VISION
An Ontario where people can live, work and play safe from electrical harm.

MISSION
To improve electrical safety for the well-being of the people of Ontario.

MANDATE
To promote and undertake activities which enhance public electrical safety including training, inspection, authorization, investigation, registration, enforcement, audit, and other regulatory and non-regulatory public electric safety quality assurance services.

VALUES
SAFETY
We can and will make Ontario a safer place for all citizens.

ACCOUNTABILITY
We hold ourselves to the highest standards of responsibility and ethical behaviour.

LEADERSHIP
We will always strive to do better, challenge assumptions, and welcome new ideas.

COLLABORATION
We work best when we work together.

INTEGRITY AND TRUST
We will take the high road.
ESA Inspector Dwight Dane (front) with Glen H., a maintenance electrician from Seneca College’s King Campus.
2016/2017

BY THE NUMBERS

50 long-term care homes joined the Continuous Safety Services (CSS) program based on the joint efforts of Eastern Region and CSS inspectors

8,121 licensed electrical contractors and 13,354 Master Electricians in Ontario

540,000 calls answered at the Customer Service Centre – 2,058 in French

More than 485,000 inspections conducted & 7.4 million kms driven by ESA inspectors across the province

MORE THAN $15,000 raised by ESA employees for Camp Bucko, supporting children recovering from burn injuries

133 investigations, 29 charges, MORE THAN $42,000 in fines and 20 convictions involving electrical work offered or performed without an electrical contractor’s licence

10,000 likes achieved on Facebook and more than 13,800 followers on Facebook, Twitter and Pinterest combined

51 stakeholders attended ESA’s safety symposium focused on the prevention of injuries in the home, particularly with children

More than 40 community education and awareness events attended by ESA inspectors and employees

On this page (top to bottom, left to right): Chris Fritz, Senior Client Safety Specialist, ESA; Halton Hills Hydro worker; Cory Leadbetter and Jim Chandler, Birnie Electric; Francis Hardy, Senior Safety Specialist, ESA; Freda Lam, Safety Analyst and Epidemiologist, ESA
94% of local distribution companies (LDCs) found substantially compliant with Regulation 22/04 on the 2016 LDC scorecard provided with areas to address to achieve full compliance.

9,000 powerline safety packages sent out to Ontario construction and dump truck companies.

Survey results for “Hire an LEC” campaign indicate 24% of Ontarians will hire a licensed electrical contractor for future electrical work, up from 15% in March 2015.

464 product safety investigations conducted, six published recalls and 55,282 recalled products.

One paper submitted by ESAFE Field Evaluation and chosen from over 100 submissions for the Institute of Electrical and Electronics Symposium on Product Compliance Engineering.

375 dump truck operators across the province received the new Powerline Safety Best Practice for Dump Truck Operators.

12 journeypersons completed the Inspector Training Program which involved rigorous training and assessments of Code knowledge.

Close to 400 attendees at the 2016 Licence Holder Meetings for electrical contractors.

135 stakeholders and safety partners attended the 2016 Ontario Electrical Safety Awards.

On this page (top to bottom, left to right): Don Matthews, Halton Hills Hydro and ESA Inspector Terry Flynn; Patrick Falzon, Powerline Safety Specialist, ESA; Yolanda Palao, Manager, Financial Services, ESA; Jacques Martin, Technical Manager, ESAFE Field Evaluation; ESA employees Michael Claerhout, Business Analyst, IT; Dave Vaughan, Program Coordinator, Continuous Safety Services (CSS); Melissa Crickmore, Inspection Support Representative, CSS; Pavel Ermashov, Developer/Analyst, IT.
FUTURE IN FOCUS

This was year two of the Electrical Safety Authority’s (ESA’s) five-year Harm Reduction Strategy 2.0 and the focus was on building momentum based on the solid foundation established the year prior. Efforts were aligned with the strategy’s three corporate goals of improving safety, increasing compliance to regulation and ensuring public accountability, each with clear targets to achieve by 2020:

- To see a 20 per cent decrease in electrical fatalities and critical injuries;
- To achieve a 7.5 per cent increase in the amount of renovation wiring work being captured in our system, indicative of capturing more of the underground economy;
- To ensure ESA is recognized as an effective, publicly accountable organization as measured through regular stakeholder feedback.

This report details ESA’s focus on planning and preparing for the future as well as the key milestones for fiscal 2017 (2016/2017) that brought ESA closer to the achievement of its strategic goals. ESA continues to move forward with a safer Ontario in its sights.
REPORT ON PERFORMANCE FOR 2016/2017

ESA achievements this year demonstrated significant forward momentum on its journey towards an electrically-safe Ontario and an organization that is more accessible and less complex for its stakeholders to navigate.

As it continues to execute against the goals of its five-year Harm Reduction Strategy 2.0, ESA is also keeping an eye on the future and the changing nature of electrical work. This included beginning the evolution to a more robust risk-based approach to its regulatory oversight of wiring installations in which greatest effort can be directed to greatest risk.

While the state of safety continues to improve, a troubling cluster of two electrical-related fatalities and three critical injuries within a two-week period in 2016 reinforced the need for vigilance and education about safety around electricity and electrical equipment. It also re-affirmed the urgency and relevance of ESA’s focus on areas of highest risk.

ESA made significant progress toward its goals related to safety, compliance and public accountability. This progress helped ensure ESA is well-positioned for the future and demonstrates ESA is fulfilling its mandate to enhance public electrical safety for Ontarians.
DELIVERING VALUE, COMMITTED TO SAFETY

Amidst significant technological changes emerging in the electricity sector, the role of the Electrical Safety Authority’s Board is to ensure ESA delivers on the mandate entrusted to it by government to enhance public electrical safety. It is essential that electrical safety and compliance with regulation remain at the forefront of ESA’s activities while the organization evolves to effectively deliver value in the modern world.

On behalf of the Board, I’m pleased to report that the organization has successfully completed the goals it identified for the second year of the Harm Reduction Strategy 2.0.

ESA continued its progress toward a new risk-based oversight approach for all wiring work. A staged implementation plan was crafted to help manage risk and incorporate stakeholder input at each step. In parallel, ESA focused on improving the customer experience to ensure stakeholders continued to receive value for their investment in electrical safety.

The company’s financial performance was reflective of Ontario’s growing economy, in particular the rapidly increasing residential and commercial renovation market, and the strong investment market performance in 2016.

The Board continued its focus on strategic alignment, good governance, and close monitoring of emerging and persistent enterprise risks and external developments in the sector. Two of its members, John Raepple and Deborah Trouten, completed their nine year terms and the Board thanks them for their dedication and commitment. The Board was fortunate to gain a new member with excellent experience and perspective in Dale MacDonald, an electrical contractor with deep industry experience.

Transformation in today’s electricity sector is multi-faceted and presents myriad safety and other challenges: new technologies, sector restructuring, evolving customer expectations, a new generation of electrical workers, and more. ESA has its future in focus and keeps electrical safety front and centre today and every day.

Brian Bentz, Chair, Electrical Safety Authority
Message from the President and CEO

MANAGING RISK IN A CHANGING ELECTRICAL LANDSCAPE

New uses and applications of electricity emerge almost every day. We become increasingly dependent on it at home and at work with each new device that comes to market. And while the ways electricity is generated and consumed are changing, the wiring in many thousands of homes and businesses in Ontario hasn’t been updated since it was installed decades ago. With change comes risk.

This dynamic transformation underscores the importance of ESA’s mandate to enhance electrical safety for all Ontarians. The electrical world is changing, and so too must ESA.

In 2016/2017, ESA undertook a major initiative to design a new approach to how it oversees electrical wiring work. A team of leaders from across ESA developed a new inspection and review framework while pilot programs provided data, as well as insights and input from stakeholders, to help ESA understand how theory could translate into practice for the benefit of all. ESA now has a roadmap for the future to spend significantly more effort on higher-risk work, and less on lower-risk work, while not compromising safety.

The pages of this report highlight some of the many successful initiatives ESA and its safety partners undertook to address today’s electrical safety challenges including: engaging the trucking sector to reduce powerline contacts; efforts to combat the illegal and unsafe electrical work in the underground economy; improvements to make it easier and more efficient for customers to do business with ESA; and a safety symposium that brought together experts to address an emerging area of risk: injuries from electrical shocks and burns among children.

Thanks to the efforts of ESA’s staff and their passion for electrical safety, along with guidance from the Board and commitment from its safety partners, ESA is well-positioned to adapt to the changing electrical landscape and anticipate emerging risks while continuing to deliver on its safety mandate.

David Collie, President and Chief Executive Officer (CEO), Electrical Safety Authority
SAFETY

STRATEGIC GOAL:
To improve the state of electrical safety in Ontario by accelerating the reduction in the combined rate of electrical fatalities and critical injuries over five years.

TARGET:
To achieve a 20 percent decrease (87 to 70) in the combined rate of electrical fatalities and critical injuries (based on the five-year rolling average) between 2015 and 2020.

PROGRESS IN 2016/2017:
ESA operated from a position of knowledge, using insights from the Ontario Electrical Safety Report (OESR) to address areas of highest risk and drive action. The average rate of critical injuries and fatalities per million population in 2016/2017 was 79, representing a 9.2 percent decline in the five-year average rate compared to the baseline measure.

Reducing Powerline Contacts in the Haulage Sector
The rate of powerline fatalities is decreasing in Ontario, but statistics from the OESR indicate powerline contacts involving dump trucks have risen significantly – doubling from 2009 to 2014.

To add to its existing powerline awareness campaign, ESA worked with stakeholders to create the Powerline Safety Best Practice for Dump Truck Operators. ESA also created a full set of powerline safety materials specifically for the dump truck and construction sectors, which were focus group tested.

Approximately 9,000 dump truck safety packages were mailed to construction companies, general contractors and dump truck operators and more than 375 dump truck operators received the best practice document. In addition, ESA created a powerline safety presentation to deliver at 28 Infrastructure Health & Safety Association regional and trade sector meetings. The presentations began in 2016/2017 and will continue in 2017/2018. A powerline awareness package was also created for colleges that offer heavy equipment apprentice training and the material was piloted with two colleges.

ESA also armed local distribution companies (LDCs) with an updated and expanded communications toolkit to help increase powerline safety awareness at home and on-the-job with their customers.

ESA will continue to collaborate with other influential stakeholders including the Ministry of Labour (MOL), Ministry of Transportation, municipalities, and health and safety organizations.

A Focus on Workplace Electrical Safety
A 2015 behavioural research study conducted by ESA found that 90 percent of electricians with more than 10 years of experience have worked on energized equipment.

In 2016/2017, ESA inspectors delivered safety awareness presentations to 11 colleges at both the basic and intermediate levels. ESA also successfully piloted the model where the safety awareness presentation was delivered by an instructor at the college.
Worker safety efforts with the MOL included construction inspector training days as well as participating in the training of new MOL inspectors to help them identify electrical work that is conducted in an unsafe manner.

ESA also continued to work with industry, trade groups, MOL, municipalities, and health and safety organizations to advocate for the adoption of consistent safe-work practices around energized equipment. ESA worked with the Heating, Refrigeration and Air Conditioning Institute to develop an approach to help workers determine appropriate safety measures when working on or near electrical equipment. This work will continue in 2017/2018.

Preventing Electrical Fires in Older Homes

Homes built prior to 1976 are at an increased risk of electrical fire because technology and Ontario Electrical Safety Code changes since then have helped to reduce the likelihood of a fire from electrical wiring. To target a reduction of fire risk in these older homes, ESA created ElecCheck in 2015, a non-regulatory program offered by ESA based on a Canadian Standards Association (CSA) voluntary standard.

ElecCheck is an enhancement to the general inspection process used previously, and has been more effective in identifying electrical issues.

ElecCheck experts use a checklist to thoroughly evaluate a home’s electrical system for potential risks, including items such as electrical panels, switches, outlets and light fixtures.

In 2016/2017, ESA continued to learn from its field experience with the program and refined the model. Work is also underway, and will continue in 2017/2018, on a multi-year business plan to chart the future path for the program.

Another fire risk for homes in Ontario is the misuse of electric stoves, ranges and cook tops. Coil-element stoves in particular can heat up greater than the flashpoint of cooking oil, which is a major fire risk. In 2016/2017, ESA accelerated the introduction into market of the new CAN/CSA household cooking ranges standard by working with other provincial regulators through the Canadian Advisory Council on Electrical Safety. The new standard requires manufacturers to limit the top-end heat generated by the stove-top coil elements. ESA also promoted the retrofitting of cook tops in high risk communities by working with the Stove Top Fires Working Group Committee of the Ontario Fire Marshal’s Public Fire Safety Council.

Emerging Risk:
Electric Shocks and Fires at Home and in the Community

Emergency room data from the Canadian Institute of Health Information identify that hundreds of children are treated for electrical injuries each year in Ontario, with a significant number of injuries occurring to children under 14 years old. These numbers have not decreased since 2011, and many more injuries likely go unreported.

With this insight, ESA struck an internal working group and held a safety symposium to bring stakeholders together to work on reducing electrical fatalities and injuries in the home.

Fifty-one stakeholders participated, including representatives from provincial and local fire prevention services, health care, government agencies, electrical product manufacturers, standards personnel, licensed electrical contractors and home inspectors. Based on contributions from the symposium and the working group, ESA is developing a plan to address electrical injuries in the home, focused on injuries to children, which will be implemented in 2017/2018 and beyond.

Helping find solutions to prevent electrical injuries in the home (from left): Allison Trenholm, Communications; Freda Lam, Regulatory; Kishan Vipul, Finance; Francis Hardy, Regulatory; Mark Scriver, Operations; Diane Smith, Human Resources
(Not pictured: Tracy Durant, Regulatory; Darrin Smith, Operations; Eric Vinet, Information Technology)
STRATEGIC GOAL:

to improve the rate of compliance with electrical safety regulations over the next five years, where required.

TARGET:

to increase the amount of renovation wiring work being captured by ESA’s compliance processes by 7.5 per cent (0.52 to 0.56 million work items) over five years.

PROGRESS IN 2016/2017:

0.55 million work items were logged, representing a 5.8 per cent increase in the amount of wiring work being captured compared with the baseline measure. An additional focus this year was preparing for the evolution to a risk-based approach to wiring including assigning a risk assessment to all wiring work. By evolving to a risk-based model, more of ESA’s wiring compliance resources can be dedicated to higher-risk work.

Re-designing ESA’s Wiring Oversight Model

ESA recognizes the need to modernize its regulatory system to keep pace with changes in technology, policy and the marketplace to ensure the organization can continue to fulfill its mission of electrical safety. To achieve this, ESA will be evolving to a risk-based approach to wiring inspections.

In 2016, ESA struck an internal working group focused on re-designing the oversight model for wiring work. The plan recommended a staged roll-out and a three-year business plan for implementation beginning with low-risk commercial renovations in select areas. It also included business process and procedure evolution, change management, financial and IT implications, and comprehensive stakeholder engagement.
Tackling the Underground Economy

Compliance and Investigations

ESA research estimates that only 20 to 30 per cent of small commercial renovation work is being done with an electrical permit. To verify this assumption and address this issue of non-compliance, ESA implemented an investigation pilot in 2015.

The pilot began in Halton Region with a blitz of suspected underground electrical work in commercial facilities and expanded to Waterloo and Peel regions in 2016. By cross-referencing municipal building permits, utility referrals and fire department referrals with electrical permit records, as well as looking for signs of obvious work at sites with no electrical permit, ESA found a number of safety issues including some that put life and/or property at risk. Pilot results showed that permit volume increased in areas targeted by the blitz. ESA established a business case to roll the program out provincially in 2017/2018.

Illega; Advertising Crackdown

ESA’s other investigation and enforcement activity in 2016/2017 used insights from data to develop a methodical and strategic approach to investigations. ESA prioritized its efforts and pursued action through the courts where it had a solid case, a strong likelihood of conviction, and could make the greatest impact on safety. Convictions were leveraged for greater awareness among the public on how to protect themselves from illegitimate operators, and among contractors to show the seriousness of these offenses. A jail sentence in 2015 and fines that continued to escalate through 2016/2017 indicate the courts are taking a firm stance on illegal electrical work; there are severe consequences for those who put public safety at risk.

Applying Risk-Based Oversight to Commercial Wiring Work

As part of the commercial renovation pilot, ESA Senior Inspector Dwight Dyke determined what work to physically inspect based on his review and audit of the logbook entries.

During her rotation as a support representative for Contractor Licensing, Desiree Smith helped execute a pilot to intercept unlicensed electrical contractors advertising for electrical services on Kijiji.

Illega; Advertising Crackdown

ESA also undertook a six-month pilot project to intercept advertising for illegal electrical services on Kijiji, a popular online classifieds site. The pilot involved searching for advertisements posted by unlicensed electrical contractors and subsequent follow-up investigations. It also included awareness advertising to inform Ontarians of the requirement to hire a licensed electrical contractor (LEC). Results of the pilot included 538 Notices of Violations issued to advertisers and the removal of 70 per cent of the illegal advertisements identified by ESA. The advertising searches led to multiple investigations into unlicensed activity after Notices of Violations were ignored, resulting in two charges. ESA is working on next steps and has partnered with Kijiji to provide blog content to increase awareness of licensing requirements for both consumers and contractors.

ESA piloted a new approach to the oversight of commercial renovations in an effort to find ways for LECs to file low-risk commercial permits. The pilot also provided ESA with an opportunity to address the demands of increasing inspection volumes while maintaining safety. The pilot began in Halton Region and expanded to other areas to test compliance options for lower-risk commercial renovation work (such as installations of up to 20 devices and branch circuits not exceeding 30 amps). The jobs were recorded in an online logbook by the contractor. ESA used a risk assessment tool to note the relative risk of each job. The ESA inspector determined what work to physically inspect based on his review and audit of the logbook entries, the risk level and each LEC’s defect ratio.
The amount of work captured in the system grew from an average of 15 to 40 notifications among participating LECs. Also, participating contractors shared positive feedback on their experience – the approach allowed them to work more efficiently. The learning from the pilot will be applied to the risk-based oversight plan for 2017/2018 (See Re-designing ESA’s Wiring Oversight Model on page 12.)

**Responding to Stakeholder Feedback with Changes to the Authorized Contractor Program**

ESA surveyed contractors in February 2016 about improvement opportunities for the Authorized Contractor Program (ACP). As a result, in March 2017 ESA expanded the timeframe requirement for filing the minimum 20 eligible permits from 12 to 18 months in order to assist contractors with retaining their ACP status.

ACP Coordinator Joan Tracy was instrumental in developing changes to ACP requirements in response to stakeholder feedback.

**Raising Awareness of Licensed Electrical Contractors**

ESA’s “Hire an LEC” advertising campaign, established in 2015, continued to run online this year to intercept consumers in the hiring stage for electrical work. ESA added a new element to the campaign in 2016: Power Your Reno, which combines electrical considerations with design advice for home renovations.

Through a partnership with design expert Kimberley Seldon, Power Your Reno emphasized the importance of hiring an LEC. The campaign was featured through a mix of print and online advertising, appearances at the National Home Show, media relations efforts and a partnership with House & Home magazine.

ESA also executed a new, targeted awareness campaign for commercial property managers based on ESA research that found the majority of this group was unaware of the requirement to hire an LEC.

ESA achieved more than 50 million impressions with these combined and highly targeted efforts. Results from a January 2017 survey found the intention to hire an LEC up significantly. When asked who the homeowner would use to do electrical work tomorrow, 24 per cent said “licensed electrical contractor,” an increase from 15 per cent in March 2015. ESA will continue to maximize reach and exposure of these campaigns.

ESA’s Steve Smith, General Manager, Central Region, design expert Kimberley Seldon, and Cityline’s Tracy Moore participated in a Power Your Reno panel discussion at the Toronto National Home Show.
PUBLIC ACCOUNTABILITY

STRATEGIC GOAL:

to ensure stakeholders recognize ESA as an effective, publicly accountable organization.

TARGET:

to maintain positive stakeholder perceptions of ESA’s accountability performance consistent with the baseline state of 2015 as ESA executes its five-year strategy.

PROGRESS IN 2016/2017:

ESA’s public-accountability focus was on implementing its customer experience strategy to continue to improve service and accessibility for customers.

Addressing Missed Scheduled Appointments

Major progress was made this year in response to contractor frustrations regarding missed appointments. ESA focused on two goals. The first was to reduce instances of scheduled appointments being pushed into the future by 70 per cent in the highest volume regions. ESA exceeded this target.

The second goal was to give advance notice – 24 or 48 hours in advance – when an inspector would not be attending a site and passing an installation without a visit being required. In April 2016 ESA instituted an automated notification system to advise ACP contractors when an inspection is not required or is deferred. The response from ACP contractors has been very positive. While ESA fell short of the 70 per cent target, contractors reported the advance notification allowed them to inform their customers early so customers weren’t waiting unnecessarily to meet an inspector. In addition, the new process kept their own crews moving to other jobs rather than waiting at the site. The program will continue in 2017/2018 and will consider expanding to other types of work.

ESA received positive feedback from contractors on its efforts to help reduce schedule forward appointments and institute an advance notification system when an inspection is not required or is deferred. Pictured: Jim Chandler, Bernie Electric (left) and ESA Inspector Joe Lemos.
Improving Internal Complaint Tracking and Reporting

Complaint tracking is an important process for any organization – it helps increase understanding of the experience of customers as well as identify emerging risks, themes or areas of concern as early as possible. ESA updated its complaint reporting system to help ensure a more consistent company-wide use of the complaint process and to fine-tune and streamline the analysis and follow up of the complaints received.

Assessing Customer Service Channels

ESA completed a third party assessment of the patterns of its customer service volumes, the costs of each, and the opportunities to best serve its stakeholders. The study was conducted through data collection, focus groups, stakeholder surveys and interviews, as well as comparisons against contact centre industry benchmarks. The findings will influence future strategies on serving customers.

Launching a Feedback System for Wiring Notifications

ESA completed planning of a new customer feedback process. Starting in April 2017, a third-party research firm will conduct randomized surveys with customers who have recently completed the inspection process and report findings to ESA on a regular basis. This survey will allow customers to provide feedback on the wiring permit process, from interactions with ESA’s Customer Service Centre through to the electrical inspection and subsequent communication. ESA will use this information to better understand and enhance the customer experience.

Customer Service Representatives like Cynthia Thomson (left) and Christine Small will use insights from the new customer feedback system to enhance their interactions with customers.

New Five-Year Licence Renewal Process

ESA updated its licensing renewal process based on feedback from licensees through its advisory councils and a public consultation process. The update reduced the administrative effort it takes to renew an Electrical Contractor or Master Electrician licence for contractors and ESA. Rather than submitting full licensing documentation every year, licensees are now only required to send these documents every five years. In the other years, licensees self-declare that licensing requirements are in place and up-to-date. This change will also allow ESA staff to focus more effort on licensing enforcement for those who work outside the system, and more on audits and discipline for licensees who do not meet requirements.

As of March 31, 2017, 17,797 licensees were registered on the new five-year licence system. The remaining approximately 4,000 licensees will be integrated into the process when their licenses come up for renewal.
MANAGING COMPLIANCE AND ENFORCEMENT

Ontario Electrical Safety Code, O. Reg. 164/99 establishes requirements and standards for electrical wiring installations, the safe use of electrical equipment in Ontario, and the appointment of electrical inspectors. To advance electrical safety, ESA also reviews plans for electrical installations and investigates electrical safety incidents. ESA works to ensure compliance with Ontario’s safety requirements and the timely resolution of defects. Where required, ESA will escalate enforcement to the courts.

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<td>Inspections conducted</td>
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<td>Investigations conducted</td>
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<td>Charges laid</td>
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<td>Complaints</td>
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**Licensing of Electrical Contractors and Master Electricians, O. Reg. 570/05**

Licensing of Electrical Contractors and Master Electricians, O. Reg. 570/05 defines provincial licensing and administration requirements for Electrical Contractors and Master Electricians and is intended to protect the public from unqualified contractors offering electrical services. ESA activities include managing and enforcing licensing requirements.

**Electrical Distribution Safety Regulation, O. Reg. 22/04**

Electrical Distribution Safety Regulation, O. Reg. 22/04 requires objective-based electrical safety requirements for the design, construction and maintenance of electrical distribution systems owned by licensed distributors. The regulation requires the approval of equipment, plans, specifications and inspection of construction before systems are put into service, but provides LDCs with a number of options to obtain these approvals. ESA conducts audits to ensure compliance to safety standards. In addition, ESA undertakes due diligence inspections to confirm compliance with the regulation.

**Product Safety, O. Reg. 438/07**

Product Safety, O. Reg. 438/07 mandates ESA to protect the public from unsafe electrical products and equipment sold and used in Ontario. ESA is responsible for pre-market approvals for all electrical equipment and products, including consumer electrical products offered for sale in the Ontario marketplace. ESA is also accountable for post-market safety oversight of industrial products. ESA continues to support the national product safety system.
GOVERNANCE

ROLE OF THE BOARD

ESA’s Board of Directors is responsible for corporate governance, regulatory oversight, and guiding the development and achievement of the organizational strategy. The Board and management are focused on employing progressive, corporate governance and regulatory oversight practices at ESA.

Among its key responsibilities, the Board:

- approves ESA’s strategic plan, business plan, and budget, and ensures the integrity of the organization’s reporting of financial performance;
- oversees the appointment, development, monitoring, succession planning and compensation of senior management;
- monitors the strategic environment and ensures appropriate enterprise risk management;
- monitors external communications and stakeholder relationships; and
- monitors the integrity of the organization’s internal control and management information systems.

Directors on the Board are selected based on an election/appointment process and according to a set of established qualifications available at esasafe.com. The Board comprises 12 members reflecting the public, electricity distribution, electrical contractors, engineering, manufacturing and others. Board members may serve a maximum of three consecutive terms of three years each. Each member of the Board has signed and agrees to abide by a Directors’ Code of Conduct.

The Board participates in a program to ensure Directors remain abreast of best practices in corporate due diligence reporting, Directors’ responsibilities, governance, and investment and pension management.

During the year John Raepple and Deborah Trouten each concluded nine years of service on the Board and ESA thanks them for their dedication and efforts. Dale MacDonald joined the Board, and Peter Gregg, Pamela Nowina and Robert Mace were re-elected or re-appointed as Directors.
BOARD COMMITTEES

Audit Committee

The Audit Committee supports oversight responsibilities regarding audit, finance, information technology and financial risk management.

The committee manages the relationship with external auditors on behalf of ESA and also reviews discussion and analysis of ESA’s annual corporate and pension audited financial statements. This committee also oversees ESA’s internal financial structure, reporting and financial risk management systems.

Chair: P. Nowina (to August 2016) & P. Gregg (effective September 2016)

Members: B. Bentz; C. Hopper; D. Trouten (to December 2016)

Human Resources and Investment Committee

The Human Resources and Investment Committee provides oversight responsibilities and risk management regarding investment, pension administration and policy, human resources and compensation.

The committee oversees the human resources strategy, a prudent investment management approach for corporate assets, and the pension plan on behalf of ESA. Its role is to ensure the adequacy and effectiveness of systems implemented to ensure compliance with established corporate governance, the Pension Benefits Act, Income Tax Act, and human resources legislation, policies and procedures. Members review succession planning, performance assessment, development requirements and compensation philosophy and structure.

Chair: D. Trouten (to December 2016), D. Péloquin (effective January 2017)

Members: B. Bentz; A. Bergeron; P. Gregg; J. Raepple (to September 2016), D. MacDonald (effective December 2016)

Regulatory Affairs and Governance Committee

The Regulatory Affairs and Governance Committee supports oversight responsibilities and risk management regarding public safety, external relations and corporate governance.

The committee ensures ESA is effectively meeting its regulatory obligations, responsibilities and public safety mandate. This includes ensuring alignment with ESA’s regulatory governance principles, harm reduction objectives and external relations. To enhance the oversight role of the Board, this committee is also responsible for monitoring and making recommendations regarding corporate governance, succession planning and Board evaluation.

Chair: J. Raepple (to September 2016), P. Nowina (effective October 2016)

Members: B. Bentz, R. Mace, G. Oosterhof; A. Malo

Meetings – April 2016 to March 2017

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<td>Regulatory Affairs and Governance Committee</td>
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BRIAN BENTZ, MBA, CA, CET  
(YEAR 1 OF TERM 3)
Chair, Electrical Safety Authority; President and CEO, Alectra Inc.; Chair, Independent Electricity System Operator (IESO) Stakeholder Advisory Committee; Director, Canadian Electricity Association; Director, Ontario Energy Association; Director, Collus PowerStream Corporation; Member of the Affordability Fund Advisory Committee
Previously: President & CEO, Northern Home Services Ltd.

DALE MACDONALD, RSE, ME  
(YEAR 1 OF TERM 1)
General Manager, Honey Electric Ltd.; Chair, Ontario Electrical League (OEL); Trade Board Member for Construction and Maintenance Electricians, Ontario College of Trades; Member, Advisory Committee for Electrical Techniques Program, St. Clair College; Member and Personal Advisory Group Participant, Family Business Xchange, formerly the Canadian Association of Family Enterprise
Previously: President, OEL Kent Chapter

ROBERT MACE, BA, MBA  
(YEAR 1 OF TERM 2)
President & CEO, Thunder Bay Hydro; Director and Past Chair, Electricity Distributors Association; Chair, The MEARIE Group
Previously: President, Schneider Electric Canada; CEO, Global Coil Business Segment, Trench Canada / Siemens; Director, ElectroFederation Canada (EFC); Director, Finance & Audit Committee member, Canadian Manufacturers and Exporters

GARY OOSTERHOF, ME  
(YEAR 2 OF TERM 1)
Owner, President and CEO, Oosterhof Electrical Services Ltd.; Chapter President, Kingston Electrical Association
Previously: Electrical Contractor Registration Agency (ECRA) Advisory Council; Director, Ontario Electrical League and Contractor Committee

ANNETTE BERGERON, MBA, P.ENG., FEC  
(YEAR 3 OF TERM 1)
Principal, Bergeron Consulting; President-elect, Engineers Canada; Director, South East Local Health Integration Network
Previously: President, Professional Engineers Ontario; Director, Kingston General Hospital

ROBERT MACE, BA, MBA  
(YEAR 1 OF TERM 2)
President & CEO, Thunder Bay Hydro; Director and Past Chair, Electricity Distributors Association; Chair, The MEARIE Group
Previously: President, Schneider Electric Canada; CEO, Global Coil Business Segment, Trench Canada / Siemens; Director, ElectroFederation Canada (EFC); Director, Finance & Audit Committee member, Canadian Manufacturers and Exporters

DAVID COLLIE, FCPA, FCMA, MBA, C.DIR.  
(YEAR 3 OF TERM 1)
President and CEO, Electrical Safety Authority; Ex-Officio of the Board; Chair, Plug ’n Drive Ontario; Vice Chair, Energy Council of Canada; Board Member, Hamilton Health Sciences
Previously: President and CEO, Burlington Hydro; Chair, Electricity Distributors Association

JOHN RAEPPELE, G.S.C., ME  
(YEAR 3 OF TERM 3 – TO SEPTEMBER 2016)
President, John Raepple Electric Limited; Director, Electrical Contractors Association of Ontario
Previously: Director, Electrical Contractors Association of Central Ontario

DEBORAH TROUTEN, MA, APR, FCPRS, ICD.D  
(YEAR 3 OF TERM 3 – TO DECEMBER 2016)
President, Dakota Communications Inc.; Member, Institute of Corporate Directors; Member, Canadian Public Relations Society
Previously: Director, Habitat for Humanity [Toronto]; Director, College of Nurses of Ontario

PAMELA NOWINA, MBA, ICD.D, A.C.C.  
(YEAR 1 OF TERM 3)
Director, Chair of Governance Committee, St. Catharines Hydro
Previously: Director, Technical Standards and Safety Authority; Vice-Chair, Ontario Energy Board; Executive Lead, Energy, Mowat Centre, School of Public Policy, University of Toronto; Advisory Board, Sky Energy Consulting; Director, Chair of Audit Committee, St. Joseph’s Health Centre; Director, Saint Elizabeth Healthcare Foundation

ADÈLE MALO, BA, LL.B., LL.M, ICD.D  
(YEAR 3 OF TERM 1)
Consultant; Director, Member of Audit Committee, Chair of the Governance and Compensation Committee, Capstone Infrastructure Corporation; Director, Plug ’n Drive
Previously: EVP Regulatory and Government Affairs and General Counsel, Direct Energy; General Counsel and VP Sustainable Development, Ontario Power Generation

PETER GREGG, MBA, ICD.D  
(YEAR 1 OF TERM 2)
President, Alectra Energy Solutions Inc.
Previously: President & CEO, Enersource Corporation; Chief Operating Officer, Hydro One Networks; Director, Workplace Safety & Prevention Services

GARY OOSTERHOF, ME  
(YEAR 2 OF TERM 1)
Owner, President and CEO, Oosterhof Electrical Services Ltd.; Chapter President, Kingston Electrical Association
Previously: Electrical Contractor Registration Agency (ECRA) Advisory Council; Director, Ontario Electrical League and Contractor Committee

DANIEL PÉLOQUIN, B.ENG.  
(YEAR 2 OF TERM 1)
Managing Partner, Daniel Pélouquin Consultant; Executive-in-Residence Smart Grids, Mohawk College; Vice-President, Canada’s National Committee to the International Electrotechnical Commission (CANC/IEC) Council of the Standards Council of Canada; Member of the Advisory Board, Spark Power Co.
Previously: President, Schneider Electric Canada; CEO, Global Coil Business Segment, Trench Canada / Siemens; Director, ElectroFederation Canada (EFC); Director, Finance & Audit Committee member, Canadian Manufacturers and Exporters

CHRISTOPHER HOPPER  
(YEAR 2 OF TERM 1)
President & CEO, Complete Electrical Services Inc.; Governor, CI Investments Inc.; Director, VentureLink Fund; Vice Chair, Holland Bloorview Kids Rehabilitation Hospital Foundation; Chair, Post 21 Foundation

DEBORAH TROUTEN, MA, APR, FCPRS, ICD.D  
(YEAR 3 OF TERM 3 – TO DECEMBER 2016)
President, Dakota Communications Inc.; Member, Institute of Corporate Directors; Member, Canadian Public Relations Society
Previously: Director, Habitat for Humanity [Toronto]; Director, College of Nurses of Ontario

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(YEAR 3 OF TERM 1)
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Previously: President and CEO, Burlington Hydro; Chair, Electricity Distributors Association

PETER GREGG, MBA, ICD.D  
(YEAR 1 OF TERM 2)
President, Alectra Energy Solutions Inc.
Previously: President & CEO, Enersource Corporation; Chief Operating Officer, Hydro One Networks; Director, Workplace Safety & Prevention Services

BRIAN BENTZ, MBA, CA, CET  
(YEAR 1 OF TERM 3)
Chair, Electrical Safety Authority; President and CEO, Alectra Inc.; Chair, Independent Electricity System Operator (IESO) Stakeholder Advisory Committee; Director, Canadian Electricity Association; Director, Ontario Energy Association; Director, Collus PowerStream Corporation; Member of the Affordability Fund Advisory Committee
Previously: President & CEO, Northern Home Services Ltd.

DALE MACDONALD, RSE, ME  
(YEAR 1 OF TERM 1)
General Manager, Honey Electric Ltd.; Chair, Ontario Electrical League (OEL); Trade Board Member for Construction and Maintenance Electricians, Ontario College of Trades; Member, Advisory Committee for Electrical Techniques Program, St. Clair College; Member and Personal Advisory Group Participant, Family Business Xchange, formerly the Canadian Association of Family Enterprise
Previously: President, OEL Kent Chapter

ROBERT MACE, BA, MBA  
(YEAR 1 OF TERM 2)
President & CEO, Thunder Bay Hydro; Director and Past Chair, Electricity Distributors Association; Chair, The MEARIE Group
Previously: President, Schneider Electric Canada; CEO, Global Coil Business Segment, Trench Canada / Siemens; Director, ElectroFederation Canada (EFC); Director, Finance & Audit Committee member, Canadian Manufacturers and Exporters

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(YEAR 3 OF TERM 3 – TO SEPTEMBER 2016)
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Previously: Director, Electrical Contractors Association of Central Ontario

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(YEAR 3 OF TERM 3 – TO DECEMBER 2016)
President, Dakota Communications Inc.; Member, Institute of Corporate Directors; Member, Canadian Public Relations Society
Previously: Director, Habitat for Humanity [Toronto]; Director, College of Nurses of Ontario
ORGANIZATIONAL STRUCTURE

OFFICERS

DAVID COLLIE, FCPA, FCMA, MBA, C.DIR.
President and CEO, Electrical Safety Authority; Ex-Officio of the Board; Chair, Plug’n Drive Ontario; Vice Chair, Energy Council of Canada; Board Member, Hamilton Health Sciences

Previously: President and CEO, Burlington Hydro; Chair, Electricity Distributors Association

LESLEY GALLINGER, BA, MBA, CPA, CMA, CPA (ILLINOIS) C.DIR., A.C.C.
Vice-President, Corporate Services and Chief Financial Officer, Electrical Safety Authority; Director, Plexxus Pension Committee; Director, Municipal Property Assessment Corporation (MPAC); Director, Dillon Consulting

Previously: Vice-President, Corporate Services and Chief Financial Officer, Oakville Hydro

JOSIE ERZETIC, B.J. (HONS), LL.B, ICD.D
Vice-President Legal, General Counsel and Corporate Secretary, Electrical Safety Authority

Previously: Vice-President, Corporate Business Development, Ontario Power Generation Inc.; Director, Nanticoke Solar; Director, Peter Sutherland Sr. Generating Station (a Joint Venture of OPG and Taykwa Tagamou First Nation); Energy Advisor, Ontario Centres of Excellence; Director, John Wanless Childcare Program

SCOTT SAINT, P.ENG., MBA, C.DIR.
Vice-President, Regulatory and Safety Programs and Chief Public Safety Officer, Electrical Safety Authority; Director, Lansdowne Children’s Centre; Chair, Brantford Energy; Director, Fire Marshal’s Public Fire Safety Council

Previously: Chief Operating Officer, Electrical Safety Authority

EXECUTIVE TEAM

David Collie, President and CEO

Earl Davison, Vice-President, Operations

Josie Erzetic, Vice-President, Legal Affairs, General Counsel and Corporate Secretary

Nancy Evans, Vice-President, Communications and Stakeholder Relations

Lesley Gallinger, Vice-President, Corporate Services and Chief Financial Officer

Paul Hammond, Vice-President, Human Resources

Dave Kirkconnell, Vice-President, Organizational Development and ESA Training Solutions

Scott Saint, Vice-President, Regulatory and Safety Programs and Chief Public Safety Officer
INTRODUCTION

The Electrical Safety Authority is a not-for-profit corporation established as an administrative authority of the Government of Ontario. ESA executes a variety of compliance, operational, enforcement, research, education, training, and other programs throughout the year. At the same time, ESA must ensure its long-term sustainability so it can continue to meet its mandate in years to come. This balancing of near-term and long-term needs is reflected in the approach to financial management.

ESA’s revenues come from a variety of sources including fees assigned to regulatory processes such as permits for doing electrical work, licences for licensed electrical contractors and Master Electricians, and safety oversight fees charged to LDCs. There is also revenue from programs including electrical plan review and Continuous Safety Services (CSS) contracts.

ESA is also permitted to operate non-regulatory services but only within the conditions of its Administrative Agreement with government and consistent with the objects of the corporation. There are limitations in the agreement as to how ESA can pursue non-regulatory activities and it must report non-regulatory revenues and expenses separately.

ESA receives no revenue from government.

ESA expenses are primarily people-related costs – salaries, wages, benefits and pensions. The company employs inspectors, technical advisors, call centre representatives, along with finance, information technology, communications, human resources, administrative and other staff. The majority of ESA’s salary and wage expenses are defined by collective agreements with labour unions.

ESA’s major non-labour expenses include travel costs for inspectors, IT operations, safety awareness programs, legal expenses, and oversight fees paid to government, among others.

In managing its annual financial performance ESA seeks to achieve operational break-even – revenues cover expenses before the contribution of other investment income.

In order to ensure long-term sustainability, ESA has a multi-year financial framework that includes improving its net asset position (see page 30) ensuring the company can meet its future obligations for pensions and other post-employment benefits (OPEB), both of which accumulate over time. Any cash generated by an annual surplus is invested in long-term investments held in a restricted reserve (see pages 29 and 37) to address the future OPEB liability.
The year (April 1, 2016 to March 31, 2017) saw some unique factors affecting financial performance. There was strong growth in residential wiring activity, which has an impact on both revenue and expenses because ESA must respond to the incremental work. ESA added inspection staff during the year to assist with volume. Feed-in-Tariff (FIT) installation permits continued to decline as the government winds down the program. There was particularly strong investment performance driven by North American equity markets.

The implementation of the new Ontario Electrical Safety Code in May 2016 was preceded by a spike in wiring permits, which required management of deferred revenue throughout the year. ESA did not increase wiring fees for calendar year 2017.

For the year revenues exceeded expenses by $0.3 million before investment income. Investment income was $5.6 million, compared to $0.7 million in the prior year.

The result is a modest operating surplus of $0.3 million compared to an operating surplus of $1 million in the prior year, and a bottom line surplus of $5.9 million after the contribution of other income – primarily investments – of $5.6 million.

As per the financial framework described in the introduction, surpluses are directed to the restricted reserves to offset accumulating OPEB liabilities and address ESA’s net asset position. As a result of strong investment performance, ESA achieved a positive net asset position as of March 31, 2017.

Operational expenses were $107.6 million including amortization, an increase of 4.2 per cent from the prior year.

Total labour-related costs – salaries, wages and benefits, pension and OPEB – were $81.9 million or 76.1 per cent of total expenses, an increase of 5.2 per cent over the prior year. During the year, ESA increased its inspection staff to assist regions experiencing high volumes of activity and to improve service delivery. Included in this is the OPEB interest expense for the year of $3.8 million.

ESA worked to restrain increases in its other expense categories which include: purchased services of $5.2 million; inspection travel and related costs of $6.5 million; office administration of $1.3 million; facilities costs of $1.8 million; computer support of $2.1 million; other costs of $6.0 million, including legal expenses, insurance, and awareness campaigns. $685,000 was paid to the Ministry of Government and Consumer Services in oversight fees.

Capital spending was $1.2 million and primarily focused on IT infrastructure.
Pension

ESA’s registered pension plan is a defined benefit plan. As part of its financial framework for sustainability, ESA has been seeking to improve the funded status of the pension. Significant progress has been made in recent years and as of March 31, 2017, the net surplus of the pension plan was $5.2 million (see pages 29 and 35.)

Compensation for Executive and Senior Management

As an organization entrusted with enhancing public electrical safety, ESA requires people with significant experience and expertise in areas including safety strategy, electrical systems and engineering, among others. An appropriate compensation package is required to attract and retain this talent. At the same time, in order to ensure delivery of goals and objectives, compensation needs to be tied to defined short- and long-term deliverables.

ESA’s approach to management compensation is based on the following principles:

1. Ensuring efficient use of resources and delivery of public value;
2. Supporting ESA’s values and culture;
3. Pay-at-risk linking compensation to individual and corporate delivery on publicly stated corporate targets and goals over set periods of time;
4. Alignment with sound risk management; and
5. The Board of Directors undertaking regular reviews of compensation governance through the Human Resources and Investment Committee.

With the aid of an independent compensation consultant, ESA benchmarks its compensation levels against a comparator group for public and private sector organizations of similar scope, size and complexity.

In FY2017 senior management compensation (including all salaries, incentives and severance) totaled $5.6 million for 28 individuals compared to $5.5 million for 26 people the previous year.
### Revenue by Source (in thousands of dollars)

<table>
<thead>
<tr>
<th>Source</th>
<th>FY2017</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulated services</td>
<td>$88,979</td>
<td>$86,030</td>
</tr>
<tr>
<td>Non-regulated services</td>
<td>18,484</td>
<td>17,831</td>
</tr>
<tr>
<td>Sub-total</td>
<td>107,463</td>
<td>103,861</td>
</tr>
<tr>
<td>Investments and other</td>
<td>6,465</td>
<td>1,503</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$113,928</strong></td>
<td><strong>$105,364</strong></td>
</tr>
</tbody>
</table>

*Any differences due to rounding; prior year classifications restated for consistency.*

### Fully Allocated Expenses (in thousands of dollars)

<table>
<thead>
<tr>
<th>Source</th>
<th>FY2017</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulated services</td>
<td>$89,050</td>
<td>$85,573</td>
</tr>
<tr>
<td>Non-regulated services</td>
<td>17,769</td>
<td>16,971</td>
</tr>
<tr>
<td>Sub-total</td>
<td>106,819</td>
<td>102,544</td>
</tr>
<tr>
<td>Investments and other</td>
<td>1,200</td>
<td>1,099</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$108,019</strong></td>
<td><strong>$103,643</strong></td>
</tr>
</tbody>
</table>

### Revenues by Line of Business (in thousands of dollars)

<table>
<thead>
<tr>
<th>Line of Business</th>
<th>FY2017</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wiring – Residential**</td>
<td>$36,472</td>
<td>$33,553</td>
</tr>
<tr>
<td>Wiring – Industrial/Commercial/ Institutional**</td>
<td>25,877</td>
<td>25,839</td>
</tr>
<tr>
<td>Continuous Safety Services (CSS)</td>
<td>22,226</td>
<td>22,317</td>
</tr>
<tr>
<td>Field Evaluation</td>
<td>10,795</td>
<td>10,155</td>
</tr>
<tr>
<td>Utility Regulation</td>
<td>2,687</td>
<td>2,660</td>
</tr>
<tr>
<td>Contractor Licensing</td>
<td>4,284</td>
<td>4,119</td>
</tr>
<tr>
<td>Plan Approvals</td>
<td>2,098</td>
<td>1,947</td>
</tr>
<tr>
<td>Other revenues***</td>
<td>3,455</td>
<td>3,677</td>
</tr>
<tr>
<td><strong>Total Revenue Before Investment Income</strong></td>
<td><strong>$107,894</strong></td>
<td><strong>$104,267</strong></td>
</tr>
</tbody>
</table>

**Includes FIT and MicroFIT**

***Includes revenue from training services, Ontario Electrical Safety Code book sales, and real estate rental income.**
To the Directors of Electrical Safety Authority

We have audited the accompanying financial statements of Electrical Safety Authority ("the Entity"), which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Electrical Safety Authority as at March 31, 2017, and its results of operations and its cash flows for the year then ended in accordance Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

June 8, 2017

Hamilton, Canada
# STATEMENT OF FINANCIAL POSITION

March 31, 2017, with comparative information for 2016  
(in thousands of dollars)

## ASSETS

### Current Assets

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,514</td>
<td>$1,580</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>9,574</td>
<td>10,581</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,307</td>
<td>739</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>14,395</strong></td>
<td><strong>12,900</strong></td>
</tr>
</tbody>
</table>

| Investments (note 3 and 7)     | 80,453| 72,374|
| Property, plant and equipment (note 4) | 10,390| 11,324|
| Intangible assets (note 5)     | 3,744 | 4,398 |
| Deferred pension asset (note 6)| 5,240 | -     |
| Other non-current assets       | 85   | 97    |
| **Total Assets**               | **114,307** | **101,093** |

## LIABILITIES AND NET ASSETS (DEFICIT)

### Current liabilities:

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities (note 13)</td>
<td>$15,277</td>
<td>$14,445</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>20,500</td>
<td>19,517</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>35,777</strong></td>
<td><strong>33,962</strong></td>
</tr>
</tbody>
</table>

| Pension benefit obligation (note 6)                   | -     | 21,963|
| Employee future benefit obligation (note 6)           | 71,441| 67,668|
| **Total Liabilities**                                 | 107,218| 123,593|

Net assets (deficit)                                      | 7,089 | (22,500) |

Contingencies and Commitments (notes 10 and 11)             |       |         |

**Total Liabilities and Net Assets (Deficit)**              | **$114,307** | **$101,093** |

See accompanying notes to financial statements.

On behalf of the Board:

Brian Bentz

David Collie
## STATEMENT OF OPERATIONS

Year ended March 31, 2017, with comparative information for 2016 (in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues (note 8)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$107,894</td>
<td>$104,267</td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>78,137</td>
<td>74,313</td>
</tr>
<tr>
<td>OPEB – interest expense (note 7)</td>
<td>3,784</td>
<td>3,563</td>
</tr>
<tr>
<td>Operating</td>
<td>22,871</td>
<td>22,617</td>
</tr>
<tr>
<td>Amortization</td>
<td>2,797</td>
<td>2,747</td>
</tr>
<tr>
<td></td>
<td>107,589</td>
<td>103,240</td>
</tr>
<tr>
<td><strong>Excess of revenues over expenses before the undernoted</strong></td>
<td>305</td>
<td>1,027</td>
</tr>
<tr>
<td>Change in fair value of investments</td>
<td>2,951</td>
<td>(3,587)</td>
</tr>
<tr>
<td>Other investment income</td>
<td>2,653</td>
<td>4,281</td>
</tr>
<tr>
<td>Investment income (note 7)</td>
<td>5,604</td>
<td>694</td>
</tr>
<tr>
<td><strong>Excess of revenue over expenses for the year</strong></td>
<td>$5,909</td>
<td>$1,721</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

## STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2017, with comparative information for 2016 (in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net deficit, beginning of year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$(22,500)</td>
<td>$(8,998)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$(22,500)</td>
<td>$(8,998)</td>
</tr>
<tr>
<td><strong>Re-measurements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23,680</td>
<td></td>
<td>(15,223)</td>
</tr>
<tr>
<td><strong>Excess of revenues over expenses</strong></td>
<td>5,909</td>
<td>1,721</td>
</tr>
<tr>
<td><strong>Net assets (deficit), end of year</strong></td>
<td>$7,089</td>
<td>$(22,500)</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## STATEMENT OF CASH FLOWS

Year ended March 31, 2017, with comparative information for 2016 (in thousands of dollars)

<table>
<thead>
<tr>
<th>CASH PROVIDED BY (USED IN):</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>$5,909</td>
<td>$1,721</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>2,797</td>
<td>2,747</td>
</tr>
<tr>
<td>Change in other non-current assets</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>OPEB obligation expense</td>
<td>6,090</td>
<td>5,780</td>
</tr>
<tr>
<td>Pension benefit plan expense</td>
<td>9,487</td>
<td>8,633</td>
</tr>
<tr>
<td>Change in fair value of investments</td>
<td>(2,951)</td>
<td>3,587</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$21,344</td>
<td>$22,479</td>
</tr>
</tbody>
</table>

| **Net change in non-cash working capital balances related to operations (note 9)** | 2,254 | 136 |
| **OPEB obligation contributions** | (2,260) | (1,710) |
| **Pension benefit plan contributions** | (13,067) | (12,649) |
| **Total** | $8,271 | $8,256 |

| **Investing activities:** |      |      |
| Net purchase of investments | (5,128) | (5,739) |
| Purchase of property, plant and equipment and intangible assets | (1,209) | (2,804) |
| **Total** | (6,337) | (8,543) |

| **Net increase (decrease) in cash and cash equivalents** | 1,934 | (287) |
| **Cash and cash equivalents, beginning of year** | 1,580 | 1,867 |
| **Cash and cash equivalents, end of year** | $3,514 | $1,580 |

Cash and cash equivalents is comprised of the following:

| Cash | $2,203 | $1,580 |
| Cash equivalents | 1,311 | – |

$3,514 | $1,580

See accompanying notes to financial statements.
NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2017 [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 operates 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 financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the CPA Canada Handbook.

(a) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term deposits with original term to maturities of 90 days or less.

(b) 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 consists of interest and dividends.

(c) Property, plant and equipment:

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is calculated on the straight-line basis in amounts sufficient to amortize the cost of the assets over their useful lives as follows:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>25 years</td>
</tr>
<tr>
<td>Building improvements</td>
<td>5 to 10 years</td>
</tr>
<tr>
<td>Electronic equipment</td>
<td>3 years</td>
</tr>
<tr>
<td>Telephone and projection system equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>10 years</td>
</tr>
<tr>
<td>Inspection equipment</td>
<td>10 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>over term</td>
</tr>
</tbody>
</table>

Capital work in process is not amortized until the project is complete and in service.

(d) Intangible assets:

Internally generated intangible assets in the development phase are recognized as an asset provided they meet the capitalization criteria, which include ESA’s ability to demonstrate: technical feasibility of completing the intangible asset so that it will be available for use; ESA’s intention to complete the asset for use; ESA’s ability to use the asset; the adequacy of ESA’s resources to complete the development; ESA’s ability to measure reliably the expenditures during the development and ESA’s ability to demonstrate that the asset will generate future economic benefits. The assets are amortized on a straight-line basis over their useful lives of 5 years unless the life is determined to be indefinite. Research activities are expensed as incurred.

<table>
<thead>
<tr>
<th>Asset</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software and licenses</td>
<td>5 years</td>
</tr>
</tbody>
</table>

(e) Asset retirement obligations:

On an annual basis, ESA reviews its assets and lease commitments to determine if there are any asset retirement costs to accrue. Management has determined that no such accruals are required.

(f) Impairment of long-lived assets:

An impairment charge is recognized for long-lived assets, including intangible assets with definite lives, when an event or change in circumstances causes the assets’ carrying value to exceed the total undiscounted cash flows expected from its use and eventual
disposition. The impairment loss is calculated as the difference between the estimated fair value of the assets and its carrying value. Management has determined that there are no impairment losses.

(g) **Employee future benefits:**

The costs of pensions and other post-employment and post-retirement benefits earned by employees are determined based on an actuarial valuation prepared for funding purposes in accordance with pension legislation and regulations.

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.

ESA accrues its obligations under pension and other post-employment benefits (“OPEB”) plans and the related costs, net of plan assets.

(h) **Revenue recognition:**

Revenue recognition is 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.

(i) **Financial instruments:**

Financial instruments are financial assets or liabilities of ESA which, in general, provide ESA the right to receive cash or another financial asset from another party or require ESA to pay another party cash or other financial assets.

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

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and significant matters of judgment. Changes in assumptions could significantly affect the estimates.

Cash and cash equivalents are measured at fair value at the year end date, accounts receivable and accounts payable and accrued liabilities are recorded at amortized cost.

(j) **Measurement uncertainty:**

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates 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. Significant items subject to such estimates and assumptions include the assets and obligations related to employee future benefits. Actual results may vary from the current estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the periods in which they become known in accordance with the accounting standards.
3 Investments:

Investments consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income Canadian:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal bonds</td>
<td>$1,061</td>
<td>$ 906</td>
</tr>
<tr>
<td>Provincial bonds</td>
<td>3,136</td>
<td>3,485</td>
</tr>
<tr>
<td>Corporate bonds/GIC’s</td>
<td>39,969</td>
<td>37,546</td>
</tr>
<tr>
<td>Fixed Income U.S.</td>
<td>2,341</td>
<td>2,024</td>
</tr>
<tr>
<td>Fixed Income Foreign (non-U.S.)</td>
<td>4,229</td>
<td>5,000</td>
</tr>
<tr>
<td>Total fixed income</td>
<td>50,736</td>
<td>48,961</td>
</tr>
<tr>
<td>Equities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian</td>
<td>15,095</td>
<td>11,849</td>
</tr>
<tr>
<td>U.S.</td>
<td>10,123</td>
<td>6,796</td>
</tr>
<tr>
<td>Foreign (non-U.S.)</td>
<td>4,499</td>
<td>4,768</td>
</tr>
<tr>
<td>Total equities</td>
<td>29,717</td>
<td>23,413</td>
</tr>
<tr>
<td>Total investments</td>
<td>$ 80,453</td>
<td>$ 72,374</td>
</tr>
</tbody>
</table>

Investments are internally restricted for future expenditures for post-employment benefits (note 7). The bonds have a weighted average term to maturity of 60.4 months, a weighted average interest rate of 2.70% and a weighted average yield to maturity of 1.80%.

4 Property, plant and equipment:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 2,314</td>
<td>$</td>
<td>$ 2,314</td>
<td>$ 2,314</td>
</tr>
<tr>
<td>Buildings</td>
<td>8,341</td>
<td>2,961</td>
<td>5,380</td>
<td>5,714</td>
</tr>
<tr>
<td>Building improvements</td>
<td>1,366</td>
<td>216</td>
<td>1,150</td>
<td>860</td>
</tr>
<tr>
<td>Electronic equipment</td>
<td>4,932</td>
<td>4,469</td>
<td>463</td>
<td>710</td>
</tr>
<tr>
<td>Telephone and projection system equipment</td>
<td>2,458</td>
<td>2,224</td>
<td>234</td>
<td>339</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>2,268</td>
<td>1,566</td>
<td>702</td>
<td>553</td>
</tr>
<tr>
<td>Inspection equipment</td>
<td>19</td>
<td>19</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>1,791</td>
<td>1,791</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital work in process</td>
<td>147</td>
<td>-</td>
<td>147</td>
<td>834</td>
</tr>
<tr>
<td></td>
<td>$ 3,636</td>
<td>13,246</td>
<td>$ 10,390</td>
<td>$ 11,324</td>
</tr>
</tbody>
</table>
5 Intangibles:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 19,152</td>
<td>$ 15,408</td>
<td>$ 3,744</td>
<td>$ 4,398</td>
</tr>
</tbody>
</table>

6 Employee future benefit plans:

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

The accrued benefit obligations for the pension plan and supplemental employee retirement plan are measured as at March 31, 2017 based on projections from the January 1, 2014 actuarial funding report. The obligations for OPEB and long-term disability are measured as at March 31, 2017 based on projections from data as at January 1, 2014 and March 31, 2017 respectively. The fair value of assets for all plans is determined using the March 31, 2017 asset values.

The actuarial present value of the accrued pension benefits for funding purposes is estimated as at March 31, 2017 based on a projection of the actuarial valuation as of January 1, 2014. The effective date of the next required actuarial valuation report for funding purposes for the pension plans is January 1, 2017.

Information about ESA’s defined pension benefit plans and OPEB plans for the year ended March 31, 2017 is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension benefit plans</td>
<td>OPEB plans</td>
<td>Pension benefit plans</td>
<td>OPEB plans</td>
</tr>
<tr>
<td>Accrued benefit obligation, end of year</td>
<td>$ (339,400)</td>
<td>$ (71,080)</td>
<td>$ (326,391)</td>
</tr>
<tr>
<td>Fair value of plan assets, end of year</td>
<td>344,640</td>
<td>-</td>
<td>304,428</td>
</tr>
<tr>
<td>Funded status, plan asset (deficit)</td>
<td>5,240</td>
<td>(71,080)</td>
<td>(21,963)</td>
</tr>
<tr>
<td>Add: Workplace Safety Insurance Board of Ontario liability</td>
<td>-</td>
<td>(361)</td>
<td>-</td>
</tr>
<tr>
<td>Total employee future benefit asset (obligation)</td>
<td>$ 5,240</td>
<td>$ (71,441)</td>
<td>$ (21,963)</td>
</tr>
</tbody>
</table>

The amount of $5,240 (2016 - $21,963 deficit) reported on the statement of financial position as a deferred pension asset (obligation) represents the excess of the net assets over the actuarially determined present value of accrued pension benefits and consists of a balance of $10,244 (2016 – $16,660 liability) in the pension plan and a liability of $5,004 (2016 - $5,303) in the Supplementary Retirement Plan.
The breakdown of the total benefit cost (expense) is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017 Pension benefit plans</th>
<th>2017 OPEB plans</th>
<th>2016 Pension benefit plans</th>
<th>2016 OPEB plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer current service cost</td>
<td>$(8,333)</td>
<td>$(2,306)</td>
<td>$(8,118)</td>
<td>$(2,217)</td>
</tr>
<tr>
<td>Finance cost</td>
<td>$(1,154)</td>
<td>$(3,784)</td>
<td>$(515)</td>
<td>$(3,563)</td>
</tr>
<tr>
<td>Total defined benefit cost</td>
<td>$(9,487)</td>
<td>$(6,090)</td>
<td>$(8,633)</td>
<td>$(5,780)</td>
</tr>
</tbody>
</table>

The significant actuarial assumptions adopted in measuring ESA’s accrued pension benefits and OPEB obligations for the year ended March 31, 2017 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Pension benefits plans 2017</th>
<th>Pension benefits plans 2016</th>
<th>OPEB plans 2017</th>
<th>OPEB plans 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5.75%</td>
<td>5.75%</td>
<td>5.75%</td>
<td>5.75%</td>
</tr>
<tr>
<td>Rate of compensation increase (before merit)</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>2.90% Ultimate</td>
</tr>
<tr>
<td>Increase in Consumer Price Index</td>
<td>2.25%</td>
<td>2.25%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The significant actuarial assumptions adopted in measuring ESA’s expenses for pension benefits and OPEB obligations for the year ended March 31, 2017 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Pension benefits plans 2017</th>
<th>Pension benefits plans 2016</th>
<th>OPEB plans 2017</th>
<th>OPEB plans 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5.75%</td>
<td>5.75%</td>
<td>5.75%</td>
<td>5.75%</td>
</tr>
<tr>
<td>Rate of compensation increase (before merit)</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
<td>2.90%</td>
</tr>
<tr>
<td>Increase in Consumer Price Index</td>
<td>2.25%</td>
<td>2.25%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expected long-term rate of Return on plan assets</td>
<td>5.75%</td>
<td>5.75%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

ESA’s rate of growth for health care costs in 2017 is estimated as follows:

Drugs – 7.25% in 2017 grading down to 4.5% per year in 2028
Other medical costs – 4.5% per year
Dental – 4.0% per year

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.
Employee future benefit plans (continued):

The pension plan assets are invested as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>35%</td>
<td>36%</td>
</tr>
<tr>
<td>Canadian equities</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>U.S. equities</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Non-North American equities</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Other information about ESA’s defined benefit pension plan is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer’s contributions</td>
<td>$11,493</td>
<td>$11,468</td>
</tr>
<tr>
<td>Employer’s contributions in respect of gain sharing plan</td>
<td>1,469</td>
<td>1,146</td>
</tr>
<tr>
<td>Employee’s contributions</td>
<td>3,909</td>
<td>3,571</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>12,136</td>
<td>11,445</td>
</tr>
</tbody>
</table>

Internally restricted long-term investments:

Long-term investments in the amount of $80,453 (2016 - $72,374) are restricted for specific purposes relating to future expenditures for post-employment benefits. Furthermore, investment income earned through long-term investments is also used to offset OPEB interest expense. Investment income for the year totals $5,604 (2016 - $694) with an OPEB interest expense of $3,784 (2016 - $3,563).

Revenue:

Major categories of revenue recognized during the year are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wiring</td>
<td>$62,349</td>
<td>$59,392</td>
</tr>
<tr>
<td>Continuous safety services</td>
<td>22,226</td>
<td>22,317</td>
</tr>
<tr>
<td>Other</td>
<td>23,319</td>
<td>22,558</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$107,894</strong></td>
<td><strong>$104,267</strong></td>
</tr>
</tbody>
</table>
Statement of cash flows:

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>$1,007</td>
<td>$(1,646)</td>
</tr>
<tr>
<td>Other assets</td>
<td>$(568)</td>
<td>$(97)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>832</td>
<td>1,330</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>983</td>
<td>549</td>
</tr>
<tr>
<td></td>
<td>$2,254</td>
<td>$136</td>
</tr>
</tbody>
</table>

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 and that there are no excess determinable liabilities that have not been recorded at March 31, 2017.

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

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 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$2,607</td>
</tr>
<tr>
<td>2019</td>
<td>2,599</td>
</tr>
<tr>
<td>2020</td>
<td>2,556</td>
</tr>
<tr>
<td>2021</td>
<td>2,514</td>
</tr>
<tr>
<td>2022</td>
<td>2,460</td>
</tr>
<tr>
<td>Thereafter</td>
<td>2,380</td>
</tr>
<tr>
<td></td>
<td>$15,116</td>
</tr>
</tbody>
</table>

b) As at March 31, 2017, a letter of credit in the amount of $126 has been issued to the Workplace Safety Insurance Board of Ontario to guarantee funding of future liabilities.
12 Financial risks and concentration of credit risk:

ESA is exposed to a variety of financial risks including market risk and credit risk. ESA’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effect on ESA’s financial performance. ESA is exposed to interest rate risk with regards to its short and long-term investments, which are regularly monitored.

(a) Credit risk and customer concentration:

Credit risk arises from cash and cash equivalents held with financial institutions, and credit exposures to customers on outstanding accounts receivable balances. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. Cash is held at a major financial institution that has a high credit rating assigned to it by international credit-rating agencies minimizing any potential exposure to credit risk. ESA assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Management also monitors payment performance and the utilization of credit limits of customers.

Concentration of credit risk arises when a group of customers has similar characteristics, such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. Management has assessed the risk of concentration of credit risk and has concluded that this is not a significant risk based on the make up of the accounts receivable balance. ESA has policies in place to ensure that sales are made to customers with an appropriate credit history.

(b) Liquidity risk:

Liquidity risk results from the ESA’s potential inability to meet its obligations associated with the financial liabilities as they become due. ESA monitors its operations and cash flows to ensure that current and future obligations will be met. ESA believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.

13 Government remittances outstanding:

Government remittances consist of amounts (such as property taxes, sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when amounts become due. In respect of government remittances $2,451 [2016 – $2,307] is included within accounts payable and accrued liabilities.
ADVISORY COUNCILS

ESA currently has six stakeholder advisory councils: five provide advice and counsel to ESA management and one, the Electrical Contractor Registration Agency Advisory Council, provides advice and counsel to ESA’s Regulatory Affairs and Governance Committee.

Advisory councils are guided by terms of reference and chaired by individuals voted to the role by their respective council members, with the exception of the Ontario Provincial Code Committee and the Cross-sector Advisory Council, which are chaired by ESA management. Specific projects and issues are addressed by working groups or ad hoc committees when appropriate, and consultations are used to gather broad stakeholder feedback on key safety initiatives.

Advisory council terms of reference, meeting minutes and information on working groups and consultations are posted on esasafe.com.

Advisory councils play a valuable role in helping to shape electrical safety initiatives. Their input and advice helps inform ESA’s strategy and advance its safety goals and objectives. ESA thanks all advisory council members for their time, effort and dedication.
CONSUMER ADVISORY COUNCIL
Joan A. Pajunen
(Chair to September 2016)
Rod Skinkle
(Chair effective September 2016)
Dean Anderson
(Vice-Chair to September 2016)
Carol Gravelle
(Vice-Chair effective September 2016)
Larry Allison
Michele Aplin
Andre Bachand
Hollis Hopkins (to September 2016)
Tim Krause
Sandy Manners
Kari Manninen
Sarah Thompson (to November 2016)

UTILITY ADVISORY COUNCIL
Ysni Semsedini (Chair)
Greg Sheil (Vice-Chair)
Chris Burrell
Stephen Cain
Greig Cameron
Darren Desrosiers
Ed Donkersteeg
Dean Dunn
Doug Fairchild
Ajay Garg
Lyla Garzouzi
Rick Johnson
Paul Krupicz
Paul Kuner
Patrick McManus
Ian Munro
Joan A. Pajunen
Tony Pereira
Peter Petriw
Joe Saunders
William Schwarz
Hani Taki
Michael Wilson
Michael Wittemund
Gaye-Donna Young

ONTOARIO PROVINCIAL CODE COMMITTEE
Ted Olechna, ESA (Chair)
Malcolm Brown, ESA
Barry Buchanan
George Chelvanayagam
Mel Fruitman
Vladimir Gagachev
Phil Lasek
Chris Magnusson
Pierre McDonald
Peter Olders
Shawn Paulsen
Tony Poirier
Tim Pope
Eerik Randsalu
Dave Sinclair
Rob Smith

ELECTRICAL CONTRACTOR REGISTRATION AGENCY (ECRA) ADVISORY COUNCIL
Louie Violo (Chair to February 2017)
Sean Bell (Co-Vice-Chair effective November 2016)
Joe Kurpe (Co-Vice-Chair effective November 2016)
Fred Black (Vice-Chair to May 2016)
Larry Allison
Ron Bergeron
Debra Mattina
Larry Shaver
Brian Smith
Catherine A. Taylor

CROSS-SECTOR ADVISORY COUNCIL
Nancy Evans, ESA (Chair)
Joe Kurpe
Ted Olechna, ESA
Joan A. Pajunen (to September 2016)
Louie Violo (to February 2017)
Ysni Semsedini
Rod Skinkle (effective September 2016)

CONTRACTOR ADVISORY COUNCIL
Joe Kurpe (Chair)
Scott Kelly (Vice-Chair)
Dave Ackison
Clint Attard
Luke Bogdanovic
Tony Minna
Larry Shaver
Rob Sloan
Privacy

ESA is committed to maintaining the accuracy, security and privacy of personal information in accordance with the terms of its Access and Privacy Code under the Administrative Agreement with the Government of Ontario and applicable privacy laws.

ESA maintains a Customer Privacy Policy and has a Chief Privacy Officer who oversees policy and activity in this area. ESA collects personal information to support the delivery of services, understand individual needs, manage corporate operations, develop and enhance services, and meet legal and regulatory requirements.

Due to the importance of information exchange in maintaining public electrical safety, ESA as mandated by its Access and Privacy Code, discloses and disseminates records that support its safety mandate. ESA does not disclose certain personal and commercial information pursuant to certain exemptions of the Access and Privacy Code.

In FY2017, ESA received 3,166 Requests for Information compared to 2,805 in the previous year, driven primarily by an increase in requests related to residential real estate transactions.

The Access and Privacy Code and the Customer Privacy Policy can be found at esasafe.com.

Complaints

ESA responds to complaints received from customers, stakeholders and the public.

ESA provides information and encourages two-way communication at all levels to ensure it is 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 CEO. ESA updated its complaints procedure in 2016 to include a three-stage approach to resolution.

Information on ESA’s complaints policy can be found at esasafe.com.

In FY2017, ESA received 55 wiring-related complaints compared to 88 in the previous year. By year-end, ESA had resolved 37 wiring-related complaints in accordance with its complaints policy. ESA received 2,136 licensing-related complaints compared to 1,679 the previous year, and resolved 1,918 in accordance with its complaints policy. ESA continues to work to resolve the outstanding complaints.
French Language Service

ESA responds to all requests for French services as they arise throughout the year. In FY2017, ESA’s Customer Service Centre responded to 2,058 calls in French compared to 2,123 the previous year. A French version of the Ontario Electrical Safety Code was made available by ESA in 2016 by translating the Ontario amendments to the 2015 Canadian Electrical Code.

Accessbesdibility Policy

ESA is committed to fulfilling its obligations to meet the accessibility needs of persons with disabilities in a timely manner in accordance with the Accessibility for Ontarians with Disabilities Act (AODA), 2005, and the related Standards, namely, the Integrated Accessibility Standards Regulation (IASR) (Regulation 191/11) and the Accessibility Standards for Customer Service (ASCS) (Regulation 429/07).

As part of ESA’s commitment to meeting its obligations under the AODA, ESA has developed a Multi-Year Accessibility Plan that outlines ESA’s strategy to prevent and remove barriers to accessibility. ESA has also established policies and processes to assist persons with disabilities, including the Accessible Customer Service Policy and the Integrated Accessibility Standards Policy. ESA’s Multi-Year Accessibility Plan will be reviewed and updated at least once every five years.

The Accessibility Policy and Multi-Year Accessibility Plan can be found at esasafe.com.

Appeals Process

ESA is committed to providing individuals with the opportunity to request a review of orders or licensing decisions as they arise. ESA has established a fair and transparent appeals process to facilitate the right to appeal any orders or Directors’ decisions. The appeals process, which can be reviewed at esasafe.com, defines specific steps and timelines to respond to an appeal pertaining to the Ontario Electrical Safety Code, licensing matters, electrical utility distribution and product safety.

In FY2017, ESA received 15 appeals associated with the Ontario Electrical Safety Code (Regulation 164/99) compared to 12 the previous year. ESA received 19 appeals associated with Contractor Licensing (Regulation 570/05), compared to nine the previous year.

In 2016/2017, ESA Customer Service Representatives answered more than 540,000 calls – 2,058 in French.