

407 ETR Ombudsman Report

- 2006 -

Overview

The Ombudsman is pleased to present this inaugural Ombudsman Report for 2006. The Office of the Ombudsman was established on May 17, 2006, by Antonio de Santiago, President and Chief Executive Officer (CEO) of 407 ETR.

The mandate of the Ombudsman is to act as an advocate for fairness and to address customers' unresolved issues or concerns related to customer service matters. The Ombudsman reviews and investigates a customer's concern in an unbiased and impartial manner, ensuring the procedure is fair and reasonable to both the customer and 407 ETR, and that all 407 ETR's policies are applied on a fair basis. The Ombudsman makes recommendations based on fairness and good business practices. The Ombudsman reports directly to the President and CEO of 407 ETR, similar to other private industries such as banking.

407 ETR has over six-million customers, logs 370,000 trips each workday and generates nearly 1.3 million bills each month. Like most businesses, the majority of customers use the service without experiencing issues or the need to contact Customer Service. In fact, the monthly call volume to Customer Service, in respect of billing issues, represents less than 5% of the 1.3 million bills 407 ETR mails each month.

Since no business is infallible, however, 407 ETR's dispute resolution process and Office of the Ombudsman was created to further demonstrate its commitment to improving Customer Service.

While the primary mandate of the Office of the Ombudsman is to assist with unresolved issues, the Office also guides customers through the dispute resolution process. Our goal is for customers to be aware of the options available to them for assistance so they can obtain a resolution prior to engaging the Office of the Ombudsman.

Dispute Resolution Process

Step 1: Customer Service Department

Call 1-888-407-0407 to speak with a Customer Service Representative (CSR).

Step 2: Team Manager or Resolution Specialist

If you are unable to resolve the issue with a CSR, you can ask to speak with a Team Manager or Resolution Specialist.

Step 3: Customer Advocacy Group (Representing the Office of the President)

If you are still not satisfied, outline your issue in writing to the Customer Advocacy Group. A detailed investigation will be conducted and a reply will be issued.

Step 4: Office of the Ombudsman

If the previous steps have been followed, and you feel that you have not received a fair resolution to your issue, please contact the Ombudsman's Office.

Number of Contacts

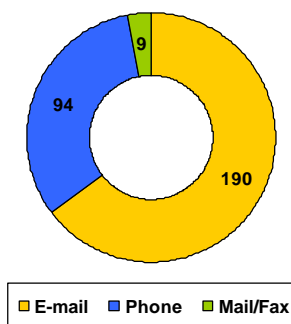
The Ombudsman’s Office received a total of 293 contacts (0.00003%) out of 10.3 million bills mailed from May to December of 2006 (see Figure 1). The preferred method of contact was e-mail (65%), followed by phone.

Figure 2 exhibits the 293 contacts to the Ombudsman’s Office, where only 27% (80) of the contacts required action by the Office of the Ombudsman. The remaining 17% (50) of contacts were for informational purposes only and 56% (163) of contacts had not previously requested help from the Customer Advocacy Group that was established four years ago.

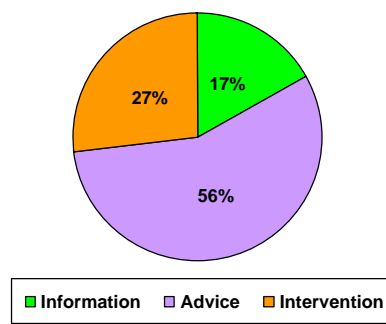
Statistical Summary

The following charts depict total contacts by method and the reason for contact as a percentage, and the top five issues investigated by the Ombudsman’s Office. Reasons for contact are divided into three categories which are defined below.

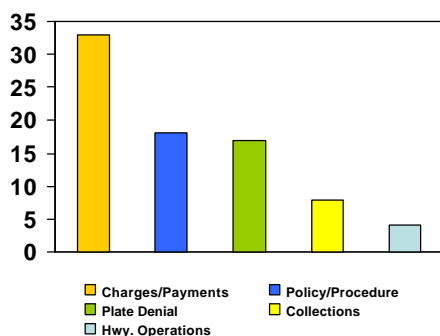
**Figure 1:
Method of Contact
(293 Contacts)**



**Figure 2:
Reason for Contact
(293 Contacts)**



**Figure 3:
Top Five Issues**



“Informational” contacts are enquiries that do not involve complaints or concerns. They are requests for general information, such as how to order a transponder or how to pay an invoice, as examples that are forwarded to the appropriate business unit for a direct response.

“Advice” contacts are complaints or concerns that have not been through Step 2 or Step 3 of the dispute resolution process. These contacts require the opening of a file within the Ombudsman’s office and the issue is forwarded back to the appropriate business unit for an investigation and resolution.

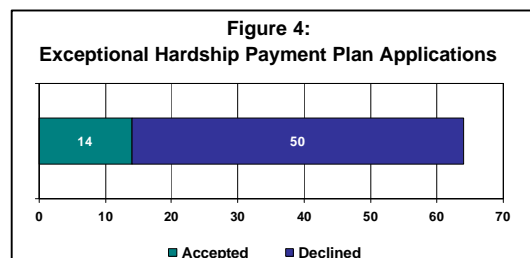
“Intervention” contacts are complaints or concerns that have been reviewed by Step 3 of the dispute resolution process. The Office of the Ombudsman undertakes an investigation and endeavours to provide a written response to the customer within 10 business days.

Nearly all cases reviewed by the Ombudsman involved personal customer accounts, as business customers represented less than 5% of the total volume. Of the 80 cases resolved by the Ombudsman's office, full agreement was reached in 20% of cases (whereby the Ombudsman's Office found a break in a business process followed); 22% a partial agreement was reached (the business process was followed by 407 ETR; however, based on the merit of the complaint, further allowances were made) and no agreement was reached in 58% of the cases. Since the primary mandate of the Ombudsman's Office is to review 407 ETR's business practices and processes, agreement could not be reached in these cases because business processes were followed by 407 ETR appropriately.

Exceptional Hardship Cases

Part of the responsibility of the Ombudsman's office is to review applications for the Exceptional Hardship Payment Plan. 407 ETR introduced the Payment Plan on June 1, 2006, in an effort to assist those customers who have accumulated significant debt with 407 ETR, and would suffer an exceptional hardship through the denial of their vehicle licence plate renewal. The Exceptional Hardship Payment Plan was modelled after the Ministry of Transportation's Exceptional Hardship Plan for vehicle impoundment.

The Ombudsman received 64 applications for the Exceptional Hardship Payment Plan in 2006. Many of the applicants based their applications on the grounds of financial hardship and were unable to demonstrate, through supporting documentation, that the denial of their licence plate meant a loss that was immediate, significant and lasting. Therefore, 78% of applications were declined in 2006 while 22% demonstrated an immediate, significant and lasting loss if their licence plate renewal was denied.



Going Forward

In the seven months since the Office of the Ombudsman was established, the number of customer contacts has been minimal, relative to the over six-million customers 407 ETR maintains. This is attributed to the ongoing efforts within the organization to improve processes to deal more effectively with customers' issues when they are first contacted. In 2006, 407 ETR was awarded with the First Call Resolution Merit Award for all of North America by Service Quality Measurement Group Inc, a leading authority in North America for the contact centre industry. As well, a Satisfactory rating was achieved with the Better Business Bureau for the first time in the company's history.

407 ETR remains fully committed to the Office of the Ombudsman and the dispute resolution process which holds paramount the reviewing of the facts of an unresolved issue and the guiding principles of maintaining fairness and reasonableness to provide a resolution. As part of the resolution process, 407 ETR wants to ensure that the customer has a full understanding of 407 ETR's processes and the reason for the actions taken. The goal is to assist customers to find a resolution to an issue within the framework of the dispute resolution process, whenever possible. The Ombudsman will continue to provide feedback to the business units within 407 ETR to improve processes and best practices – ultimately enhancing the customer service experience at 407 ETR.

Case Study #1.

Issue

A customer was disputing charges incurred after November 1999, as the customer had returned the transponder to 407 ETR. The customer indicated that he was working out of the Province when the trips were taken, between July 2002 – May 2003. In addition, the vehicle was in storage during his absence. He also indicated that he did not receive any notices regarding Plate Denial that was levied against his licence plate. Therefore, he wanted the debt and Plate Denial removed.

Investigation

The investigations conducted by the Customer Advocacy Group and Office of the Ombudsman revealed the following:

- The vehicle did use the highway;
- Customer was (and still is) the registered owner of the licence plate;
- Bills were sent to the correct address;
- His wife remained in Ontario at the address on file at 407 ETR and the MTO;
- One payment was received in September 2002 for usage in July 2002;
- Customer was unable to provide receipts or other documentation from the storage facility that would define when and where the vehicle was stored;

Ombudsman's Response

Customer was advised that the legal responsibility to pay charges resides with the registered holder of the licence plate, not the driver of the vehicle. We advised the customer that Plate Denial is a legislated process. As such, all notices must be sent to the registered address on file with the MTO.

Final Outcome

We advised the customer in writing that 407 ETR followed the legislated process regarding Plate Denial, served the appropriate notices, and he did not avail himself to the dispute process. Therefore, no grounds existed to reverse the charges.

Case Study #2.

Issue

A customer was disputing Video Toll Charges billed to her account since 2004, and related interest, as the customer indicated her husband was using a valid transponder in her vehicle.

Investigation

The investigations conducted by the Customer Advocacy Group and Office of the Ombudsman revealed the following:

- Transponder was not leased in her name for her licence plate;
- Transponder was registered in her husband's name with his licence plate;
- They did not consolidate the accounts to link the two accounts together;
- Customer attempted to consolidate the account in 2004; however, existing arrears on the account prevented the consolidation from being completed;
- Customer continued to use the highway but did not remit payment for the undisputed portion (toll charges);

Ombudsman's Response

Customer was advised of the changed terms and conditions of the transponder lease agreement (February 2006), whereby if a transponder is used in an alternate vehicle than the one the transponder is leased with, and Video Toll Charges occur, the customer is responsible to pay for these charges. 407 ETR recommends having one transponder per vehicle. However, in 2004, 407 ETR processes regarding transponder usage permitted the portability of the transponder from one vehicle to another, providing the accounts were consolidated.

Final Outcome

We advised the customer in writing that based on the 2004 business practices regarding transponder portability, Video Toll Charge adjustments would be made to the account from April 2004 to February of 2006, along with the interest related to these charges. The customer was responsible to pay the toll charges, transponder lease fees and interest related to these charges as this was not a point of dispute with the customer.