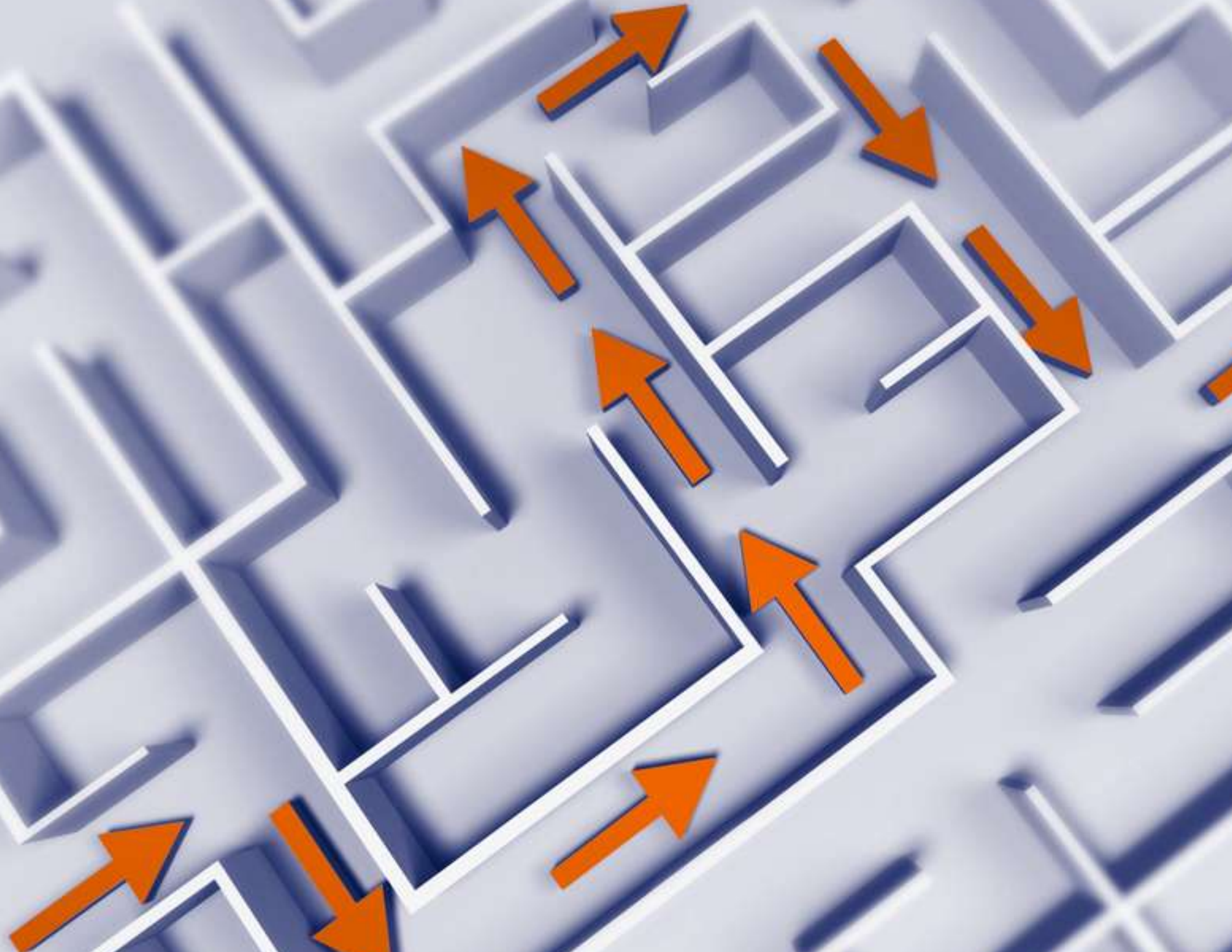
VISION	Experts in Electrical Safety. Superior services and solutions. A recognized leader.			
INTERNAL MISSION	Easy to do Business with		Operational Excellence	
OBJECTIVE "WHAT"	Leadership in Electrical Safety (SA)	Excellent Stakeholder Relationships (SR)	Maintain Financial Stability (FS)	Improve Business 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 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 • Double the improvement in inspector satisfaction with Mobile System
ACTION PLAN "HOW" (26 Action Plans)	• Increase public risk awareness at electrical retailers outlets • Communicate safety issues to trades • Communicate powerline safety practices to high-risk groups • Ensure consistent application of rules for detect generation and follow-up • Implement Contractor Licensing • Implement a strategy for unsafe products • Prepare the 2006 Code • Work with entertainment industry to improve safety program	• Enhance inspector staffing program to cover seasonal peaks • 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 ACP (including verticals) • Get direct contractor feedback on ESA initiatives • Introduce a contractor's newsletter • Conduct contractor training/information meetings	• Introduce a single dedicated customer service "call-in" number • Implement the current fiscal year CSS sales plan • Develop a long-term CSS business plan • Expand the CSS Mining Business	• Benchmark and track number of visits per team (time confirmation) • Provide senior with tools to effectively manage their teams • Enhance customer self-serve functionality • Improve stability of R/3 system and examine long-term options • Implement Fieldworker Phase 2 • Complete a plan that transitions the business to a risk-based safety model by 2008. Define & implement phase 1 in 2006 • Test feasibility of assigning work by Area Grid

PROVIDE LEADERSHIP IN ELECTRICAL SAFETY	SUCCESS AND PERFORMANCE	
	PLAN	ACTUAL
Safety Awareness	• Increase electrical safety awareness at the point-of-purchase. • Reduce the number of common electrical incidents in the electrical trades. • Communicate powerline safety practices to high-risk groups. • Reduce the number of defects greater than 60 days.	• ESA increased public safety awareness by 26% with the expansion of the Home Depot campaign. • ESA reduced the number of electrical incidents associated with 347-volt systems and multimeters in the electrical trades by 44%. • ESA coordinated a province-wide powerline safety campaign with 150 million opportunities to view through an outdoor signage/media campaign, and the distribution of a 12 million co-branded billing insert campaign with local distribution companies (three inserts to 91% of Ontario households). • ESA's Technical Advisors issued five safety alerts. • ESA produced two new corporate brochures on carnivals and traveling shows and contractor licensing. • ESA responded to 825 inquiries through an on-line Frequently Asked Questions database. • ESA received 18 million successful server hits on the corporate website www.esasafe.com. • ESA introduced three new information websites: www.esaecra.info (contractor licensing), www.esaeds.info (utility regulation), and www.powerlinesafety.info. • ESA reduced the number of defects greater than 60 days by 66.5%.
Regulatory Development	• Implement contractor licensing. • Prepare the 2006 Ontario Electrical Safety Code.	• ESA has communicated the decision to introduce electrical contractor licensing through: 1. 60 sessions across Ontario 2. communication from municipalities 3. interactive voice messaging at the Customer Service Centre 4. development of a reference guide • ESA created an information website to keep contractors updated on licensing requirements. • ESA introduced master electrician training and an examination to support the transition to master electrician licensing. • ESA defined systems required to administer contractor and master electrician licensing. • Preparations for the introduction of a new Code were made. Rather than introduce a new Code ESA will proceed with important safety amendments to the Code.
Safety Management Framework	• Ensure consistent application of rules for defect generation and follow-up. • Implement an Unsafe Product strategy.	• ESA developed processes and introduced training to ensure consistent application of rules for defect generation and follow-up that resulted in a reduction to the number of defects greater than 60 days by 66.5%. • ESA worked to implement an unsafe product strategy that resulted in the development of relationships with stakeholders, agencies, retailers and manufacturers that establishes an infrastructure to support ESA in managing public access to unsafe products.
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 supports this industry in complying with Ontario Electrical Safety Code requirements.	• The development of a Certified Contractor Program pilot was deferred. • ESA developed and launched a campaign targeted at the high-risk carnival and traveling show operators across Ontario to ensure full compliance to product approval and electrical inspection requirements.

PROVIDE EXCELLENT SERVICE	SUCCESS AND PERFORMANCE MEASURES	
	PLAN	ACTUAL
Inspection	• Reduce all outstanding notifications by 10%. • Enhance Inspector staffing program to cover seasonal peaks. • Standardize operating procedures and training for Inspectors. • Provide update training for all Inspectors. • Develop and communicate a resource planning measurement tool.	• ESA reduced outstanding notifications by 17.4% through the introduction of new processes and resource allocation efficiency improvements. • ESA implemented a plan to hire more than 30 new Inspectors in fiscal 2006 and fiscal 2007 to respond to growing requests for inspection services. • ESA introduced procedures based on best practices supported with Inspector training to standardize operating procedures and increase consistency. • ESA provided all Inspectors with Code update training, and introduced a customer service aspect to the training model. • ESA developed a resource planning tool and provided benchmark data and training to Senior Inspectors to support the implementation of this tool. • ESA realized a 100% improvement in the Inspector utilization rate.
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.	• ESA achieved a 1.2 % error rate at the Customer Service Centre. • CSC services continued to be streamlined with calls answered in less than 30 seconds. • Requests for inspections were processed within the 48-hour turnaround commitment.
Risk Management	• Establish a contractor risk profile as part of ESA's risk management framework.	• ESA explored the establishment of a contractor risk profile but has deferred this until other components of the Safety Management Framework are in place, and contractor licensing is better established.
New Service Offering	• Expand the range of work covered under the Authorized Contractor Program. • Introduce a contractor newsletter. • Conduct contractor training/information meetings.	• ESA extended the range of work covered under the Authorized Contractor Program to include pole line and substation maintenance work. • ESA introduced <i>Plugged In</i>, a quarterly contractor newsletter. • ESA conducted 27 contractor information sessions across the province.
Customer Satisfaction	• Increase overall contractor satisfaction with ESA. • Establish a process to obtain direct contractor feedback on ESA initiatives.	• ESA increased contractor satisfaction with Customer and Inspection Service from 78.3% to 79.6%. • ESA conducted four focus groups to gather top-of-mind issues from contractors through a third party.

ENSURING FINANCIAL STABILITY	SUCCESS AND PERFORMANCE MEASURES	
	PLAN	ACTUAL
Financial Resources	• Achieve a positive surplus. • Achieve a positive cash flow. • Increase the recurring revenue components of the business.	• ESA achieved a surplus of 8.4% of revenues. • ESA achieved a positive cash flow of \$7.5 million. • ESA increased the recurring revenue component of the business by \$1.6 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.	• ESA completed the margin analysis by line of business. • ESA introduced a dedicated customer call-in number - 1-877-372-7233 (esa-safe). • ESA implemented the current fiscal year sales plan for Continuous Safety Services achieving annual revenues of \$14.6 million. • ESA developed a long-term business plan to define market potential and focus Continuous Safety Services sales activity in fiscal 2007. • ESA expanded sales from the Continuous Safety Services business activity with the mining industry by 6.9%.

STRENGTHEN BUSINESS PROCESSES	SUCCESS AND PERFORMANCE MEASURES	
	PLAN	ACTUAL
Improve Business Productivity	• Achieve an improvement in the Inspector utilization rate. • Increase the ratio of electronic transactions. • 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.	• ESA achieved a 100% improvement in the utilization rate of Inspectors through the introduction of a resource-planning tool and new processes based on best business practices. • Electronic applications submitted as a percent of the total increased to 16.5%. • Inspectors were never without their laptops for more than four hours. • ESA's computer systems were available to users for 99.63% of the year. • ESA established a benchmark for the number of inspection visits for individual inspection teams based on SAP data and a pre-determined number of visits and length of inspection time per visit. • Senior Inspectors were provided with tools and training to supervise Inspector 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.	• Customer self-service functionality was enhanced by including the potential for ACP pole line and substation maintenance participants to submit on-line applications. • SAP R3 was upgraded to maintain system stability. • Phase 2 of the Fieldworker mobile system was successfully implemented. • Activities to establish standard formats for collecting address information were deferred. • ESA developed a safety management framework model and has defined an implementation plan. • ESA has ensured that its computer systems can accommodate the assignment of work by Area Grid.



Business Plan

FISCAL 2007-2009

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, establishing a system to administer and manage provincial electrical contractor and master electrician licensing, and appointing inspectors. The mandate for electrical safety drives ESA's business direction. As we pursue aggressive objectives and action plans for the 2007-2009 business cycle, we will ensure:

- Consultations with employees, customers, stakeholders and the public on key business initiatives are ongoing.
- Safety partnerships are developed to support ESA in extending the reach of its important safety messages and impact.
- Information sources are clearly defined to assess public safety needs and set safety priorities for Ontario.
- Employees are provided with the systems and training to enable them to excel in contributing to safety objectives.
- Safety is positioned as a customer service and a critical customer need.
- Programs and services are delivered in an effective and efficient manner.
- Systems and processes are constantly updated to respond to changing technology.

This strategic direction engages Ontario residents in electrical safety, whether they are seeking to retain the services of an electrical contractor, assessing potential electrical hazards, working around their property, or minimizing potential risks on the job. We intend to reach them with our important safety messages and inspection services.

LETTER FROM THE President and

The Electrical Safety Authority developed its plans for the fiscal years 2007-2009 with an increased focus on safety excellence. As a result, our internal mission has evolved from operational excellence to safety excellence.

This shift in emphasis recognizes the strides we have made growing our business over the last six years. It recognizes our responsible financial management, the soundness of our investments in our employees, our infrastructure and management processes, and our responsiveness to both our industry and the general public.

We are in an excellent position to support our current safety programs and to introduce new initiatives. Our employees are committed to the safety mandate and support corporate efforts that enable ESA to have a bigger impact on reducing electrical incidents in the trades, among workers in general, and within the public at large. The recent move to introduce provincial contractor licensing provides us with a welcome opportunity to educate members of the public on the importance of using a licensed and qualified electrical contractor to do their electrical work. We are adding inspection resources, we are continuing to work to raise public awareness surrounding potential electrical hazards, and we are continuing to grow compliance to electrical safety regulations and requirements.

We have the required resources to meet our objectives and we have the support of our employees, our management team, our Board of Directors, our stakeholders, and the Ministry of Government Services.

For fiscal 2007, our historical key business objectives will be maintained. We will strive to achieve leadership in electrical safety, ensure excellent stakeholder relationships, maintain financial stability and improve business processes. The Electrical Distribution Safety Regulation and the move to contractor licensing have introduced ESA to new roles with new stakeholder interfaces. These important relationships are evolving in a positive way and will be the key drivers for the duration of this business plan.

The following key actions will drive our strategy in fiscal 2007:

Reduce Incidents in the Electrical Trades:

A combined plan of Ontario Electrical Safety Code changes, training, and awareness campaigns will be used to encourage business and facility owners, operators, supervisors, and tradespeople to adopt and follow a *Don't Work Live* policy when working on 347-volt systems. A complementary campaign directed at the safe use of multimeters will be launched to the electrical trades.

Chief Executive Officer

Implement Contractor Licensing:

ESA will continue to work with the electrical industry as we prepare for the January 2007 introduction of provincial electrical contractor and master electrician licensing. Applications for licensing will be accepted starting in July 2006. ESA will ensure that all supporting appeals regulations will be in place prior to July 1, 2006 and supporting enforcement processes will be in place prior to the January 2007 implementation date.

Raise Public Awareness:

ESA is defining public risk awareness, and working to establish the organization as an important source of electrical safety information. Efforts will be directed at ensuring the public understands potential risks and how to avoid associated dangers.

Improve Stakeholder Satisfaction:

We will continue to work closely with our stakeholders, recognizing the important contribution they make toward ensuring our safety goals are achieved.

Our efforts will continue to be driven by data gathered from our Electrical Safety in Ontario Report and the safety management modeling work that is underway in our Regulatory division. This work will be advanced through market data and research that will help us target safety initiatives to ensure the greatest possible safety impact.

This strategic direction is one of which we are particularly proud. It engages Ontario residents in electrical safety, whether they are seeking to retain the services of an electrical contractor, assessing potential electrical hazards, working around their property, or minimizing potential risks on the job. We intend to reach them with our safety messages and inspection services.

We will continue to engage our employees and stakeholders in the review of our plans and programs. I am confident that together we will continue to have a significant impact on electrical safety in Ontario.



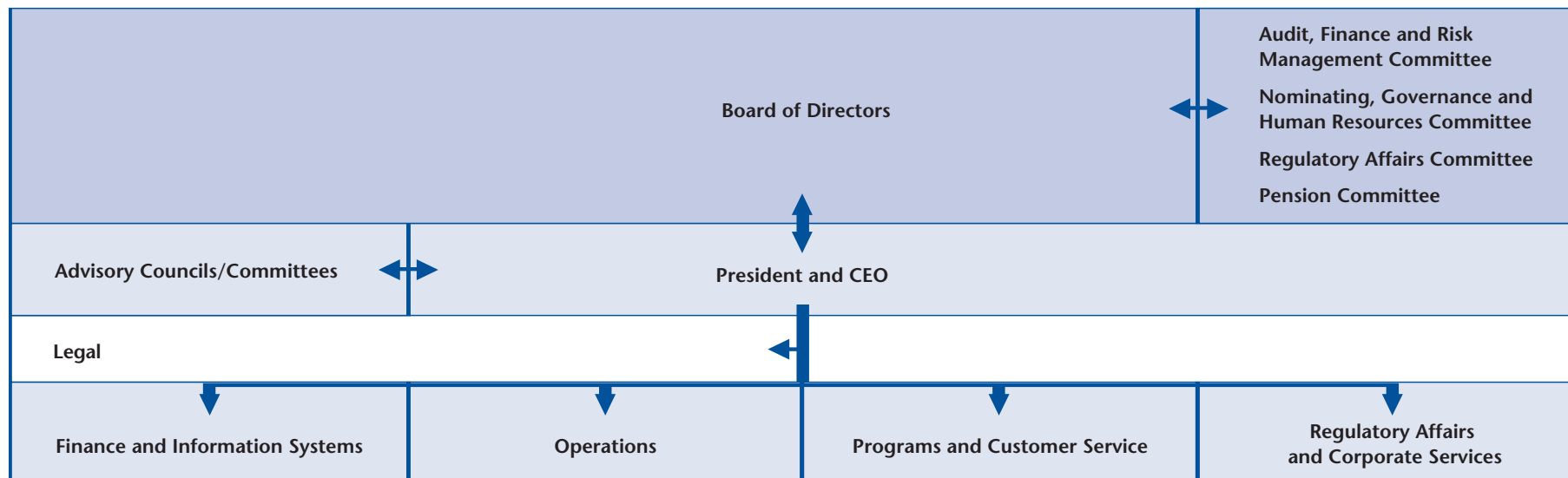
Robert M. Stelzer
President and Chief Executive Officer
Electrical Safety Authority

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 2007-2009 business plan cycle:

- ESA successfully executes the strategic plan.
- Electrical installations and maintenance continue to be regulated and inspected by ESA.
- Electrical safety associated with distribution lines continues to be regulated and overseen by ESA.
- Electrical contractor and master electrician licensing continue to be administered by ESA.
- ESA continues to receive Government support to develop and approve new safety regulations or legislation that could impact electrical safety.
- The economy continues to be strong enough to support continued residential and commercial/industrial development.
- ESA maintains positive relationships with supporters, stakeholders, and other safety organizations to advance public electrical safety awareness.
- Employees, customers and other stakeholders continue to provide feedback and support for ESA initiatives.
- ESA continues to receive cooperation from safety stakeholders in the collection and sharing of data to support the development and implementation of new safety initiatives.
- ESA is able to respond to new safety challenges associated with delivering safety services and information to the broader Ontario public.
- ESA is able to respond to changing technological needs and advancements to support the delivery of its electrical safety services.
- ESA continues to meet its financial objectives.
- ESA continues to meet customer needs.

OUR STRUCTURE



ESA'S Strategic Plan 2007

VISION	Experts in Electrical Safety. Superior services and solutions. A recognized leader.			
MISSION	Operational Excellence		→ Safety 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, 2007)	Reduce the number of incidents in the electrical trade by 15% Increase awareness of Powerline Safety Campaign among high risk groups by 20% 3500 Master electricians licensed	Improve Contractor satisfaction with ESA communication by 5% Level of employee support for company direction improves by 5% External Advisory Councils engagement is 78%	Increase recurring revenue by 14% Surplus of 0.3% to fund safety and reserve objectives Maintain a positive cash flow	Increase operational effectiveness (e.g. variable fleet costs) by 5% Increase CSC effectiveness (e.g. on- line usage) by 5% Ensure 99.7% availability of SAP/Fieldworker
ACTION PLAN "HOW" (23 Action Plans)	Communicate safety initiatives to Trades (e.g. not working live, multimeters) Communicate Powerline safety practices to high-risk groups Implement Contractor Licensing Implement amendments to current Code Implement the FY 2007 phase of the Safety Management Plan Prepare a communication plan that raises public awareness of ESA as an important source of electrical safety information Create a plan for an effective enforcement strategy Implement next phase of Safety Power program	Conduct Contractor training / information meetings Generate an HR Plan that considers succession, induction, recruitment Corporate Privacy Plan Enhance the communications within ESA Implement next phase of the CCP Program Explore a plan for LDC services offerings	Implement current FY CSS sales plan Fiscal framework and margin analysis by product line and geography Assess new CSS contracts based on risk Explore funding model for non-regulatory items such as ESA branding, safety communication & unapproved product response	Provide Senior with further tools to effectively manage their team Implement Fieldworker phase 3 Implement next phase of work assignment by area grid Create a best in class IT system (e.g. business continuity plan) Align application for inspection process for contractor licensing

FISCAL 2007- 2009 Business Objectives

PROVIDE LEADERSHIP IN ELECTRICAL SAFETY	SUCCESS AND PERFORMANCE
Safety Awareness	• Increase awareness of powerline safety campaign among high-risk groups by 20%. • Reduce the number of common electrical incidents in the electrical trades by 15%. • Prepare a communication plan that raises public awareness of ESA as an important source of electrical safety information.
Regulatory Development	• Implement contractor licensing. • Implement amendments to the current Ontario Electrical Safety Code. • License 3,500 master electricians.
Safety Management Framework	• Implement the fiscal year 2007 phase of the safety management plan. • Create a plan for an effective enforcement strategy.
New Safety Initiatives	• Implement the next phase of the safety power program.

PROVIDE EXCELLENT STAKEHOLDER RELATIONSHIPS	SUCCESS AND PERFORMANCE MEASURES
New Initiatives	• Implement the next phase of the Certified Contractor Program pilot. • Explore a plan for local distribution company service offerings.
Information/ Communication	• Conduct contractor training/information meetings. • Develop a corporate privacy plan. • Enhance communications within ESA
Stakeholder Satisfaction	• Improve contractor satisfaction with ESA communication by 5%. • Improve employee support for company direction by 5%. • Generate an HR Plan that considers succession induction, recruitment.

MAINTAIN FINANCIAL STABILITY	SUCCESS AND PERFORMANCE MEASURES
Financial Resources	• Increase recurring revenue by 14%. • Achieve a surplus of 0.3% to fund safety and reserve objectives. • Maintain a positive cash flow.
Service / Program Expectations	• Implement the current fiscal year Continuous Safety Services sales plans. • Assess new Continuous Safety Services contracts based on risk. • Conduct a fiscal framework and margin analysis by product line and geography. • Explore funding models to support activities such as unsafe products, investigations, and public safety awareness communications.
IMPROVE BUSINESS PROCESSES	SUCCESS AND PERFORMANCE MEASURES
Improve Business Productivity	• Increase operational effectiveness by 5%. • Increase Customer Service Centre effectiveness (i.e. on-line usage) by 5%. • Ensure 99.7% availability of SAP/Fieldworker. • Align the application for inspection process for contractor licensing. • Provide Senior Inspectors with management tools to increase team effectiveness.
Enhance Information Systems	• Implement Fieldworker Phase 3. • Create a 'best in class' IT system.

REVENUE & EXPENSES

	2006	2007		2008		2009	
(\$ millions)	(actual)	(projection)	% change	(projection)	% change	(projection)	% change
REVENUES							
Total	67.8	70.2	3.5	73.8	5.1	73.1	(0.9)
EXPENSES							
Salaries, Wages & Benefits	45.8	51.3	12.0	53.8	4.9	55.4	3.0
Operating Expenses	15.9	18.4	15.7	19.5	6.0	17.5	(10.3)
Depreciation	1.4	1.6	14.3	2.0	25.0	1.8	(10.0)
Total	63.1	71.3	13.0	75.3	5.6	74.7	(0.8)
Margin	4.7	(1.1)		(1.5)		(1.6)	
Investment income	1.0	1.3		1.5		1.7	
NET	5.7	0.2		0.0		0.1	

ESA's Financial Projections AND Trends

In the past, The Electrical Safety Authority's Strategic Plan included the need to achieve financial stability. The current strategy is to maintain those financial thresholds. ESA expects to experience continued positive results in future years but at more modest levels than that experienced in the last two years. Construction starts, especially in the new home market, have been very strong and this is being followed by strong starts in the commercial/industrial sector. In recent years, this financial performance has allowed ESA to allocate more resources to safety initiatives, new regulatory initiatives and customer service enhancements and productivity improvements. The funding of these and similar activities should continue in future years.

Revenue is expected to grow at a modest level of approximately 3% on average in the next three years and may in fact decline depending on the impact of new construction especially in the housing sector. The Company's objective is to diversify revenue so that less reliance is placed on wiring inspection services. These revenue sources will be from the expansion of the CSS program, Utility Regulation, Contractor Licencing and other similar initiatives. As a result revenue will increase from \$67.8 million in fiscal 2006 to \$73.1 million in fiscal 2009. Wiring revenue is expected to decline modestly in fiscal 2007 with all other services expected to modestly increase. There were no substantive rate increases for fiscal 2007.

Expenses are expected to increase substantially in fiscal 2007 by \$8.2 million. This incremental spending directly relates to the Company's \$5.7 million Strategic Plan initiatives and the allocation for safety programs (\$3.9 million), customer service initiatives (\$0.4 million), revenue diversity (\$1.0 million) and productivity improvements (\$0.4 million). The remainder of the increase of \$2.5 million is related to the expense growth on the base business. Subsequent years reflect increase or decreases in line with the revenue projections and other activities.

As a result, ESA's plan assumes a modest excess (revenue exceeding expenses) of \$ 100,000 on average for each of the next three fiscal years.

There will be modest capital spending in fiscal 2007 to fiscal 2009 with investments mainly in technology and similar infrastructure.

Risks to this financial plan relate mainly to the impact of housing and commercial construction starts and the funding of 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 2007 and future years.

The overlay displays actual financial results for fiscal 2006, and projections for the fiscal years 2007 - 2009.

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 below.

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 complainant can be referred to the President and Chief Executive Officer.

In fiscal 2006, we recorded 23 written complaints and each received a response in a timely manner. Two written complaint(s) were forwarded to the Chief Executive Officer for response.

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 fulfils its public safety mandate.

INDUSTRY ADVISORY COUNCIL

Jim Armstrong	Director, Consulting Services, Industrial Accident & Prevention Association
Brad Bell	Hammerschlag and Joffe Consulting Engineers
Brian Curran	President and CEO, PUC Distribution Inc., Sault Ste. Marie
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, Codes and Standards, Eaton Electrical, Cutler-Hammer
Dave Sinclair	President and CEO, Kenora Hydro
Ken Steger	Director of Engineering, CGI Insurance Brokers

CONSUMER ADVISORY COUNCIL

Steve Bober	St. Mary's
John Buchanan	Ottawa
Mel Fruitman	Maple
Lynn Girty	Blenheim
Hollis Hopkins	Toronto
Valerie Lee	Kitchener
Sonja Persram	Toronto
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 Ltd.
Richard Cullis	Dial One Wolfedale Electric Ltd.
Mary Ingram-Haigh	Ontario Electrical League
Eric Glahs	Lorne Electric - 1075777 Ontario Ltd.
Matt Hickey	Tiltran Services
Dan Lancia	Holaco Installations Ltd.
Eryl Roberts	Electrical Contractors Association of Ontario
Joe Spadafora	Procon Niagara

PROVINCIAL CODE COMMITTEE

Sam Bell, P.Eng.	Professional Engineers of Ontario
Gary Beer	Jay Electric Ltd. (Electrical Contractors Association of Ontario)
Doug Bolduc	General Motors of Canada Ltd.
Ken Brightwell	Electrical Safety Authority
Bill Burr	CSA International
Greg Galbraith	G.E. Galbraith Electric (Electrical Contractors Association of Ontario)
Lynn Girty	Consumer Representative
John Gryffyn	Ministry of Municipal Affairs and Housing
Ross Head	The Roberts Group Inc.
Armen Kassabian	Office of the Fire Marshal
Nino Mancini	CSA International
Gabriel Mansour	Ministry of Labour
Albert Merlo	Merlo Electric Inc. (Ontario Electrical League)
Dave Moase	Underwriters' Laboratories of Canada
Ted Olechna	Electrical Safety Authority
Tony Poirier	Durham College
Doug Reith	Nexans Canada Inc.
Brian Savaria	Eaton Electrical Canada
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

William Burr	Director, Electrical, Efficiency and Renewable Energy, Canadian Standards Association
Bruce Clements	Manager, Training Services, Electrical & Utilities Safety Association of Ontario
Wayne Corrigan	Regional Manager - External Liaison, Bell Canada
Jim Douglas	Executive Director, Ontario Regional Common Ground Alliance
Mary Ingram-Haigh	President, Ontario Electrical League
Ajay Garg	Senior Advisor Network Strategy Division Standards & Policies, Hydro One
Lynn Girty	Consumer Representative
Terry Irwin	Manager, Corporate Policy, Ministry of Government Services

Herb Haller	Vice-President, Engineering & Stations, Waterloo North Hydro Incorporated
Brian Hewson	Chief Compliance Office, Market Operations, Ontario Energy Board
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
John Mattinson	President & Secretary, Orillia Power Distribution Corporation
Brian McMillan	Vice-President Distribution Electrical Systems, Greater Sudbury Hydro Inc
Gabriel Monsour	Provincial Coordinator, Ministry of Labour
Doug Morrison	Senior Manager, Asset Sustainment and Standards, Enersource Hydro
George Mychailenko	Chief Executive Officer, Brantford Power Incorporated
Joseph Neu	Chairman of the Board, Electro Federation Canada
Andre Perron	Manager, Technical Services, 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
David Thompson	Executive Director, OACETT
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
Gaye-Donna Young	Chief Operating Officer, Newmarket Hydro Ltd.
Frank Zechner	Barrister & Solicitor (Representing Ontario Sewer and Watermain Contruction Association)



ADVANCING THE SAFETY MANDATE

Electrical Safety in Ontario

SUMMARY REPORT 2005

STATEMENT FROM THE

President & Chief Executive Officer

A summary of the Electrical Safety Authority's (ESA) "Electrical Safety in Ontario Report" has become a regular feature in our Annual Report and Business Plan. ESA's ongoing focus on safety management and high-risk electrical safety issues relies on accurate and timely safety statistics and data. 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.

The compilation of this report includes assessment and presentation of information on 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. ESA uses trends in statistics and information to identify opportunities for improving public electrical safety through changes in provincial legislation, and the introduction of new safety and awareness initiatives.

In 2005 Ontario experienced a rise in the electrical fatality rate due to one additional death beyond those reported in 2004. Despite this rise in the electrocution/fatality rate, electrocution numbers have declined significantly in both occupational and non-occupational areas over the past nine years.

Ongoing reports of electrical fatalities associated with electrical trades continue to create concern for ESA. ESA is continuing to identify opportunities to work with the industry to increase workplace safety through the introduction of changes to the Ontario Electrical Safety Code, safe work practices, education and awareness. In the past year reported incidents associated with 347-volt systems have decreased following extensive efforts by ESA to engage the electrical trades in a safety dialogue to change the culture associated with working with live electrical systems. Work will continue in this area, and new efforts will be introduced to address issues associated with increasing reports of multimeter incidents.

ESA will reinforce powerline safety awareness, and is encouraged by the positive statistics presented in this year's safety report that show a decline in the number of powerline-related electrocutions over the last two years.

Safety awareness initiatives strengthen compliance to the Ontario Electrical Safety Code, reinforce safe work practices, and remind the public of basic electrical safety considerations. In 2007, we continue to be dedicated to increasing overall electrical safety awareness, and will concentrate on engaging skilled trades in a growing safety dialogue. The continued presence of safety information and safety standards strengthens an environment where workers and the public put safety first as part of their normal routine - this is what we are working towards.



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

Summary Findings

FROM THE 2005 ELECTRICAL SAFETY IN ONTARIO REPORT

The Electrical Safety Authority's Annual 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.

Information for this assessment is focused on incidental electrical contacts and is primarily based on the compilation of records from Ontario coroners. In 2005 there were nine deaths reported in Ontario as a result of inadvertent electrocution and four deaths as a result of electrical fires. The reported rate for Ontario has decreased from 3.8 deaths per million in 1971, to .72 in 2005, representing a decrease of 81 percent over this period. However, it represents an increase of 11% over the 2004-reported rate of .64.

FIGURE 1: ELECTROCUTION RATE

Electrocutions of an occupational nature continued to represent the majority of electrocutions at 82% of the total fatalities. From 1998 to 2005, there were 59 occupational related fatalities in Ontario, continuing the trend of an average of seven per annum. Electrical trades workers were the largest occupational group impacted by electrical fatalities over the period 1998 to 2005 with incorrect procedures accounting for 63% of these fatalities. 2005 exhibited a downward trend in fatalities and injuries associated with working live on 347-volt systems; however, a new trend started to emerge that linked increasing occupational fatalities in the electrical trades to working on energized electrical equipment.

FIGURE 2: ELECTROCUTION (PREVALENCE OF OCCUPATIONAL ELECTROCUTION)

Repair/maintenance work continued to account for more than 60% of all occupational electrocutions in 2005. Together with construction, these two areas accounted for 82 per cent of electrocutions in the workplace.

A total of 70% of all occupational fatalities occurred in four segments: industrial, residential, commercial and agricultural. The work category that resulted in the highest likely cause of death from electrical contacts was labourers at 15%. This was greater than electricians and farmers, who were each reported at 12%. Over the eight-year period from 1998 to 2005, farmers had the highest prevalence of powerline deaths with seven reported fatalities; however, 2005 was the first year with no reported powerline fatalities for this worker group.

The Ministry of Labour has identified the three most likely causes of electrocution to include: knowingly working on live equipment or systems, inadvertent contact with electricity, and injuries caused by faulty equipment. Knowingly working on live equipment and inadvertent contact with electricity accounted for 26 fatalities each for the period between 1998 and 2005, with faulty equipment accounting for five fatalities. Electricians, electrician apprentices and linepersons accounted for 27% of the occupational fatalities making them the highest rated electrical fatalities of all occupational trades.

FIGURE 3: OCCUPATION ELECTROCUTION – PROBABLE CAUSE

A total of 31 non-occupational electrocutions occurred between 1998 and 2005 in Ontario, with a drastic decline in the actual number of fatalities over the years. The average number of non-occupation electrical fatalities from 1998 to 2005 was 2.6 per year compared to six per year in the occupational area. The majority of these incidents occurred in residences and public places and involved men five to one compared to women. The majority of these incidents were related to powerline contact, representing 68% of all non-occupational fatalities. The most common means of contact with powerlines were ladders, antennas and cars (automobile accidents).

FIGURE 4: NON-OCCUPATIONAL ELECTROCUTION – PROBABLE CAUSE

FIGURE 1: ELECTROCUTION RATE

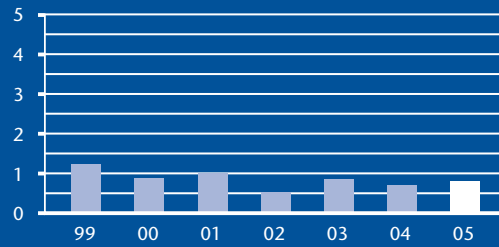


FIGURE 2: ELECTROCUTION RATE (PREVALENCE OF OCCUPATIONAL ELECTROCUTION)

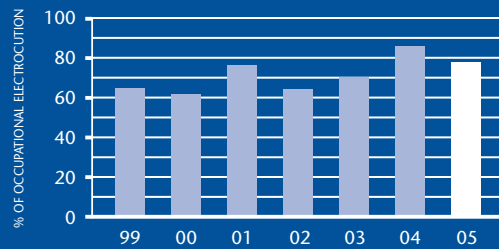


FIGURE 3: OCCUPATION ELECTROCUTION PROBABLE CAUSE

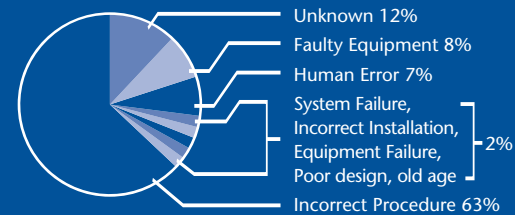
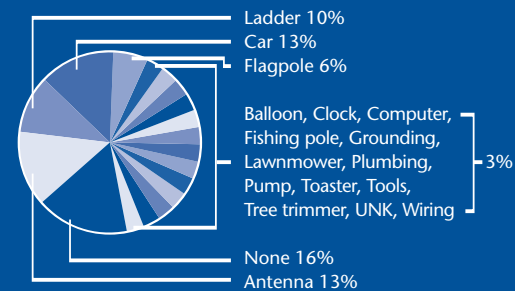


FIGURE 4: NON-OCCUPATIONAL ELECTROCUTION





155A Matheson Boulevard West, Suite 202, Mississauga, Ontario L5R 3L5
www.esasafe.com