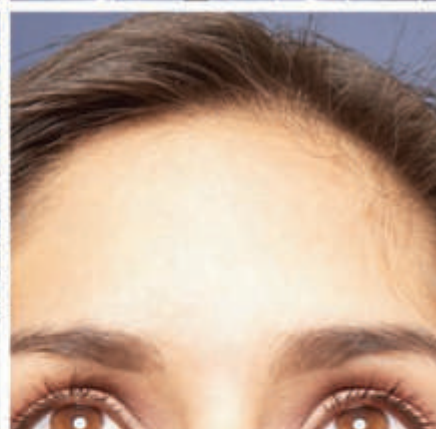
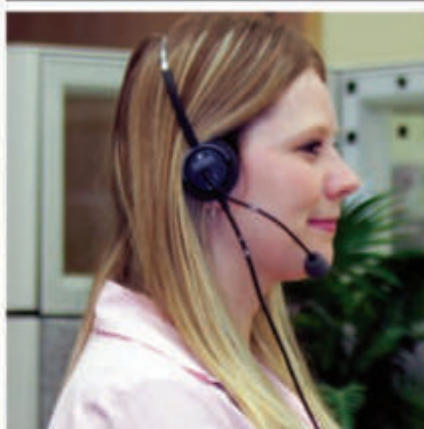


Annual Report . Fiscal 2008 / Business Plan – Fiscal 2009-2011
Summary – 2007 Ontario Electrical Safety Report



ESA - Stepping up Safety



Annual Report Fiscal 2008

Business Plan Fiscal 2009-2011

Summary – 2007 Ontario Electrical Safety Report

Towards a New Vision and Mission for ESA

The Electrical Safety Authority (ESA)'s current mandate is to serve the public interest as it relates to electrical safety in Ontario. ESA's delegated responsibilities include the administration and enforcement of Part VIII of the *Electricity Act, 1998* and associated Ontario Regulation 164/99 (*Ontario Electrical Safety Code*), Ontario Regulation 22/04 (*Electrical Distribution Safety*), Ontario Regulation 570/05 (*Provincial Electrical Contractor Licensing*), and Ontario Regulation 438/08 (*Product Safety*). Our Mission and Vision support this mandate.

In FY2008, the ESA embarked to develop a longer-term safety business strategy with respect to our safety mandate.

ESA will pursue the mission to **"Improve electrical safety for the well-being of the people of Ontario."** Although injuries have declined from 1998, an average of 60 electrical injuries was being reported annually from 2002 through to 2006. In addition, the Office of the Ontario Fire Marshal reported 2,974 electrical fires in 2005. These statistics drove ESA toward a vision of **"An Ontario free of electrical fatalities and serious injury, damage or loss"** by 2025, and an interim goal of 30% reduction to electrical contact and fire fatalities by 2013. This commitment reflects ESA's business direction and stakes a broader role for safety in the electricity sector.



Receiving an average
441,500 calls a year -
ESA's Customer Service Center

Stepping up Safety

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*ESA's Cathy Scott
and Patience Cathcart*



Message to ESA Employees

It has been one year since I assumed the position of Chair of the Board of Directors. It has been a pleasure to Chair a Board of highly engaged professionals committed to making safety the number one focus of our business. The business has changed significantly since 1999, and will continue to change and grow as the ESA reinforces its role as a leader in public electrical safety, and together we will respond to this changing environment.

I am pleased to see that Senior Management has acknowledged the key role of our employees in moving this business forward by introducing a strategic objective directed at maintaining and growing employee skills and creating a supportive, motivational environment. Our employees are our primary asset – and it is their commitment every day that has led ESA to where it is today. On behalf of the Board of Directors, I express my thanks for what you do every day, and for the professional way you fulfill your responsibilities. I look forward to working with you as we strive to achieve our vision: **“An Ontario free of electrical fatalities and serious injuries, damage or loss.”**

John Wiersma
Chair of the Board of Directors

Annual Report

Fiscal Year 2008

Board of Directors

- John Wiersma, P. Eng., Corporate Director, Chair ^(1,2,3,4)
- Robert M. Stelzer, P. Eng. MBA, President and CEO, Electrical Safety Authority ^(1,1a,2,3,4)
- Charles Cipolla, CA, Corporate Director ^(1,1a,4)
- David Collie, CMA, President & CEO Burlington Hydro ^(1,1a,4)
- Frank Denton, LLB, Assistant Deputy Minister, Policy and Consumer Protection Services Division, Ministry of Government & Consumer Services ^(1,4)
- Margaret Kelch, ICD.D, Corporate Director ^(2,3,4)
- Alison Knight, FCA, CAO & Secretary of Synod, Incorporated Synod of Anglican Diocese of Toronto ^(1,1a,4)
- Erwin Krause, President ECCO Electric Limited ^(2,3,4)
- Albert Merlo, President Merlo Electric ^(3,4)
- John Raepple, President John Raepple Electric Limited ^(3,4)
- Oskar T. Sigvaldason, PhD, P. Eng., Corporate Director ^(2,3,4)

Board Appointed Officers*

- Robert M. Stelzer, President and Chief Executive Officer
- Wayne Howard, Vice-President Finance and Chief Financial Officer ^(1a)
- Christopher Jodhan, Vice-President, General Counsel, Corporate Secretary, and Chief Privacy Officer
- David Kirkconnell, Vice-President Human Resources
- Peter Marcucci, Vice-President Regulatory Affairs
- Scott Saint, Vice-President and Chief Operating Officer ^(1a)
- Ronald Schertzer, Vice-President Programs and Customer Service

Auditors

Ernst & Young

1 Audit Committee, chaired by M. Lio and A. Knight, held four (4) meetings in fiscal 2008; 1a Pension Committee, chaired by A. Knight and C. Cipolla, and included L. Fields, Manager Pensions, Finance Department, York University, held four (4) meetings; 2 Governance & Human Resources Committee, chaired by J. Wiersma and M. Kelch, held four (4) meetings; 3 Regulatory Affairs Committee, chaired by M. Kelch and O. Sigvaldason, held four (4) meetings; 4 The Board of Directors held four (4) meetings, a one-day Board strategy session, and a two-day strategy session with Board Appointed Officers.

* Board Appointed Officers attend Board and Committee meetings as required.

Message from the Chair

John Wiersma



Last September I succeeded Mr. Dane MacCarthy as Board Chair. Mr. MacCarthy, who was the Electrical Safety Authority (ESA)'s first Board Chair held the position for eight years, and made a substantial contribution to ensuring a strong foundation in corporate governance. This foundation has become the platform for making continuous improvement in ESA's Board.

Since joining the ESA Board in 2004, I have come to appreciate that ESA has a pivotal leadership role in the electrical industry, and that this role can be leveraged towards creating a safer environment around electricity. ESA's Management and Board have acted on this leadership role and developed a more compelling vision and a longer-term focus for the business. ESA's new Vision is: **"An Ontario free of electrical fatalities and serious injuries, damage or loss"**.

This is a bold new Vision, and we believe that we can make considerable progress in this direction. The Vision is supported by the Board of Directors, Stakeholders, and ESA Employees, and we are determined to engage all industry stakeholders that form the broader safety system. ESA has already gathered momentum in pursuing this Vision. Ontario Electrical Safety Reports have identified a decline in powerline contacts and electrical trade incidents, largely due to ESA's prevention strategies and engagement of stakeholders. Sound commitment to ensuring stakeholder input has resulted in good counsel from the Consumer, Industry, Utility, Contractor Advisory Councils, and the Electrical Contractor Registration Agency in strengthening ESA's longer-term strategic safety plan.

It is critical that ESA and its various stakeholder groups work together in a collaborative environment wherein progress can be made in producing new and creative approaches to electrical safety. With a high-level of engagement, ESA will forge new alliances in the next fiscal year which will further streamline and focus our efforts at preventing electrical hazards.

Increasing the focus on prevention over enforcement, has led ESA to develop new regulations, safety initiatives and awareness campaigns that eliminate potential electrical hazards through providing Continuous Safety Services, enforcing the requirement that Electrical Contractors be Licensed, and taking a lead role in responding to the growing number of unsafe electrical products sold in Ontario. As we continue with the implementation of a comprehensive Safety Management Framework, we will identify new opportunities, prioritize electrical safety risks and enhance prevention efforts.

The Board worked closely with ESA's Management to ensure that longer-term plans are developed in the context of a Safety Management Framework, engaged relevant industry partners, and applied an overall Enterprise Risk Management system to manage opportunity and risk for the organization. A key element of the Enterprise Risk Management System is a well thought out approach to Succession Planning and Development for key Senior Staff, and ensuring that we are resourced with skilled and motivated employees that are committed to delivering on the safety

mandate. In FY2008, the Board's evaluation of risk management led to restructuring of Board representation and the creation of a Committee of the Board to address the Corporate Pension Plan.

ESA continued to improve its governance systems based on best practices to ensure accountability and transparency in business practices and relationships. The Code of Conduct adopted in FY2007 continues to guide business integrity and ethical behaviour for staff, management, officers and directors. To ensure that governance is of the highest caliber, the Board has a well developed Board succession plan. Our training of Board members continues to be rigorous. Each appointee is required to undergo intensive orientation and ongoing training in corporate governance and related business issues. The work of the Board is conducted through four committees: Audit; Regulatory Affairs; Governance and Human Resources; and Pension. An annual Self-Evaluation process and Board Performance audit, based on best governance practices as defined by the established performance benchmarks of leading organizations, are used to improve Board performance.

In addition to governance responsibilities, the Board also plays a significant role in ensuring the effective regulation of public electrical safety in Ontario. ESA activities are balanced against the need to provide cost-effective safety services that provide value in both our regulated and unregulated business sectors.

Since its inception, ESA has benefited greatly from the oversight of a committed and knowledgeable Board of Directors and it has been my privilege to work with each of these dedicated individuals. In the past year the last two founding members of the Board of Directors completed their terms. We express our appreciation to Dane MacCarthy (Chair), and Michael Lio who served ESA so well since it was formed in 1999. Mr. Lio made a very significant contribution as the Chair of the Audit Committee. Barry Goodwin was replaced by Frank Denton from the Ministry of Government and Consumer Services. In addition, we are delighted to welcome new Directors, David Collie and John Raeppele.

The Board is representative of the many stakeholders that have an interest in the development of ESA as a premier electrical safety authority. The Board, which represents Electrical Contractors, Manufacturers, Utilities, Engineers, Consumers and the Government, provides a blend of strategic acumen and insights that support a comprehensive strategic direction.

ESA's ongoing efforts and long term plans reinforce its commitment to **"Improve electrical safety for the well-being of the people of Ontario"** – a mission worthy of our business and our employees.



John Wiersma,
Chair of the Board of Directors,
Electrical Safety Authority

With your input ESA has a safety plan that is making a difference...

We are pleased with the progress we have made as a safety organization. The Electrical Safety Authority (ESA)'s mandate, to serve the public interest as it relates to electrical safety in Ontario has grown in regulatory scope beyond the Ontario Electrical Safety Code, to include the Electrical Distribution Safety Regulation, province-wide Electrical Contractor Licensing, and electrical Product Safety regulation.

Through the support of safety allies such as the Workplace Safety & Insurance Board, the Ministry of Labour, the Industrial Accident Prevention Association, and Electrical Associations (Electrical Contractors Association of Ontario and the Ontario Electrical League), new safety initiatives have resulted in decreased injuries and fatalities. After years of critical injuries and fatalities associated with multimeters and 347-volt lighting systems ESA was pleased to see no reports of critical injuries or fatalities associated with these areas in FY2008. Working with Local Distribution Companies, ESA has maintained powerline awareness through annual campaigns. Following three powerline fatalities in the dump truck and haulage segment in 2006, ESA worked with industry associations, Local Distribution Companies and Municipalities to launch the **"LOOK UP – LOOK OUT BEFORE YOU LIFT YOUR LOAD"** awareness campaign. This campaign achieved a high-level of industry recall and interest, resulting in a decrease in associated powerline incidents and no reported fatalities in 2007 (FY2008).

ESA's commitment to **"Improve electrical safety for the well-being of the people of Ontario."** is demonstrated by the regulatory guidelines we define, the licensing we administer, the inspections we provide, the products we review, and the safety initiatives we introduce.

With the help of our Board and senior management team a focus was placed on creating a five-year strategic plan. This plan has been integrated with a Safety Management Framework to direct ESA efforts towards high-risk areas to maximize safety impact, and an Enterprise Risk Management framework that allows us to monitor our effectiveness and focus on areas of improvement. Our strategic plan places an increased emphasis on electrical incident prevention to support our shared vision of **"an Ontario free of electrical fatalities and serious injuries, damage or loss."**

ESA's effectiveness is dependent upon stakeholder relationships...

ESA is only one of many organizations that influences electrical safety. We continue to work to develop effective relationships with safety influencers and channels to improve electrical safety in Ontario. Our collaborative relationship with electrical contractors resulted in a province-wide electrical safety platform through the licensing initiative. ESA is committed to sustaining licensing, and growing public awareness of the need and benefit of hiring Licensed Electrical Contractors. The **"PLUG IN SAFELY... HIRE A LICENSED ELECTRICAL CONTRACTOR"** campaign reached up to 15 million Ontario residents through an aggressive media and public relations effort. Initiatives addressed worker safety and strengthened our relationships with the Industrial Accident Prevention Association and the Workplace Safety & Insurance Board. Stakeholder consultation sessions with industry, standards associations, manufacturers, and consumers identified implementation requirements for an unsafe product regulation by defining a risk assessment methodology, accident and incident reporting guidelines, public notification guidelines, corrective action guidelines, revocation of approval and recognition rules and funding options.

ESA has the staff and services to support our shared vision...

Highly trained and knowledgeable staff support ESA in delivering electrical services that make the difference. In recognition of the importance of Human Resources to ESA, major initiatives were launched that included the hiring of a new Vice-President of Human Resources, and a detailed skills assessment and succession planning activity. We continued to make significant training investments in our front-line service and delivery staff. A total of 14,167 hours was dedicated to these training efforts in FY2008. The commitment and motivation staff show towards electrical safety makes a difference and has been included as a recognized business objective in ESA's longer-term business strategy. Everything ESA employees do, and everything they represent, has allowed this organization to be confident in creating a strategy that commits us to improving electrical safety for the well-being of Ontarians.



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



Letter from the President and Chief Executive Officer

Robert M. Stelzer



Advocating

Strengthening safety alliances

ESA's Ted Olechna, Mississauga Fire Chief Garry Morden and Ed Gulbinas from the Office of the Ontario Fire Marshal



Examining unapproved products

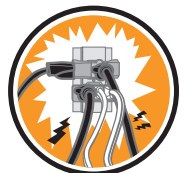
ESA's Tatjana Dinic



**INADEQUATE
GROUNDING**



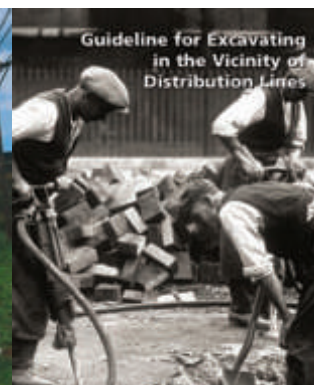
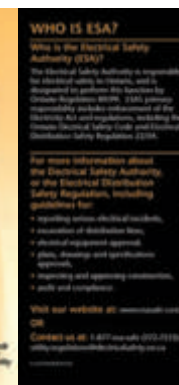
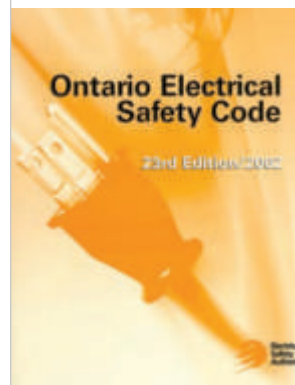
DAMAGED CORDS



**OVERLOADED
OUTLETS**

Conducting
due diligence inspections

ESA's Tony Moscioni, Hydro One Brampton's Miro Della Rosa & Andy Kuchowicz



Providing unsafe
product updates at
www.esasafe.com

Recognized Certification Agency markings:



Introducing electrical safety
regulation and guidelines

ESA'S MISSION

“TO IMPROVE ELECTRICAL SAFETY FOR THE WELL-BEING OF THE PEOPLE OF ONTARIO”

ESA'S VISION

“AN ONTARIO FREE OF ELECTRICAL FATALITIES AND SERIOUS INJURY, DAMAGE OR LOSS”

The Electrical Safety Authority's (ESA) advocacy role is strengthened by its past accomplishments, solid stakeholder relationships, processes and performance measurement models. Stakeholder support for ESA's new mission and vision statements demonstrate confidence in ESA's ability to deliver safety services and confirm the existence of a large and supportive safety network interested in stepping-up safety in Ontario. Leveraging safety stakeholder relationships continues to allow ESA to engage the broadest audience possible when defining Ontario's electrical safety future, and makes them feel that they are positively contributing to public electrical safety.

ESA's current leadership role on the National Public Safety Advisory Committee's risk management working team has evolved from ESA efforts to focus activities on maximizing impact when moving safety forward. The creation of a “safety management framework” provides an ongoing and consistent evaluation of electrical incidents and potential initiatives to reduce electrical safety risks in society. Working with stakeholders, in FY2008 ESA assigned priorities to electrical hazards and developed a framework for assessing the probability and severity of electrical hazards to support business decision-making. ESA's framework includes a process to identify and prioritize electrical safety issues, evaluate the “root cause” of these issues, identify opportunities to improve safety within the context of an integrated electrical safety system, and ensures maximum impact.



Increasing public risk awareness with a 3 city project pilot





Communicating risks and safety tips for common electrical installations at www.esasafe.com

Doing your own electrical work?





The corporation’s unwavering commitment to seeking the support and involvement of others has grown to include the development of safety alliances and partnerships to advance the safety mandate. As ESA extends its safety mandate, it continues to consult with stakeholders to address opportunities, expectations, and potential hurdles. Leading the province in establishing a response to the growing presence of unapproved electrical products, ESA worked with third-party facilitators to conduct stakeholder feedback sessions that identified specific recommendations and guidelines for moving regulatory change forward. Consultation sessions engaged industry representatives, manufacturers, standards associations and consumer interest groups in preparing a risk assessment methodology, accident and incident reporting guideline, public notification guideline, corrective action guideline, revocation of approval and recognition rules, and funding options to support the implementation of the initial phase of an Electrical Product Safety Regulation in Ontario.



The Ontario Electrical Safety Report continued to provide the basis for defining safety gaps. The tracking of electrical fatalities, incidents, and fires identified three key initiatives that were introduced in FY2008. These included: a powerline safety campaign targeting dump truck operators, a public pilot focused on increasing awareness of potential electrical hazards in the home, and the ongoing awareness and regulatory reform to protect electrical trades workers.

Recognizing the value of assessing incident data, ESA enhanced its ability to respond to powerline incidents by working with the Utility industry to produce a long-term powerline safety strategy that analyzed data from various sources to identify five high-risk areas associated with 83% of all powerline hazards. This strategy will drive future powerline safety campaign efforts.

Sharing electrical safety information based on the Ontario Electrical Safety Code at the point-of-purchase.



Reviewing safety tips
ESA's Jan Griffin
talks to an in-store
representative



Advocating

Sharing the safety message



On the streets



In the suburbs



In the country

COMMITTED TO PUBLIC ELECTRICAL SAFETY FOR THE LONG-TERM

The Electrical Safety Authority (ESA) continued to focus efforts on ensuring that it can sustain its electrical safety mandate in Ontario. To secure longer-term business operation, ESA addressed enterprise risk management, prepared for emergency situations, implemented privacy policy requirements, and ensured our systems and safety programs are adequate to meet Ontario's safety needs.

Looking towards the future, ESA has made the commitment to develop a corporate-wide Quality Management Strategy. A focus on enterprise risk management identified and ranked potential risks, which resulted in the development of mitigation strategies. A focus was placed on risks that address regulatory responsibility, mandated or legislated change, systems failure, organizational development, and stakeholder and employee engagement. FY2009 business plans will incorporate risk mitigation strategies to reinforce operational standards for the organization that meet established and benchmarked expectations for quality performance.

An emergency response plan was prepared and tested the integration of ESA's electrical safety efforts with other members of Ontario's emergency network during flooding emergencies in Muskoka and Belleville in the spring of 2008. Moving forward, ESA will strengthen information relationships with municipalities by providing electrical safety information links to prepare the public for reacting to emergency situations.

Advancing

Accessing safety information –
the public, electrical contractors,
utilities, and businesses



PREPARED TO TAKE THE RISK?

Did you know . . .
30% of worker electrocutions in Ontario involve tradespeople working on LIVE electrical systems.

www.esasafe.com

Don't work on LIVE electrical equipment!

Electrical Safety Authority



Advancing trade safety

Providing safety tips for pool & spa installations



Steps to Electrical Safety

STEP 1 DON'T WORK ON LIVE ELECTRICAL EQUIPMENT

10% of electrical incidents in Ontario result from working on LIVE electrical systems.

STEP 2 PROTECT YOURSELF FROM METER FAILURE

Meters can fail as a result of user error or internal failure. Use fused leads for safety.

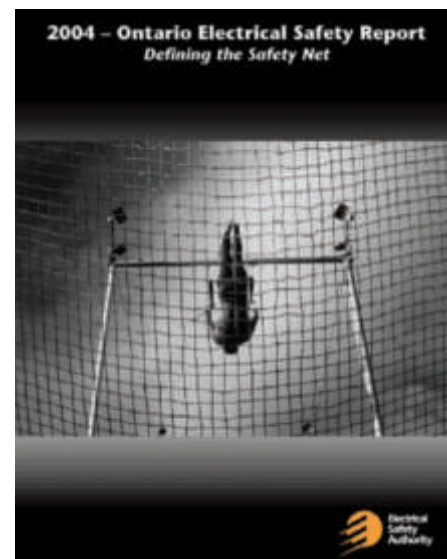
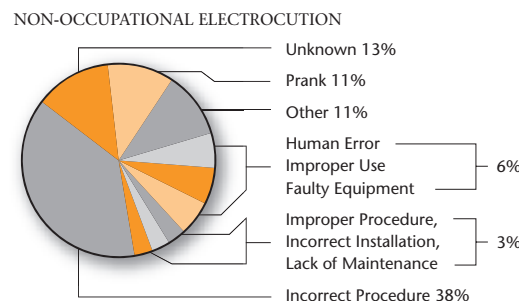
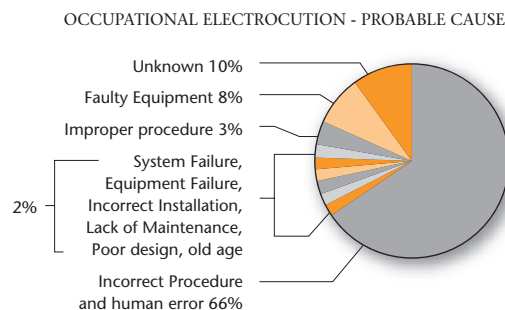
STEP 3 LEARN HOW TO PROTECT YOURSELF

WARNING The Electrical Safety Authority offers the "Safe Work" training to meet you at your own pace. The course is based on the 1994, 2007 and 2012 Code of Electrical Safety. The course is available for a group rate of \$1,618 plus taxes. To arrange for training call 1-877-372-7233.

Visit www.esasafe.com for more information on these safety steps, and electrical safety training.

Electrical Safety Authority

Gathering and assessing data on electrical incidents as part of ESA's Safety Management Framework (SMF)



COMMITTED TO PUBLIC ELECTRICAL SAFETY FOR THE LONG-TERM



Automating access to inspection services

ESA has improved Information Technology system availability by continuing to focus on infrastructure requirements as the business evolves. Information systems and associated technologies key to the exchange of information across and outside the organization were upgraded. Access to system data for reporting and assessing business activity has been explored through the development and testing of a business warehouse linked to ESA’s key database.

The business completed an assessment of gaps and opportunities to offer electrical safety training to assist ESA in reinforcing understanding and commitment to safety requirements. Approaches to developing and providing electrical safety training supports the vision of **“An Ontario free of electrical fatalities and serious injury, damage or loss”**.

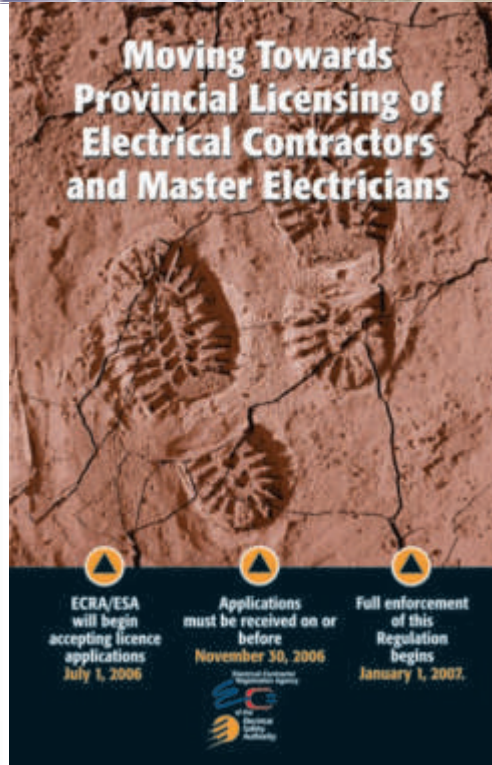


Reinforcing safety technology – Multimeter/Fused Leads Campaign

Advancing



Introducing
electrical
contractor
licensing and
enforcement
in Ontario



Inspecting

ESA's David McConnell
and Jim Wickware
with Builder Mark Lemencic
and Licenced Electrical
Contractor Arthur Van Vark



RESOLVING NON-COMPLIANCE CASES

With the January 2007 implementation of province-wide electrical contractor licensing requirements, the Electrical Safety Authority (ESA) focused on ensuring the ongoing success of the licensing effort. The administration of licensing resulted in the issuance of 6,587 electrical contractor licences and the administration of 7,291 masters licences as of March-end 2008. ESA focused its attention on managing the ongoing licensing effort, enforcing licensing requirements, introducing a province-wide public awareness campaign, and assessing opportunities to address licensing issues associated with non-served electrical markets.

Part of the Electrical Contractor Registration Agency of ESA's implementation plan of Regulation 570/05 included the introduction of an enforcement program. Business processes were introduced to support the enforcement of licensing requirements to ensure that individuals offering electrical services are qualified to do the job. ESA's commitment to resolve 80% of unlicensed contractor complaints within 20 business days was exceeded. The enforcement process includes: identifying non-compliance to licensing requirements, investigating and fact-finding, issuance of corrective orders, follow-up, and corrective action. The initial screening through the Customer Service Centre to validate licensing non-compliance resolved 40% (972 complaints) of all documented complaints. Since January 1, 2007, ESA's enforcement approach has resolved 1,085 complaints, 61 charges have been laid, eight convictions received, and 21 prosecutions remain in process.

Licensing - Enforcing

Responding to licensing inquiries

ESA's Cathy Scott and Patience Cathcart



PLUG IN SAFELY!

HIRE A LICENSED ELECTRICAL CONTRACTOR



Keeping Licensed Electrical Contractors informed
ESA's *PLUGGED IN* Newsletter



Linking safety to hiring a Licensed Electrical Contractor
FY2008 public awareness campaign



RESOLVING NON-COMPLIANCE CASES

The greatest support for ensuring the successful implementation of licensing requirements is public education and awareness. ESA worked with third parties to create and introduce an aggressive awareness campaign and public relations initiative. The **“Plug in Safely – hire a licensed electrical contractor”** campaign reached a province-wide audience of up to 11 million with radio announcements, public service announcements, community newspapers, and licensed electrical contractor information cards. This effort was supported with the launch of a public relations initiative that reinforced the importance of using licensed electrical contractors to protect your family and your home with messaging that reached up to 4 million Ontarians.

ESA created processes to provide advice on licensing issues and to review appeals from contractors on licensing decisions. Engagement of the Electrical Contractor Registration Agency provides a forum for review and discussion of province-wide licensing. The group, which includes representatives from the contractor community, as well as municipalities, industry and consumer interests, meets four times a year to review proposed activities and issues. In FY2008 ESA received 112 appeals of which 110 have been resolved and two are pending. The appeals panel, which is comprised of external industry representatives, heard four appeals associated with licensing.



*ESA's Jim Thomsen
meets with Licensed
Electrical Contractor
Ynze Flietstra*

Licensing - Enforcing

Reaching new heights

*ESA's James Fraser,
Roy Elwood and
Norm Bjorndahl*



INCREASING SATISFACTION AND EFFECTIVENESS

As the front-line interface in delivering electrical safety, the Electrical Safety Authority's (ESA) Customer Service Centre and Operations teams worked to streamline and improve the effectiveness of their functions.

Inspection efforts focused on validating inspection visits, identifying improvements to delivery structures, and defining processes to reinforce the evolution of the Operations group. In FY2008 the Operations group conducted 470,250 inspections and 7,785 investigations; in addition, licensing enforcement activity resulted in the issuance of 529 notices of violation and the required follow-up. To respond to changes associated with new legislative responsibilities, ESA evaluated its operations structure and resourcing requirements. New processes to improve field engagement, cultural change, leadership development, succession planning, interpersonal competence, and front-line communications will support quality management as the safety environment changes. ESA continued to resource for the future; 16 new inspectors were hired and participated in ESA's 12-week training program. This was the third session that ESA conducted over a two-year period.

The introduction of a dedicated Quality Control Supervisor has assisted Customer Service Centre (CSC) representatives in responding to licensing inquiries, enforcement reviews, and growing requests for electrical safety information. Efforts are ongoing to introduce new processes to decrease error rates associated with processing customer applications. System upgrades will streamline service delivery improving CSC response to the average 441,561 calls received each year. ESA's online service streamlined the administration of 19.7% of requests for inspection and continues to be promoted.

Inspecting



Travelling the distance

ESA's Rick Allen and Maureen Smith



Electrical Safety Authority
Continuous Safety Services
 www.esasafe.com

Identifies Electrical Hazards

Improves Safe Work Practices

Increases Workplace Safety

Delivering your Risk Management Program



Responding to customer needs

*ESA's James Fraser meets with
Go Transit's Howard Lumsden*



CSSL

Super Admin
Admin
Inspectors
Customer
CNC

Inspectors

Admin

WELCOME TO THE CSSL
 Lorem ipsum is simply dummy text of the printing and typesetting industry. Lorem ipsum has been the industry's standard dummy text ever since the 1500s, when an unknown printer took a galley of type and scrambled it to make a type specimen book. It has survived not only five centuries, but

System Login
 Please enter your personal user ID and password below, then click "Login to CSSL"

USER ID

PASSWORD

Login to CSSL

CONTINUOUS SAFETY SERVICES

Providing a Continuous
Safety Services option for
Industrial/Commercial and
Institutional customers



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INCREASING SATISFACTION AND EFFECTIVENESS

Contractor feedback from the FY2007 satisfaction survey expressed a continued interest in front-line communication, which ESA responded to by conducting 421 individual meetings with contractors and 32 contractor information sessions involving 1,700 contractors. Participants received information updates on licensing, operations, enforcement, and trade safety. ESA’s communication efforts have increased contractor satisfaction with ESA’s approach in sharing key information and providing opportunities for feedback into ESA decision-making.

As a key approach to improving safety ESA focused on gaining a better understanding of its Continuous Safety Services program. Benchmarking customer satisfaction allowed ESA to identify opportunities for improving value-added services. With an initial satisfaction index score of 70% and the identification of high-impact areas, ESA is pursuing opportunities to grow customer satisfaction. In conjunction with a plan to grow this business from an electrical safety perspective, these insights will allow ESA to better service the commercial, institutional and industrial sectors through the Continuous Safety Services Program and value-added components such as Ontario Electrical Safety Code-based training initiatives.

An effort to focus FY2008 Continuous Safety Services sales on high-risk safety opportunities produced results that exceeded the target by 12.2%. This effort increased the number of participating sites by 1,508, and resulted in the delivery of 445 training sessions to increase safety awareness.



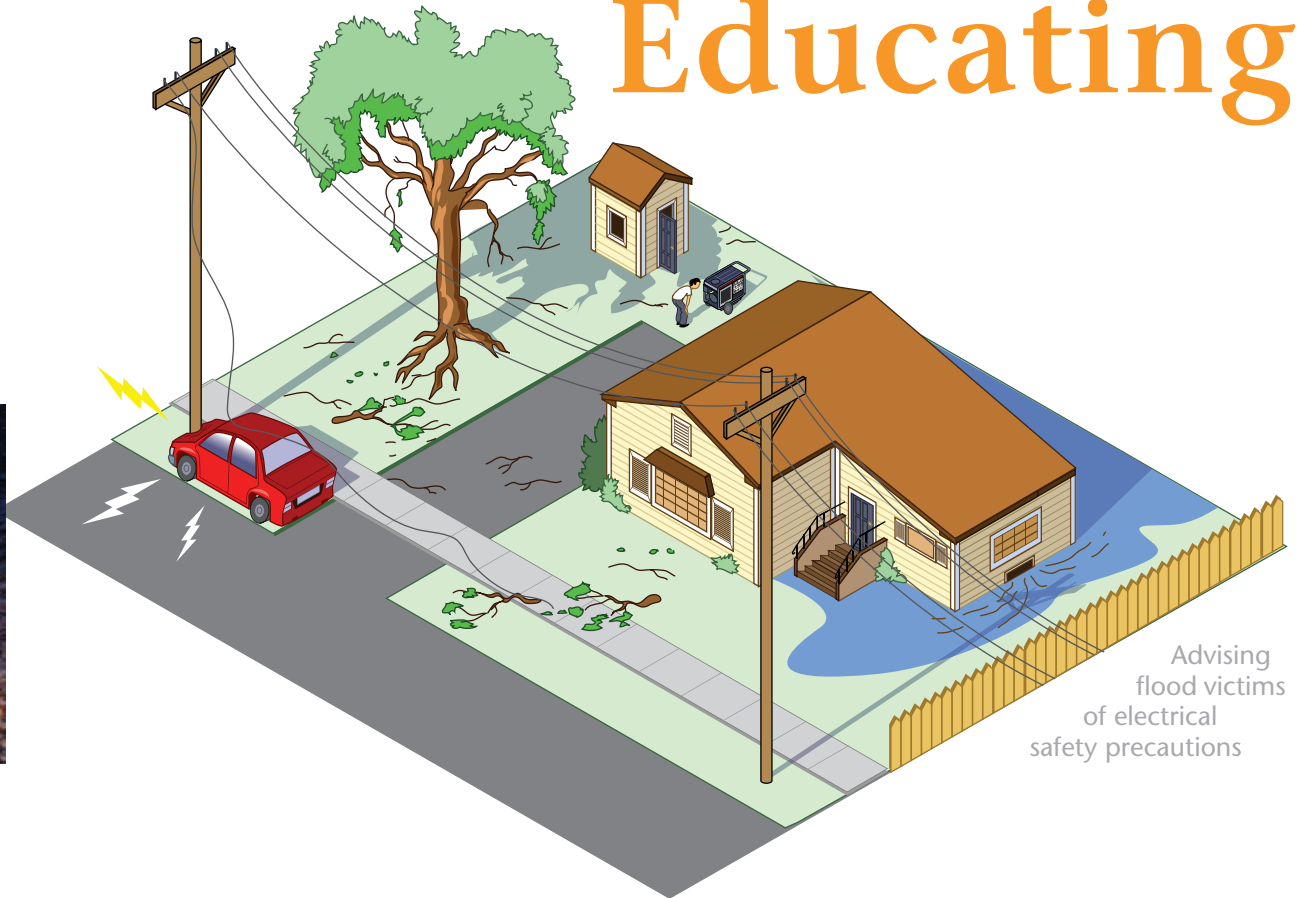
Inspecting



ESA’s Peter Lambert meets with Brookfield Power

Educating

Wishing consumers well with unsafe product tips for the holidays



Advising flood victims of electrical safety precautions



Reporting 2 million successful hits a month at www.esasafe.com

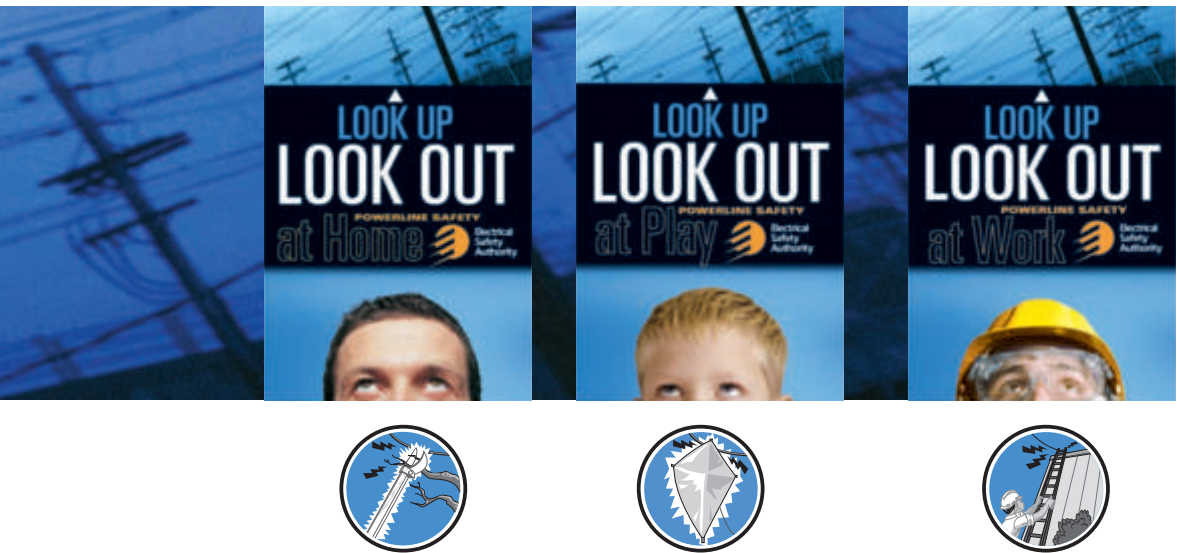


INCREASING SAFETY AWARENESS

Responding to increased incidents in 2006, Electrical Safety Authority (ESA) targeted a campaign at Ontario’s dump truck industry cautioning them to “Look Up Look Out” for overhead powerlines. ESA established relationships with industry associations, the Ministry of Labour, independent operators, municipalities, and construction companies to define campaign requirements and establish effective channels. Campaign components included information cards, safety stickers, ads, and roadway signage. Materials were well received with a total distribution of 320,000 campaign components and a 37% recall of the important message - “Look Up”.

The development of a Powerline Safety Strategy identified an ongoing need for powerline safety initiatives, with more than 50% of total reported electrical occurrences attributed to powerline contact. In FY2008, ESA launched a powerline safety maintenance campaign to sustain the safety momentum generated in past campaigns, and plans are underway for a FY2009 campaign targeting roofers, and siding and eavestrough installers.

Responding to the public’s request for electrical safety information, and equipped with insights on the public’s risk association with electrical installations and systems, ESA piloted a risk awareness campaign. Kitchener-Waterloo/ Cambridge, Peterborough and Thunder Bay provided three diverse pilot locations and channels. Messages were created to introduce potential electrical risks in stages: correcting quick-fix hazards, identifying hidden hazards, understanding risks when renovating or buying a home. Impact assessment surveying identified a 31% recall of campaign materials. In FY2009 this campaign will be modified to include powerline safety messages, and the pilot will be expanded from three to eight locations in Ontario.



Warning Ontario’s public to “Look Up – Look Out” for overhead powerlines – at Home, at Play and at Work.

Supporting
ESA's emergency
preparedness in
Muskoka and
Belleville



Improving electrical
safety at travelling shows



For electrical safety information visit:
www.esasafe.com



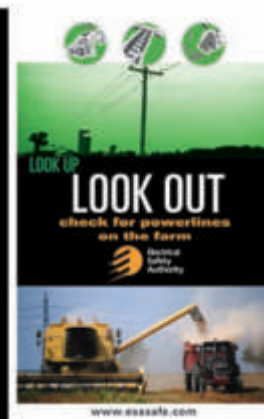
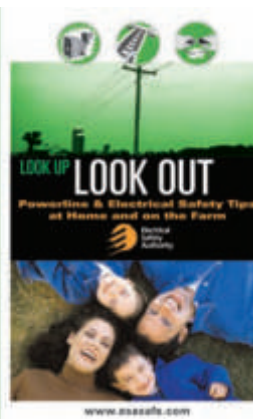
PORTABLE EMERGENCY GENERATORS



FLOODING



DOWNED POWERLINES



Responding to powerline
incidents – representing
50% of electrical
occurrences in Ontario



FARM
EQUIPMENT



DOWNED
LINES



WIRING/
EXTENSION CORDS

INCREASING SAFETY AWARENESS



Working with electrical trade associations, ESA continued to influence safe electrical practices with 347-volt systems and multimeter usage. ESA participation at the Industrial Accident Prevention Association’s (IAPA) Conference and the aggressive coordination of campaign ads preserved campaign messaging. Communication efforts were supported by an Ontario Electrical Safety Code change, which required disconnect switches on all new installations of 347-volt system luminaries and the promotion of fused leads. No electrical incidents were reported among commercial and maintenance electricians in FY2008. Safety messages will be maintained through training, ongoing participation at the IAPA, and the introduction of a new “Don’t Work Live” campaign targeted at reducing arc flash incidents. This follows reports that 53% of electrical incidents causing injury are associated with working on live electrical equipment and 39% of these injuries from 1998 to 2006 involved burns from an arc. ESA’s participation in Ontario’s apprenticeship outreach program included the delivery of 38 electrical safety training presentations to more than 1,200 electrical apprentices.

Employees continued to receive business updates and were introduced to ESA’s new mission and vision statements during “all staff meetings”. These face-to-face sessions ensure employees have opportunities to input into the development of the strategic direction and are aware and supportive of key business and safety initiatives. A corporate communication plan is being implemented in the Operations group to introduce opportunities to facilitate the exchange of information across diverse work locations. The creation of a corporate intranet in FY2008 will assist in providing direct access to information and will support increased two-way communication as the business evolves.



CRANE

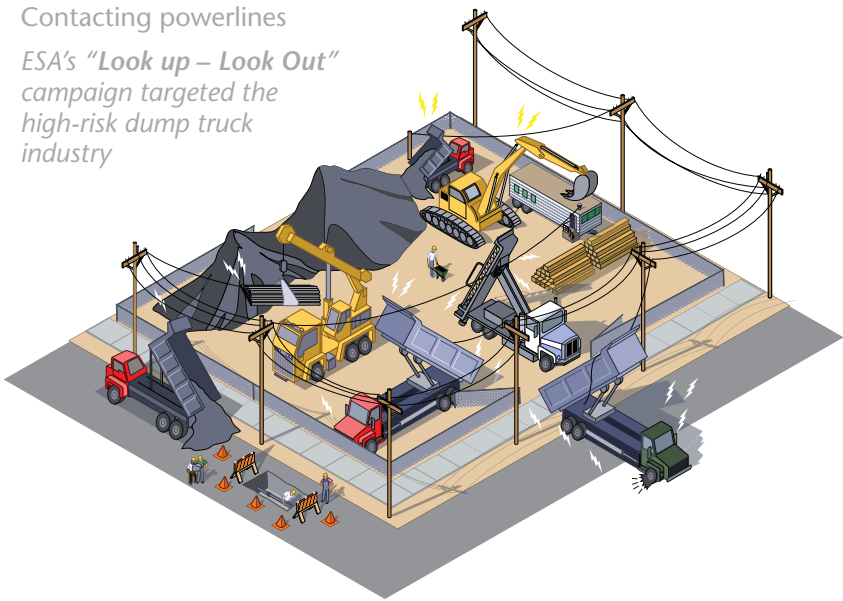


DOWN WIRES



DRILLING TRUCK/AUGER

Contacting powerlines
ESA’s “Look up – Look Out” campaign targeted the high-risk dump truck industry



Financial Summary

Annual Report

In Fiscal 2008 the Electrical Safety Authority (ESA) continued to focus on the prudent management of its financial resources to ensure appropriate funding for electrical safety initiatives and services in Ontario into future years. ESA's focus on diversifying revenue, improving operating efficiencies and executing business plan initiatives has been integral to achieving success. Major safety initiatives included contractor licensing enforcement, electrical worker safety initiatives and powerline safety campaigns, among others.

Revenue increased to \$74.2 million in Fiscal 2008, an increase of 5.0% from Fiscal 2007, and reflected increases in all business lines except for "Wiring". The following table summarizes revenue for Fiscal 2008 and Fiscal 2007:

(000's)	2008	2007
Regulated		
Wiring – Residential	\$24,108	\$25,043
Wiring – Industrial/Commercial/ Institutional	16,052	16,101
Continuous Safety Services (CSS)	16,371	14,592
Utility regulation	2,128	2,018
Contractor licensing	2,732	770
Plan approvals	1,121	1,173
Other revenues	2,433	2,837
	64,945	62,534
Unregulated		
Product approvals	7,521	6,600
CSS – Mining	1,712	8,123
	9,233	8,123
	\$74,178	\$70,657

As a result of lower permit values, ESA's wiring line of business decreased by 3.7% in the residential sector and 0.3% in the Industrial/Commercial/Institutional sectors. New residential housing starts declined by 8% and are expected to continue to decline over subsequent fiscal years.

ESA will continue to expand or develop other services and revenue sources. Residential renovation spending was up by close to 6%, and company efforts to diversify revenue sources have resulted in a 12.2% increase to revenue from Continuous Safety Services (CSS) contracts. The contractor licensing revenue increase was due to a full year of licensing activities in Fiscal 2008. Other revenues decreased from 2007 due to less pre-master's training related to electricians writing the Masters' Exam than in 2007.

Total wiring services represented 54% of revenue in Fiscal 2008 (Fiscal 2007 – 58%); CSS services represented 24% of Fiscal 2008 revenue (Fiscal 2007 – 23%); and, other services represented 22% of Fiscal 2008 revenue (Fiscal 2007 – 19%). Revenue from unregulated business services, including Product Approvals and CSS Mining services, totaled \$9.2 million in Fiscal 2008 compared to \$8.1 million in Fiscal 2007.

Operating expenses (including amortization) increased to \$73.6 million in Fiscal 2008 compared to \$70.0 million in Fiscal 2007 representing a 5.0% increase. The increase in expenses was related to business service activities, safety initiatives, labour and benefit costs, including pension costs. Non-labour related expenses (fleet, facilities, materials, contracted services, etc.) increased by 8.3%, and labour related expenses increased by 3.9%. Management compensation (salary and bonus) totalled \$3.4 million for 20 individuals in Fiscal 2008, compared to \$2.9 million in the previous year for 18 individuals.

Specific initiatives, including many safety initiatives, resulted in additional spending of close to \$2.2 million in Fiscal 2008. These costs included programs to increase powerline safety awareness, increase the use of fused leads with multimeters, implementation of contractor licensing enforcement practices, unsafe product consultation and increased investigations, and business diversification, among others. The cost of benefits, including

pension costs, decreased from \$15.2 million last year to \$14.6 million this year, a decrease of 3.7% mainly related to the favourable investment returns on the Company's pension plan.

Capital spending of \$2.3 million increased from the \$1.0 million last year, as ESA continues to make further investments in the continuous improvements of its information technology infrastructure.

The increase in revenue more than offset the increase in operating expenses resulting in a modest net excess (revenue exceeding expenses) of \$0.6 million before investment income. This compares to an identical \$0.6 million in Fiscal 2007. Investment income increased over last year, resulting in a net excess for Fiscal 2008 of \$2.8 million compared to a net excess in Fiscal 2007 of \$2.0 million.

The balance sheet continued to improve in Fiscal 2008 with assets exceeding liabilities by \$15.2 million, of which \$7.7 million is represented by capital assets. However, the balance sheet does not reflect deferred deficiencies in the ESA Pension Plan and OPEB (other post-employment benefits) of \$10.9 million. The funding of these deficiencies, although a concern, is reflected in the Company's business plans.

ESA continued to maintain an adequate financial base to support the many safety initiatives and programs required to protect the citizens of Ontario in the past fiscal year. ESA has developed strong financial processes to ensure that 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.



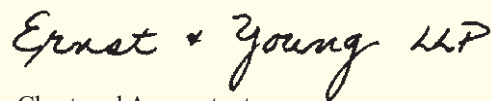
Wayne Howard
Vice-President Finance and Chief Financial Officer,
Electrical Safety Authority

To the Board of Directors of Electrical Safety Authority

We have audited the balance sheet of Electrical Safety Authority as at March 31, 2008 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, 2008 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 other than the adoption of the new Canadian generally accepted accounting principle as described in note 2 to the financial statements.



Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
May 2, 2008.

Balance Sheet

As at March 31
[in thousands of dollars]

	2008 \$	2007 \$
ASSETS		
Current		
Cash and cash equivalents [note 6]	15,293	13,670
Accounts receivable	6,190	6,349
Short-term investments [notes 3 and 6]	10,996	5,419
Other assets	462	707
Total current assets	32,941	26,145
Long-term investments [notes 3 and 6]	23,415	24,584
Capital assets, net [note 4]	7,742	7,135
Deferred pension asset [note 5]	2,284	2,931
Other non-current assets	210	208
	66,592	61,003
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued charges	9,669	8,264
Deferred revenue	12,298	12,613
Total current liabilities	21,967	20,877
Employee future benefit obligations [note 5]	29,424	27,386
Total liabilities	51,391	48,263
Contingencies and commitments [notes 8 and 9]		
Net assets		
Invested in capital assets	7,742	7,135
Unrestricted	7,459	5,605
Total net assets	15,201	12,740
	66,592	61,003

See accompanying notes

Approved on behalf of the Board:


Director


Director

Statement of Operations

Year ended March 31

[in thousands of dollars]

	2008 \$	2007 \$
Revenue	74,178	70,657
Expenses		
Salaries, wages and benefits [note 5]	53,567	51,569
Operating	18,352	16,755
Amortization [note 4]	1,643	1,715
	73,562	70,039
Excess of revenue over expenses before investment income	616	618
Investment income	2,194	1,392
Excess of revenue over expenses for the year	2,810	2,010

See accompanying notes

Statement of Changes in Net Assets

Year ended March 31

[in thousands of dollars]

	Unrestricted \$	Invested in capital assets \$	Total \$
Balance, March 31, 2006	2,899	7,831	10,730
Excess of revenue over expenses for the year	3,740	(1,730)	2,010
Purchase of capital assets	(1,034)	1,034	–
Balance, March 31, 2007 and April 1, 2007	5,605	7,135	12,740
Change in accounting policy [note 2]	(349)	–	(349)
Balance, April 1, 2007 as restated	5,256	7,135	12,391
Excess of revenue over expenses for the year	4,457	(1,647)	2,810
Purchase of capital assets	(2,254)	2,254	–
Balance, March 31, 2008	7,459	7,742	15,201

See accompanying notes

Statement of Cash Flows

Year ended March 31

[in thousands of dollars]

	2008 \$	2007 \$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	2,810	2,010
Add items not involving cash		
Amortization	1,643	1,715
Loss on disposal of capital assets	4	15
Decrease in deferred pension asset	647	1,419
Decrease (increase) in other non-current assets	(2)	50
Increase in employee future benefit obligations	2,038	2,500
	7,140	7,709
Net change in non-cash working capital balances related to operations [note 7]	1,494	1,975
Cash provided by operating activities	8,634	9,684
INVESTING ACTIVITIES		
Net increase in investments	(4,757)	(7,574)
Purchase of capital assets	(2,254)	(1,034)
Cash used in investing activities	(7,011)	(8,608)
Net increase in cash and cash equivalents during the year		
	1,623	1,076
Cash and cash equivalents, beginning of year	13,670	12,594
Cash and cash equivalents, end of year	15,293	13,670
Cash and cash equivalents comprise		
Cash	2,028	1,728
Short-term investments	13,265	11,942
	15,293	13,670

See accompanying notes

Notes to Financial Statements March 31, 2008

[in thousands of dollars]

1. BASIS OF PRESENTATION

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 and Consumer Services [“MGCS”]. 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:

Change in accounting policies

Investments

Effective April 1, 2007, ESA adopted the recommendations of the Canadian Institute of Chartered Accountants [“CICA”] 3855: Financial Instruments – Recognition and Measurement and CICA 3861: Financial Instruments – Disclosure and Presentation. CICA 3855 establishes standards for recognizing and measuring financial instruments, including the accounting treatment for changes in fair value. As required by CICA 3855, all investments are now presented at fair value. In prior years, investments were recorded at amortized cost except those investments with a loss in value that was other than a temporary decline, in which case they were written down to recognize the loss. As permitted by CICA 3855, ESA’s other financial assets and liabilities continue to be presented at amortized cost which approximates fair value.

As required by the transitional provisions of CICA 3855, the accounting policy change from cost to fair value was adopted retroactively, without restatement of the prior year’s financial statements. As a result of the change, as at April 1, 2007, investments were decreased by \$349 and unrestricted net assets were decreased by \$349.

Investments and investment income

Publicly traded securities are valued based on the latest bid prices. Short-term securities are valued based on cost plus accrued income, which approximates fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment income, which consists of interest, dividends, and realized and unrealized gains and losses, is recorded as investment income in the statement of operations.

Comprehensive income

Effective April 1, 2007, ESA adopted the recommendations of the CICA relating to CICA 1530: Comprehensive Income. ESA does not have any comprehensive income components and, as such, comprehensive income is equal to net income. The adoption of this recommendation did not have a significant impact on the financial statements in the prior or current year.

Recent accounting pronouncements

The CICA has issued various new standards which will be adopted by ESA on April 1, 2008.

- [i] CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.
- [ii] CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity’s objectives, policies and processes for managing capital.
- [iii] CICA 1400: General Standards of Financial Statement Presentation, which was amended to include requirements to assess and disclose an entity’s ability to continue as a going concern.

Notes to Financial Statements March 31, 2008

[in thousands of dollars]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *Continued*

ESA is currently evaluating the effect of adopting these new standards.

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.

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. Licensing and registration fees are recognized evenly over the period covered by the fee. Revenue billed but not earned is carried forward as deferred revenue.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the assets’ estimated useful lives when the assets are put into use, 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 amortized on a straight-line basis over the term of the lease. Repairs and maintenance costs are charged to the statement of operations as incurred.

Cash and cash equivalents

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

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 estimates regarding assumptions about a number of future conditions including 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. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of the plan assets is amortized on a straight-line basis over the expected average remaining service life of active employees. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service life 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.

Assets of the pension fund are valued using the year-end market values.

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.

Notes to Financial Statements March 31, 2008

[in thousands of dollars]

3. INVESTMENTS

Investments consist of the following:

	2008 \$	2007 \$
Commercial paper	–	2,725
Federal bonds	7,865	7,283
Provincial bonds	8,566	8,213
Corporate bonds	17,980	11,782
	34,411	30,003
Less investments recorded as current	10,996	5,419
Long-term investments	23,415	24,584

Investments are internally restricted for future expenditures for post-retirement benefits [note 6]. The bonds have a weighted average term to maturity of 43 months and a weighted average interest rate of 4.1%.

4. CAPITAL ASSETS

Capital assets consist of the following:

	2008			2007		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Land	450	–	450	450	–	450
Building	3,344	360	2,984	3,161	228	2,933
Computer software and licenses	7,865	5,972	1,893	7,297	5,423	1,874
Electronic equipment	2,949	2,044	905	2,247	1,507	740
Telephone and projection system equipment	1,291	558	733	623	505	118
Office furniture and inspection equipment	1,155	757	398	1,088	641	447
Leasehold improvements	1,761	1,382	379	1,764	1,191	573
	18,815	11,073	7,742	16,630	9,495	7,135

Notes to Financial Statements March 31, 2008

[in thousands of dollars]

4. CAPITAL ASSETS *Continued*

Included in computer software and licenses in 2008 is \$87 for capital projects [2007 – \$152], electronic equipment \$296 [2007 – nil], and telephone and projection system equipment \$668 [2007 – nil] which are in process and will be transferred to completed projects during 2009. There was no amortization recorded for capital projects and other equipment in process in 2008.

5. EMPLOYEE FUTURE BENEFIT PLANS

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

The accrued benefit obligations for the pension plan and supplemental employee retirement plan are measured as of December 31, 2007 and OPEB and long-term disability are measured as at March 31, 2008. The fair value of assets is determined using the December 31, 2007 asset values.

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

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

	2008		2007	
	Pension benefit plans \$	OPEB plans \$	Pension benefit plans \$	OPEB plans \$
Accrued benefit obligation, end of year	190,579	34,183	186,736	33,211
Fair value of plan assets, end of year	187,462	–	180,055	–
Funded status - plan deficit	(3,117)	(34,183)	(6,681)	(33,211)
Unamortized net actuarial loss	11,745	5,520	24,568	6,688
Deferred asset gain	(6,818)	–	(15,590)	–
Unamortized past service costs	250	–	967	35
Unamortized transitional asset	(1,111)	(70)	(1,667)	(104)
Employer contributions from January 1 to March 31, 2007	1,335	–	1,334	–
Accrued benefit asset (liability)	2,284	(28,733)	2,931	(26,592)
Add Workplace Safety Insurance Board of Ontario liability	–	(691)	–	(794)
Total employee future benefit asset (obligation)	2,284	(29,424)	2,931	(27,386)

Notes to Financial Statements March 31, 2008

[in thousands of dollars]

The amount of \$2,284 [2007 – \$2,931] 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 \$2,954 [2007 – \$3,614] in the pension plan and a liability of \$670 [2007 – \$683] in the Supplementary Retirement Plan.

The net benefit plan expense for the year ended March 31, 2008 for the pension benefit plans is \$5,996 [2007 – \$6,635] and for OPEB plans is \$3,415 [2007 – \$3,361].

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	
	2008 %	2007 %	2008 %	2007 %
Discount rate	5.50	5.20	5.50	5.25
Rate of compensation				
Increase [before merit]	3.00	3.00	–	–
Increase in Consumer Price Index	2.40	2.25	2.40	2.25

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	
	2008 %	2007 %	2008 %	2007 %
Discount rate	5.20	5.10	5.20	5.25
Expected long-term rate of return on plan assets	7.10	7.10	–	–
Rate of compensation				
Increase [before merit]	3.00	3.00	–	–
Increase in Consumer Price Index	2.20	2.20	2.20	2.20

ESA's rate of growth for health care costs was estimated at 8.5% per annum and was assumed to decrease gradually to 4.5% in four 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.

Notes to Financial Statements March 31, 2008

[in thousands of dollars]

5. EMPLOYEE FUTURE BENEFIT PLANS *Continued*

The pension plan assets are invested as follows:

	2008 %	2007 %
Fixed income securities	36	33
Canadian equities	20	20
U.S. equities	19	20
Non-North American equities	25	27

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

	2008 \$	2007 \$
Employer's contributions	5,317	5,192
Employees' contributions	2,068	1,863
Benefits paid	6,734	6,360

6. INTERNALLY RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments in the amount of \$23,415 [2007 – \$24,584] and cash and cash equivalents in the amount of \$5,318 [2007 – \$2,008] 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.

7. STATEMENT OF CASH FLOWS

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

	2008 \$	2007 \$
Accounts receivable	(159)	(292)
Other assets	245	(62)
Accounts payable and accrued charges	1,405	(141)
Deferred revenue	315	2,470
	1,494	1,975

Notes to Financial Statements March 31, 2008

[in thousands of dollars]

8. 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. Should any additional losses occur, they would be charged to operations in the year the amounts become determinable.

9. 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:

	\$
2009	2,935
2010	2,753
2011	2,255
2012	2,130
2013	2,130
Thereafter	2,128
	14,331

[b] As at March 31, 2008, a letter of credit in the amount of \$803 has been issued to the Workplace Safety Insurance Board of Ontario to support an accrued liability of \$691. This letter of credit is collateralized by cash and cash equivalents.

10. FINANCIAL INSTRUMENTS

Fair values

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

Credit risk

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.

**Performance
Objectives**

Annual Report 2008

ESA's Strategic Plan 2008

VISION	Experts in Electrical Safety. Superior services and solutions. A recognized leader.			
INTERNAL 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, 2008)	- Reduce the number of incidents in the Electrical Trade by 12% - Resolve 80% of all non-compliance cases within 20 working days - Increase awareness of Powerline Safety Campaign among high risk groups by 20% (e.g. Dump Truck Operators)	- Overall Contractor satisfaction with ESA improves by 5% - External Advisory Council engagement with ESA is 87% - Staff committee engagement is 83%	- Increase recurring revenue by 8% - Surplus of 0.7% of revenue to fund safety and reserve objectives	- Increase operational effectiveness by 2.5% (e.g. km/visit) - Increase CSC effectiveness by 10% (eg. notification accuracy) - Ensure 99.8% availability of SAP/Fieldworker
ACTION PLAN "HOW" (32 Action Plans)	- Communicate safety issues to Trades (e.g. 347V, multimeters) - Communicate powerline safety practices to high risk groups - Implement next phase of Enforcement of Contractor Licensing - Implement next phase of Safety Management Plan - Pilot safety messaging to Ontarians and measure effectiveness - Create and implement a plan that gives Inspectors more time for prevention activities - Address licensing issues with non-served electrical markets (e.g. signage, well drillers, etc.) - Create a long term strategy that significantly reduces Powerline Safety incidents - Submit a request to Government for minimum electrical standards for existing buildings	- Conduct Contractor training/information meetings - Enhance communications within ESA - Broader roll-out of CCP - Generate a Risk Management framework to assess overall state of the business - Address priority concerns raised in Contractor survey - Implement succession planning strategy - Increase engagement with First Nation Communities - Develop and implement a survey to measure stakeholder engagement - Develop and implement a survey to measure CSS customer satisfaction	- Implement current FY CSS sales growth and delivery - Investigate a "line of business" training strategy - Create a plan for CSS Sales Growth that includes retention, growth, product enhancement, risk mitigation, delivery and sales structure - Create a vision for industry stakeholders to support Unapproved Products funding - Create and report on financial benchmarks - Examine reserves and make recommendations	- Provide Supervisor with team based objectives and further tools to effectively manage their team - Increase robustness of overall IT system (e.g. Business Continuity Plan, Network Mapping) - Prepare BW business plan - Create CSC process enhancements - Align enforcement process with new provincial offence legislative changes - Emergency Response Plan - Implement next phase of Corporate Privacy Plan - Develop an Inspection Quality Management Strategy

Provide leadership in electrical safety	Success and Performance	
	Plan	Actual
Safety Awareness	- Communicate safety issues to the Trades to reduce the number of incidents in the electrical trade by 12%. - Communicate powerline safety to increase awareness among high-risk groups by 20%. - Pilot safety messaging to Ontarians and measure effectiveness. - Create a long-term strategy that significantly reduces powerline safety incidents.	- Trades incident data reports confirmed no incidents in the high-risk Commercial/Industrial electrician category associated with 347-volt lighting systems and multimeters in FY2008. - A powerline safety campaign targeted at Dump Truck operators and their associations produced a 37% recall of the important message “Look Up Look Out”. - A public safety outreach campaign piloted in Kitchener/Waterloo and Cambridge, Peterborough, and Thunder Bay tested public/homeowner recall of electrical safety and risk messaging through various channels generating a 31% recall and defining direct mail as the most successful channel for retention. - A long-term strategy was created with stakeholder involvement to define key areas of risk associated with powerline safety to focus ESA activity over the next five years. - ESA’s Regulatory Division issued 8 safety alerts, 83 recall notices, and 39 bulletins. - ESA responded to 1270 inquiries in the on-line Frequently Asked Questions database. - ESA received 24.5 million successful server hits on the corporate website www.esasafe.com. - ESA responded to 142 unapproved product complaints and issued 52 product incident reports to certification agencies.
Regulatory Development	- Implement the next phase of Enforcement of Contractor Licensing ensuring the resolution of 80% of non-compliance cases within 20 working days. - Address licensing issues with non-served electrical markets (e.g. signage, well drillers, etc.). - Submit a request to government for minimum electrical safety standards for existing buildings.	- New business processes to support the implementation of Contractor Licensing enforcement activities have ensured the prompt resolution of non-compliance cases averaging 89% resolution within 20 working days. ESA responded to 1,084 enforcement complaints. Initial screening identified 348 as invalid complaints, and 737 inspections results in the issuing of 5,290 notices of violations. ESA’s enforcement process achieved compliance with only 23 prosecutions being required that resulted in 8 convictions. - Efforts to resolve the electrical licensing of Residential Heating Ventilation and Air Conditioning contractors continue to be assessed with input from the Electrical Contractor Registration Agency participants, stakeholders and ongoing electrical risk assessments. - A proposal to introduce minimum electrical standards for existing buildings has been completed and is currently under review. 13,878 licences have been issued (electrical, masters and provisional licences).
Safety Management Framework	- Implement the next phase of the Safety Management Plan. - Create and implement a plan that gives inspectors more time for prevention activities.	- The Safety Management Framework was advanced by introducing risk guidelines for issuing warnings and defects, life and property hazard defects, evaluating Continuous Safety Services contracts based on level of safety hazard, and ESA’s general inspection. - The Operation’s Division defined a new regional structure that allows for the introduction and realignment of a dedicated Continuous Safety Services team to target risk and compliance in Commercial, Industrial and Institutional facilities.

Excellent Stakeholder Relationships	Success and Performance Measures	
	Plan	Actual
Information / Communication	• Conduct contractor training/information meetings. • Enhance communications within ESA.	• 32 contractor information sessions were conducted across Ontario with 1,700 contractors attending. In addition, Inspectors arranged and participated in 421 face-to-face sessions with contractors to share electrical safety and Ontario Electrical Safety Code information. • Regular all-staff meetings were conducted with staff across the Territories, and AGM presentations were shared via webcast. Staff has been briefed on ESA's new mission, vision, and five year strategic plan. • The creation of an INTRANET to enhance communications across ESA was created and launched in the Customer Service Centre and will be expanded to the balance of ESA in FY2009. • Efforts are underway to enhance the flow of communication across the corporation by focusing initially on the Operation's Division which presents a unique challenge given the demographic dispersion of staff. • ESA prepared key spokes people across the organization by providing them with media training and corporate protocols for responding to media inquiries.
New Service Offering	• Broader roll-out of the Certified Contractor Program (CCP) pilot. • Increase engagement with First Nations. • Assess an enterprise risk management framework to assess the overall state of the business.	• Efforts to expand the CCP pilot identified the need for further development of options and processes to meet a broader range of contractor needs. ESA is evaluating the changes required to extend the pilot. • Continuous Safety Services segment specific program addressing the unique needs of First Nation Communities was piloted and the potential safety impact is being assessed. • ESA developed an Enterprise Risk Model that identified and ranked business risks into categories. Risk mitigation strategies were created for all critical risks, and ESA is ensuring that appropriate controls are in place to address identified risks.
Customer / Stakeholder Satisfaction	• Address concerns raised in the Contractor Satisfaction Survey to increase overall satisfaction with ESA by 5%. • Assess employee engagement to achieve 83% engagement with internal committees. • Assess stakeholder engagement to achieve 87% engagement with external stakeholder councils. • Develop and implement a survey to measure Continuous Safety Service customer satisfaction. • Implement a succession planning strategy.	• ESA's contractor satisfaction increase focused on addressing priority concerns raised in the FY2007 survey. ESA efforts to improve satisfaction associated with call answer time and customer service representative ability to answer contractor questions increased satisfaction by 7%. • Surveys administered to track internal and external engagement produced an 89.1% employee engagement level for internal ESA committee participants and a 90% engagement level for external ESA council participants. • An on-line survey tool was developed following a series of qualitative focus groups to gather feedback from both Continuous Safety Services program decision-makers and site contacts. The results identified a satisfaction index score of 70%, which defined the benchmark for planned efforts to raise customer satisfaction and perceived value linked to this program. • An executive succession plan has been developed, and efforts are underway to create a corporate succession plan for all ESA positions. Inspection resources continued to be developed through ESA's inspector selection and training process which saw the introduction of 16 new recruits in FY2008.

Ensuring financial stability	Success and Performance Measures	
	Plan	Actual
Financial Resources	• Increase recurring revenue by 8%. • Achieve a surplus of 0.7% to fund safety and reserve objectives. • Create a report on financial benchmarks. • Examine reserves and make recommendations.	• The recurring revenue component of the business was increased by 21%. • A surplus of 3.8% of revenues to fund safety and reserve objectives was achieved. • Additional financial benchmarks were completed and will be implemented in FY2009. • Reserve recommendations are currently being evaluated and will be implemented in FY2009.
Service / Program Expectations	• Implement the current fiscal year Continuous Safety Services sales growth and delivery. • Create a plan for Continuous Safety Services sales growth that includes: retention, growth, product enhancement, risk mitigation, delivery and sale structure. • Investigate a training line of business. • Create a vision for industry stakeholders to support unapproved product funding.	• The Continuous Safety Services sales plan focused on growing revenue and enhancing safety through a sales focus on high-risk opportunities. This approach resulted in excellent growth in this area with revenues increasing 5.9% against the plan and 12.2% over FY2007, and the addition of 1,508 sites to influence electrical safety. • Target markets were defined for the Continuous Safety Services Program based on safety perspectives and risk. The Continuous Safety Services line of business delivery is being restructured to support the achievement of safety goals through focused sales and delivery activities. • A detailed business plan justified ESA formalizing a training line of business to pursue significant future business opportunity. • Funding consultations with stakeholders resulted in the development of potential formulas to support a campaign targeting unsafe electrical products. Although principle stakeholders indicated support for an Ontario product safety regime and the associated activities, concerns were expressed about the ability to fund and the precedent Ontario could be establishing for other jurisdictions.

Improve Business Processes	Success and Performance Measures	
	Plan	Actual
Improve Business Productivity and Response	• Provide inspection supervisors with team-based objectives and further tools to effectively manage their teams in an effort to Increase operational effectiveness by 2.5%. • Develop an inspection quality management strategy. • Increase Customer Service Centre process enhancements and effectiveness (i.e. on-line usage) by 10%. • Ensure 99.8% availability of SAP/ Fieldworker. • Align enforcement process with new provincial offence legislative changes. • Develop an emergency response plan. • Implement the next phase of a corporate privacy plan.	• Operations created six teams of senior inspectors to champion recommendations for the business to improve effectiveness through cultural change, leadership development, succession planning, field engagement, interpersonal competence and communication. Operations has increased effectiveness by 9% through the reallocation of inspection territories linked to the provincial area grid. • The introduction of a quality supervisor in the Customer Service Centre supported the introduction, and consistent application, of processes to improve effectiveness. • ESA's computer systems were available to users for 99.9% of the time. • ESA enhanced its enforcement tools to increase compliance with the <i>Electricity Act, 1998</i> and corresponding regulations. • To respond to emergency situations an "emergency response plan" was drafted and tested during the Huntsville flood. Ongoing modifications and implementation of the plan has supported ESA's response to floods in Muskoka, Quinte/Belleville, and a planned power outage in Kenora on May 4, 2008. • ESA implemented its customer privacy policy and appointed a Chief Privacy Officer to handle customer complaints.
Enhance Information Systems	• Increase robustness of overall Information Technology system. • Prepare Business Warehouse business plan.	• Server and network upgrades, a major telephone system upgrade, and the introduction of an intranet for the Customer Service Centre have enhanced ESA system operations. • ESA piloted an SAP business warehouse to enhance internal reporting capability, which will be more widely developed and implemented in FY2009.



Business Plan

2009 - 2011

The Electrical Safety Authority's (ESA) business direction is driven by its mandate for public electrical safety. Aggressive objectives and action plans for the business cycle have been framed within a longer-term business strategy that carries us through to 2013. As we continue to advance public safety with new initiatives, services, and regulations, we will ensure:

- Ongoing consultations with employees, customers, stakeholders, and the public on key business initiatives.
- Development of safety partnerships and alliances to support ESA in extending the reach and impact of important safety messages.
- Engagement of dedicated stakeholder councils.
- Responsiveness to critical customer needs.
- Programs and services are delivered in an effective and efficient manner.
- Information and data sources support assessment and prioritization of public safety needs in Ontario.
- Employees have tools and training to enable them to achieve safety objectives.
- Business systems and processes are constantly updated to respond to changing technology.
- Business planning addresses potential business risks.
- Employees have the skills and motivation to advance the safety business.

Letter from the President and Chief Executive Officer

As the Electrical Safety Authority (ESA) developed plans for the fiscal years 2009-2013, it was driven by our new mission. The development of a strategic business plan **“to improve electrical safety for the well being of the people of Ontario”** has required ESA to step back and evaluate how we can further impact safety, who should be involved, where the business needs to grow, and what we need to do to reach the vision of **“An Ontario free of electrical fatalities, and serious injury, damage or loss”**.

To do this we will extend our reach, share safety insights, evaluate safety risks, and gather feedback on how we can make a difference. Going forward, increased emphasis will be placed on ensuring ESA employees not only support the business direction, but are motivated by the part they play in advancing safety. We will continue to build stakeholder relationships to ensure support for our direction but will be looking for stronger commitments through creating strategic alliances to assist in impacting electrical safety through shared efforts. Our business activities will be framed in the growing presence of enterprise risk management practices and enhanced processes across the organization. ESA is in a strong position to step up and strengthen our role as Ontario’s gatekeeper for public electrical safety. The following key actions will drive our strategy in fiscal 2009 to 2011:

New Regulation:

ESA will implement the 24th edition of the Ontario Electrical Safety Code in 2009. Guidelines and refinements to Product Safety Regulation will support the requirements to report serious electrical incidents or defects effective July 1, 2008. In FY2009 ESA will adjust its business practices and enforcement procedures to respond to ESA’s investigative and order-making powers that came into effect on January 1, 2008.

Reduce Electrical Incidents:

ESA will extend efforts to influence the Ontario Electrical Safety Code and Standards, provide safety training and create awareness. We will continue to promote the Don't Work Live initiative with a focus on arc flash and will support the introduction of new standards for personal protective equipment. Awareness campaigns will continue to encourage business and facility owners, operators, supervisors, and trades people to adopt and follow safe work procedures.

ESA will work to heighten safety awareness of roofers, and siding and eavestrough installers when working in the vicinity of overhead powerlines, and will maintain powerline safety awareness among previously targeted high-risk segments including Ontario's farmer and dump truck operators.

Enforce Contractor Licensing:

ESA will continue to reduce the number of unqualified individuals doing electrical work in Ontario through ongoing enforcement efforts and through a two-part public awareness campaign to educate consumers of the importance and benefits of using licensed electrical contractors.

Incorporate Quality Management:

As the business grows we need to ensure we are prepared to respond to new and changing business needs. ESA will maintain efforts to enhance its Safety Management Framework and will incorporate enterprise risk management concepts into business planning activities.

Improve Stakeholder Relations:

We will continue to work closely with our stakeholders, recognizing their important contribution to the achievement of our safety goals. ESA Councils will continue to be actively engaged in ESA's business and play a key role in the definition of safety initiatives. Ally relationships will be created to advance safety efforts.

Yearly Contractor and Continuous Safety Services customer satisfaction surveys will be administered. In FY2009, ESA will implement a new employee survey to assist the business in meeting the performance goals required to ensure ESA employees are skilled and motivated.

Raise Public Awareness:

The FY2008 pilot to increase public awareness on how to identify and avoid potential electrical risks will be expanded from three locations to eight and will incorporate messaging about powerline safety and the importance of using licensed electrical contractors. ESA will maintain powerline awareness by reminding homeowners to "Look Up Look Out" and to point out overhead powerlines to family, friends and contract workers. We are committed to a strategic direction that engages Ontario residents in considering electrical safety when seeking to retain the services of an Licensed Electrical Contractor, when assessing potential electrical hazards, and when working around their property or on the job.

Our future business plans will see an increased focus on stepping up safety through aligning resources, focusing activities, and assessing safety impact. We will continue to engage our employees and stakeholders in the review of our plans and programs, gather market and survey data to validate our impact, and evaluate our service offerings. These combined efforts will ensure we continue to make a significant impact on electrical safety in Ontario.

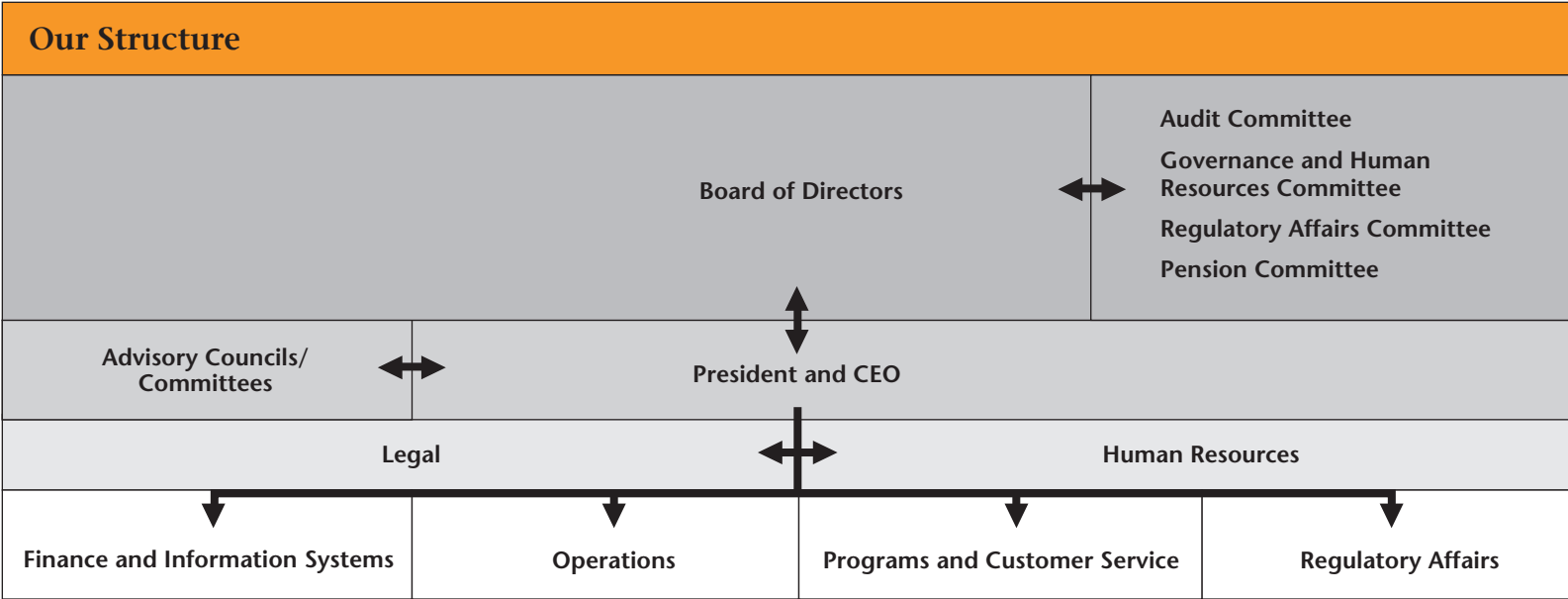


Robert M. Stelzer
President and Chief Executive Officer,
Electrical Safety Authority

Planning Assumptions

The following assumptions have been taken into consideration, and must materialize if the Electrical Safety Authority (ESA) is to meet the measures of success for its fiscal 2009-2011 business plan cycle:

- ESA successfully executes the strategic plan and annual business plans
- 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 support 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.



ESA's Strategic Plan 2009

MISSION	To improve electrical safety for the well being of the people of Ontario				
LONG TERM VISION for 2025	An Ontario free of electrical fatalities and serious injury, damage or loss				
5 YEAR VISION	30% Reduction in electrical contact and fire fatalities				
			↓		
OBJECTIVE "WHAT"	↓ Excellent Stakeholder Relationships (SR)	↓ Skilled and Motivated Employees (EM)	Leadership in Electrical Safety (SA)	↓ Financing the Safety Business (FS)	↓ Effective Quality Service (SV)
KEY PERFORMANCE INDICATORS (Achieved by March 31, 2009)	↓ - Overall Contractor satisfaction with ESA improves by 5% - CSS Customer Satisfaction improves by 5% - Increase public risk awareness of potential electrical safety hazards by 25%	↓ - Over 85% of employees feel ESA has a positive impact on public safety - Over 70% of employees feel that ESA communication has improved	↓ - Reduce the number of critical injuries and deaths in the Electrical Trade by 20% - Identify and resolve 600 individuals doing electrical work without a licence - Increase awareness of Powerline Safety Campaign among high-risk groups to 25% (e.g. group to be identified)	↓ - Fund safety services by diversifying revenue by 17% - Increase participation in the CSS program by 1,000 new sites	↓ - Increase operational effectiveness by 4% - Increase CSC effectiveness by 5%
ACTION PLAN "HOW" (27 Action Plans)	↓ - Provide electrical safety information to the public - Increase service to First Nations remote communities - Respond to weaknesses identified by customer surveys - Create "Don't Work Live" strategic alliances - Ensure that customers support the value for ESA fees	↓ - Develop a communication strategy & implement phase 1 - Succession plan and organizational development plan - Implement 1st phase of Employer of Choice recognition program - Dedicated specialty teams dealing with special events, incident investigation, unsafe products, training delivery, contractor licensing - Address employee concerns raised in survey - Develop & implement ESA corporate Intranet	↓ - SMF: develop models for inspection prioritization and frequency 2009 OESC - Development of Arc Flash safety campaign/ implement expanded ESA sponsored safety education to electrical apprentices - Implement next phase of contractor licensing enforcement and public awareness - Create a database structure and processes to support corporate enforcement initiatives - Communicate Powerline Safety messages to high risk groups - Implement product safety regulations	↓ - Long term plan for sustainability of pension plan and OPEB benefits - Implement plan for funding safety initiatives - Implement next phase of CSS plan and ensure CSS sales and delivery structure aligns with strategy - Agreement on criteria to evaluate new business opportunities	↓ - Implement next phase of Information Technology upgrade - Continue implementation of Business Continuity Plan - Quality management NQI system - Identify best practice organization and benchmark - Establish an accepted external "effectiveness" measurement and create awareness amongst staff

Business Plan

Leadership in electrical safety	Success and Performance Measures
	Plan
Safety Awareness	• Increase awareness of powerline safety campaign among high-risk groups (roofers, and siding and eavestrough installers) by 25%. • Reduce the number of fatalities and incidents in the electrical trades by 20%. • Develop an Arch Flash Safety campaign. • Implement and expand ESA-sponsored safety education to electrical apprentices. • Create a long-term powerline safety strategy to reduce incidents.
Regulatory Development	• 2009 Ontario Electrical Safety Code developed. • Identify and resolve 600 individuals doing electrical work without a licence. • Implement the next phase of contractor licensing enforcement and public awareness. • Create a database structure and processes to support corporate enforcement initiatives. • Implement product safety regulations.
Safety Management Framework	• Develop models for inspection prioritization and frequency.

Excellent stakeholder relations	Success and Performance Measures
	Plan
New Initiatives	• Increase engagement with First Nation Communities. • Provide electrical safety information to the public to increase risk awareness of potential electrical hazards by 25%.
Stakeholder Satisfaction	• Increase contractor satisfaction with ESA by 5%. • Increase Continuous Safety Services program satisfaction with ESA by 5%. • Respond to weaknesses identified by customer surveys. • Ensure that customers support the value for ESA fees. • Create “Don’t Work Live” Strategic Alliances.

Business Plan Continued

Skilled and Motivated Employees	Success and Performance Measures
	Plan
New Initiatives	• Develop a communication strategy and implement Phase 1 to achieve the goal of over 70% of employees reporting that communication has improved. • Create a succession and organizational development plan for the business. • Implement first phase of Employer of Choice recognition program. • Develop and implement ESA corporate intranet.
Stakeholder Satisfaction	• Create dedicated specialty teams dealing with special events, incident investigations, unsafe products, training delivery, contractor licensing. • Address employee concerns raised in surveys. • Ensure over 85% of employees feel ESA has a positive impact on public safety.

Financing the Safety Business	Success and Performance Measures
	Plan
Financial Resources	• Fund safety services by diversifying revenue by 10%. • Develop a long-term plan for sustainability of pension plans and OPEB benefits. • Implement a plan for funding safety initiatives.
Service / Program Expectations	• Increase Continuous Safety Services program participation by 1,000 new sites. • Implement the next phase of the Continuous Safety Services program strategy, and ensure alignment of the sales and delivery structure. • Achieve agreement on the criteria to evaluate new business opportunities.

Effective Quality Service	Success and Performance Measures
	Plan
Improve Business Productivity/ Processes	• Increase operational effectiveness by 4%. • Increase Customer Service Centre effectiveness by 5%. • Identify best practices organizations that ESA can benchmark against. • Establish an external effectiveness measure and communicate to staff.
Enhance Information Systems	• Implement next phase of information technology upgrade. • Continue implementation of the Business Continuity Plan. • Introduce a quality management system.

Revenue and Expenses

	2008	2009		2010		2011	
(\$ millions)	(actual)	(projection)	% change	(projection)	% change	(projection)	% change
REVENUES							
Total	74.2	80.3	8.2	79.3	(1.2)	80.0	0.9
EXPENSES							
Salaries, Wages & Benefits	53.6	56.2	4.9	56.0	(0.4)	58.0	3.6
Operating Expenses	18.4	23.3	26.6	23.0	(1.3)	23.1	0.4
Depreciation	1.6	1.9	18.8	1.8	(5.3)	2.0	11.1
Total	73.6	81.4	10.6	80.8	(0.7)	83.1	2.8
Margin	0.6	(1.1)		(1.5)		(3.1)	
Investment income	2.2	1.7		2.0		2.2	
NET	2.8	0.6		0.5		(0.9)	

Financial Projections and Trends

In the past, the Electrical Safety Authority's (ESA) **strategic plan** has addressed the need to achieve and maintain financial stability. While we continue to focus on that strategy, ESA will also address the need for adequate financing of its safety business. ESA will continue to develop prudent financial strategies to support adequate and ongoing funding of safety initiatives.

Although the Company expects to experience ongoing positive results to its financial position in future years, these will be at more modest levels than those experienced in recent years. Residential construction starts, which have been very strong, are expected to decline in future years, and accompanying growth in the Industrial/Commercial/Institutional sector is expected to level off as evidenced by the Fiscal 2008 financial results.

Financial performance has allowed ESA to allocate more resources to safety initiatives, new regulatory initiatives, customer service enhancements and productivity improvements. The funding of these, and similar activities, will continue in future years.

Annual revenue is expected to grow at a modest level of approximately, on average, in front of 2.6% per year, or 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 Continuous Safety Services (CSS) program and other similar initiatives. A rate increase averaging approximately 3% was implemented on June 2, 2008, but no further rate increases for wiring services have been reflected. In Fiscal 2009, a new *Ontario Electrical Safety Code* (OESC) will be introduced and as a result, training and related revenue of \$2.8 million is expected to be generated in that year only. Revenue will increase from \$74.2 million in Fiscal 2008 to \$80.0 million in Fiscal 2011. Wiring revenue is expected to decline modestly in Fiscal 2009 with all other services expected to modestly increase.

Operating expenses are expected to increase significantly in Fiscal 2009 by \$7.8 million or 10.6%. This incremental spending partially relates to the Company's \$6.8 million Strategic Plan initiatives including \$2.2 million related to the implementation of the *Ontario Electrical Safety Code* and \$0.8 million to introduce Product Safety initiatives. The remainder is allocated for safety programs (\$2.1 million), stakeholder initiatives (\$0.6 million), employee initiatives (\$0.6 million), financing initiatives (\$0.3 million), and quality service initiatives (\$0.2 million). Subsequent years reflect increases or decreases in line with the revenue projections. As a result, ESA's plan assumes a cumulative modest excess (revenue exceeding expenses) of \$200,000 for the next three fiscal years.

Capital spending in Fiscal 2009 to Fiscal 2011 will focus on 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 2009 and future years. *The overlay displays financial results for Fiscal 2008 and projections for the Fiscal Years 2009 to 2011.*

Responding to Our Customers

Our Privacy Guidelines

In accordance with the terms of our Administrative Agreement with the Ministry of Government and Consumer Services, the Electrical Safety Authority (ESA) implemented its customer privacy policy and appointed a Chief Privacy Officer to handle customer complaints.

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.

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 2008, we recorded 17 written complaints and each received a response in a timely manner, with none being 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 a required basis to ensure ESA fulfils its public safety mandate.

Industry Advisory Council

Jim Armstrong, Executive Director, Field Operations/A, Industrial Accident Prevention Association

Brad Bell, Hammerschlag and Joffe Consulting Engineers

Mark Chmielewski, Quality Assurance Consultant, Canadian Tire Corporation

Brian Curran, President & CEO, PUC Distribution Incorporated

Nick Maalouf, Vice President, QPS Evaluation Services

Scott McKay, Manager, Strategic Alliances, Industrial Accident Prevention Association

Joseph Neu, Vice President, Electro-Federation Canada

Ron Saporta, Director, Engineering & Plant Services, St. Michael's Hospital

Brian Savaria, Manager, Codes & Standards, Eaton Electrical – Cutler-Hammer

Dave Sinclair, President & CEO, Kenora Hydro

Ken Steger, Director of Engineering, CGI Insurance Business Services/Risk Management Services

Consumer Advisory Council

Dean Anderson, Guelph, President, Farm Safety Association of Ontario

John Buchanan, Ottawa

Ed Gulbinas, Toronto, Ontario Fire Marshal's Office

Hollis Hopkins, Toronto

Kari Manninen, Mississauga, Director, Municipal Health and Safety Association

Joan A. Pajunen, Collingwood

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 Limited.

Rick Charron, Anew Electrical Contracting Limited

Richard Cullis, Dial One Wolfdale Electric Limited

Eric Glahs, Lorne Electric - 1075777 Ontario Limited

Mary Ingram-Haigh, Ontario Electrical League

Dan Lancia, Holaco Installations Limited

Sandy Ragno, Solo Electric

Eryl Roberts, Electrical Contractors Association of Ontario

Provincial Code Committee

Sam Bell, Professional Engineers Ontario

Ken Brightwell, Electrical Safety Authority

Bill Burr, CSA International

Greg Galbraith, G. Galbraith Electric

Ed Garraway, Garraway Electrical Services

John Gryffyn, Ministry of Municipal Affairs and Housing

Armen Kassabian, Office of the Ontario Fire Marshal

Chris Magnusson, General Motors of Canada

Gabriel Mansour, Ministry of Labour

Michael Nusenbaum, Underwriters' Laboratories of Canada

Peter Olders, IBEW Construction Council of Ontario

Ted Olechna, Electrical Safety Authority

Tony Poirier, Durham College

Erik Randsalu, Office of the Ontario Fire Marshal

Doug Reith, Nexans Canada Incorporated.

John Salmon, A.R. Milne Electrical Limited

Brian Savaria, Eaton Electrical Canada

Ross Sutherland, International Association of Electrical Inspectors

Maurice Tucci, Electricity Distributors Association

Jeremy Walker, Walker's Electric 2000

Utility Advisory Council

Stephen Brown, Director, Electrotechnical Standards, Canadian Standards Association

Bruce Clements, Manager – Training Services, Electrical & Utilities Safety Association of Ontario (EUSA)

Wayne Corrigan, Regional Manager – External Liaison, Bell Canada

Jim Douglas, Executive Director, Ontario Regional Common Ground Alliance (ORCGA)

Ajay Garg, Senior Advisor - Network Strategy Division Standards & Policies, Hydro One Networks Incorporated

Herb Haller, Vice President – Engineering & Stations, Waterloo North Hydro Incorporated

Brian Hewson, Chief Compliance Officer – Market Operations, Ontario Energy Board

Mary Ingram-Haigh, President, Ontario Electrical League

Terry Irwin, Manager, Policy Branch, Ministry of Government and Consumer Services

Rick Johnson, Senior Inspector, Electrical Safety Authority

Irv Klajman, Manager – System Planning, PowerStream Incorporated

Les Koch, Manager, Standards & Policy Planning, Toronto Hydro – Electric Systems Limited

Pierre Lemay, Supervisor – Commercial Design, Hydro Ottawa Limited

Gabriel Mansour, Provincial Coordinator, Professional & Specialized Services, Ministry of Labour

John Mattinson, President & Secretary, Orillia Power Distribution Corporation

Brian McMillan, Vice President – Distribution Electrical Systems, Greater Sudbury Utilities Incorporated

Arlen Molyneaux, Director of Engineering, Guelph Hydro Electric Systems Incorporated

Doug Morrison, Senior Manager of Distribution & Standards, Enersource Hydro Mississauga Incorporated

George Mychailenko, Chief Executive Officer, Brantford Power Incorporated

Joseph Neu, Vice President – Engineering Codes & Standards, Electro Federation Canada

Joan A. Pajunen, Consumer Representative

Andre Perron, Manager – Technical Services, Hydro One Networks Incorporated

Peter Petriw, Manager – Engineering & Construction, Veridian Connections Incorporated

Neil Sandford, Vice President – Distribution Utility Services, AESI Acumen Engineered Solutions International Incorporated

John Savage, Senior Policy Advisor, Office of Consumer and Regulatory Affairs, Ministry of Energy

William Schwarz, W.O. Schwarz Consulting, representing OACETT

Jac Vanderbaan, Vice President of Engineering & Operations, Festival Hydro Incorporated

Jerry Van Ooteghem, President & CEO, Kitchener-Wilmot Hydro Incorporated

Ken Walsh, Vice President – Engineering & Operations, London Hydro Incorporated

Gaye-Donna Young, Chief Operating Officer, Newmarket-Tay Power Distribution Limited

Frank Zechner, Executive Director, Ontario Sewer & Watermain Construction Association

Statement from the President & Chief Executive Officer

The Electrical Safety Authority's commitment to "improve electrical safety for the well-being of the people of Ontario" has resulted in ongoing enhancements to the collection of electrical accident and fatality data. In addition, data is analyzed to provide ESA with information on underlying issues and circumstances that have led to electrical incidents. The careful assessment of data no longer identifies trends alone, but supports the corporation's commitment to use a Safety Management Framework to identify high-risk areas that can be focused on to create the greatest impact to public safety.

The compilation of ESA's "Ontario Electrical Safety Report" includes the presentation of incident and the assessment and presentation of information on occupational and non-occupational fatalities. Data is presented in categories which highlight electrocutions associated with overhead powerlines, and fire-related electrical incidents.

In 2007 there were four occupational electrocutions, and seven deaths resulting from electrical fires in Ontario. The number of electrocutions dropped significantly from twelve to four from 2006. The four electrocutions involved two individuals in the electrical trades and two involved in maintenance work. There has been a steady decline in the number of provincial electrocutions which can be attributed to decreases in powerline contact and no non-occupational electrocutions in 2007. Although the Office of the Ontario Fire Marshal has reported a decline in electrical fire fatalities of 23% over the past ten years, there has been an increase in 2007. The two most prevalent causes of electrical fires are from cooking appliances and electrical distribution equipment. A decrease in the number of cooking related fires has been offset by an increase in the prevalence of electrical distribution equipment fires. This increase in the prevalence of electrical fires associated with panels, permanent or temporary wiring, electrical cords for appliances, and junction boxes now represents 33% of all electrical fires.

Efforts continue to support reductions in occupational electrocutions and critical injuries to electricians. ESA's ongoing efforts to reduce electrocutions associated with safe work procedures for 347 volt systems and the use of fused leads with multimeters resulted in no reports of electrical incidents for commercial maintenance electricians. In fiscal 2009 efforts will continue to focus on providing electrical trades and business owners/operators with information and tools to reduce occupational incidents and fatalities. The focus for fiscal 2009

will be around increased incidents associated with working on live electrical panels and will leverage awareness of potential hazards with the introduction of the new CSA-Z462 Workplace Electrical Safety standards. In addition, ESA is leveraging electrical safety opportunities and Continuous Safety Services customer relationships to extend the "Don't Work Live" safety messaging.

ESA continues to work with Codes and Standards organizations and the Office of the Ontario Fire Marshal to identify opportunities to reduce incidents through regulatory and product design changes. In addition, ESA has maintained its commitment to creating awareness and providing information for the public to "Look Up – Look Out" for overhead powerlines in high-risk segments such as farmers, and construction/haulage industries while maintaining a public presence in sharing basic powerline safety messages at Home, Work and Play. The creation of an "Ontario Powerline Safety Strategy 2009-2013" involved industry participation to define the direction to reduce powerline incidents through engagement, encouragement, education, engineering, enforcement and evidence. In 2008 ESA will launch a powerline safety awareness campaign targeted at roofers, siding and eaves trough installers.

ESA's 2007 public risk awareness campaign targeted homeowners with important information on identifying and correcting basic electrical hazards, defining potential electrical hazards associated with electrical distribution equipment, and communicating risks associated with unqualified individuals doing electrical work in their homes. The success of the first pilot has resulted in approval to increase the reach of this campaign through the introduction of a second pilot campaign.

ESA will continue to produce safety information and support safety standards to create an environment where workers and the public understand and address potential electrical hazards and risks. The increased understanding of electrical incidents depicted in the Ontario Electrical Safety Report sets our direction and allows ESA to prioritize activities to achieve the greatest safety impact.



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



Summary

2007 Ontario Electrical Safety Report

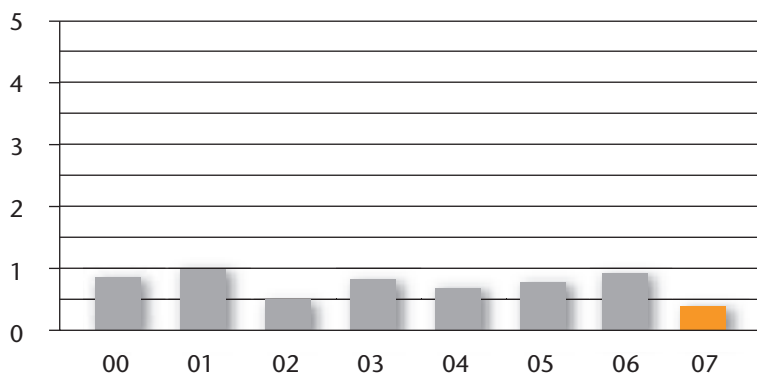
Summary

2007 Ontario Electrical Safety Report (as of June 24, 2008)

The Electrical Safety Authority's Safety Report is produced using data and statistics from a number of provincial sources to enable the business to track electrical incidents and fatalities. The data analyzed and presented in the annual Safety Report supports ESA in responding to changes associated with trends in electrical incidents and fatalities. These are then reflected in ESA's Safety Management Framework, proposals for regulatory change, safety programs, and awareness initiatives.

Information for this assessment is focused on electrical contact incidents and is primarily based on the compilation of records from Ontario coroners. In 2007 there were four electrocutions, and seven deaths resulting from electrical fires. The reported rate of electrocution per million population in Ontario decreased from .95 in 2006 to .311 in 2007. This decrease of more than 200% can be attributed to the combination of an unusually high electrocution rate in 2006 and a lower than average electrocution rate in 2007. Despite the decrease in overall fatalities, there is still an average of 2 deaths a year involving electrical trade workers. In addition, reported results of electrocution associated with powerline related fatalities and non-occupational related electrocutions have decreased significantly in the past year.

Figure 1: Electrocution Rate in Ontario (2000 to 2007)



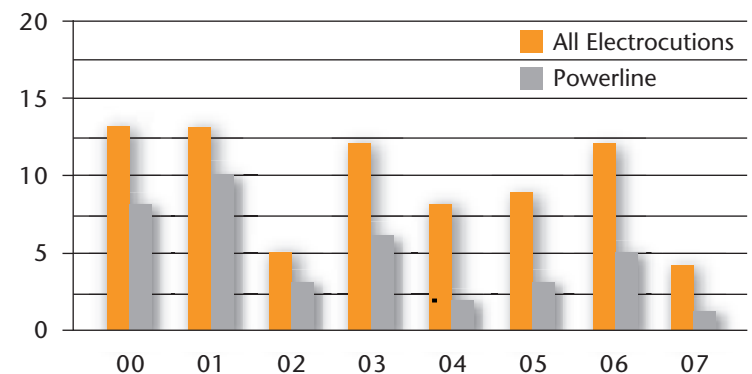
Ontario has reported 201 electrical related fatalities between 1998 and 2007. Over this period there were 106 fatalities due to electrocution, and 95 associated with electrical fires. Ontario's electrical fatality rate, on average, has declined over this ten year period. Non-occupational electrocution fatalities have decreased 75% over the past 10 years.

In 2007 there were four reported electrocution fatalities. These were all occupational related, with 2 fatalities related to the electrical trades conducting repair and maintenance work on electrical systems. Occupational related fatalities have decreased by 45% from the average of 7.3 electrocutions a year between 1998 and 2006.

ELECTROCUTION (PREVALENCE OF POWERLINE ELECTROCUTION)

The decline in electrocutions in the last ten years is largely attributed to a combination of decreases in powerline related fatalities and non-occupation electrocutions. Between 1998 and 2007 powerline fatalities decreased by 50%.

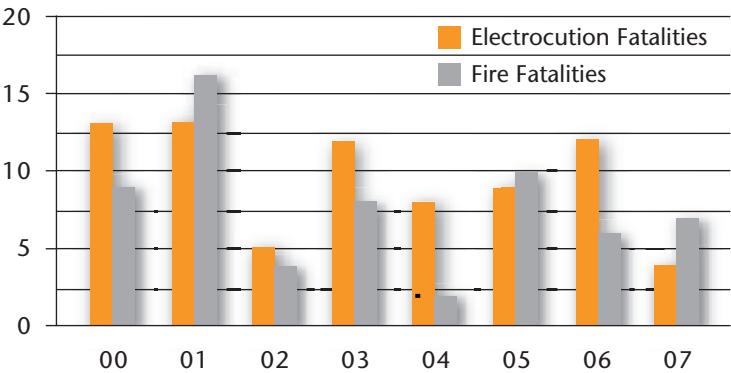
Figure 2: All Electrocution Fatalities vs. Powerline Fatalities from 2000 to 2007



PREVALANCE OF ELECTROCUTION AND ELECTRICAL FIRE FATALITIES

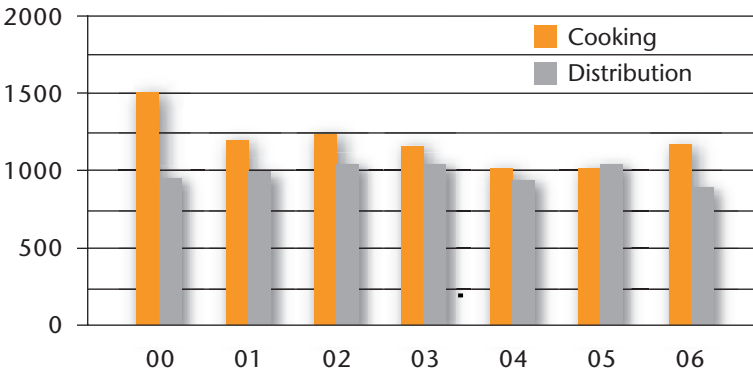
Although incidents vary year over year, between 1998 and 2007 there was an average 10.6 electrocution fatalities a year, compared to an average 8.3 electrical fire related fatalities a year. In 2007 the prevalence of electrical fire fatalities increased to its highest level in at 63% of electrocution events.

Figure 3: Electrocution Events from 2000 to 2007



The Fire Marshal’s Office identified seven electrical related fire fatalities in 2007. Electrical fires continue to account for approximately 10% of all fires in Ontario. From 1998 to 2007, electrical fires have declined by 23%. This decrease is associated with an average decline in cooking and appliance fires of 27%. In contrast, electrical fires related to distribution equipment have increased in prevalence to represent an estimated 33% of all electrical fires.

Figure 4: Number of Electrical Fires Based on Ignition Source from 2000 to 2007





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