



Pipeline Services Survey Results May 2007

1. Introduction

The Board's Goal 3, as stated in its 2007-2010 Strategic Plan, is: "Canadians benefit from efficient energy infrastructure and markets". Under this goal, the Board tracks various "Indicators that Canadian energy and transportation markets are working well." Contained within this measure is the Board's desire to promote an efficient pipeline transportation system, where the services that shippers receive from pipeline companies meet shippers' needs at fair prices.

To help determine whether Canadian transportation markets are working well, the Board conducted its third annual Pipeline Services Survey in 2007 as a means to obtain direct feedback from the shippers of major NEB-regulated pipeline companies on the quality of service provided by those pipelines. The survey is also used to obtain feedback from shippers on the Board's regulatory performance with respect to tolls and tariffs.

To conduct this year's survey, the Board used a web-based survey tool, called Inquisite, which was sent to shippers via e-mail. For each survey received, shippers completed one response which reflects their company's corporate views on the services provided by the pipeline being surveyed and on the services provided by the Board.

This report is a summary of the results in aggregate for all the surveyed companies. The aggregate results include the industry average and distribution of responses for each question and a summary of major themes. In addition, the Board will provide each pipeline company and its shippers with detailed company-specific results including the pipeline company's average rating and distribution of responses for each question as well as the verbatim comments received from shippers, with the names of the respondents excluded.

Surveys Issued and Response Rate

After each pipeline company provided the contact information for their active shippers, the Board sent a link to the Inquisite surveys to each one. The pipeline companies were given the discretion to determine which shippers are active on their systems.

The table below summarizes the number of surveys issued, the number of completed surveys returned to the Board and the response rates. The overall response rate of 27.0 percent was lower than last year's rate of 33.5 percent. The Board notes that this year's survey was sent to almost 100 additional shippers and the total number of completed surveys was about the same as last year. Because larger shippers were more likely to

complete the survey, the share of volumes covered by the survey is considerably higher than the participation rate. This year, the survey included Cochin Pipe Lines Ltd. for the first time. As noted in previous years, in instances where the response rate was low for specific pipelines, care must be taken in interpreting the survey results.

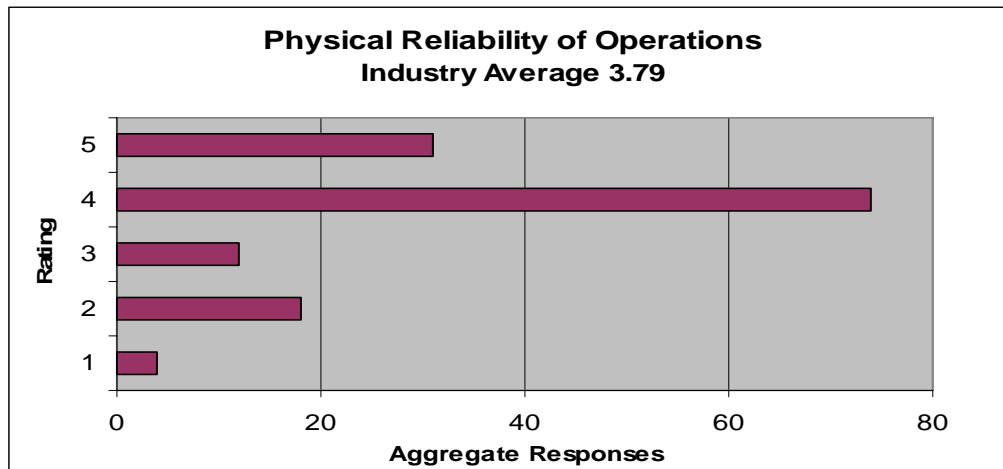
Company	Surveys Issued	Completed Surveys	Response Rate
Alliance Pipeline	36	15	41.7%
Cochin Pipe Lines	27	6	22.2%
Enbridge Pipelines	54	15	27.8%
Express Pipeline	31	6	19.4%
Foothills Pipe Lines	33	5	15.2%
Maritimes & Northeast Pipeline	14	6	42.9%
TransCanada Mainline	86	23	26.7%
TransCanada B.C. System	53	7	13.2%
Trans Mountain Pipe Line	23	5	21.7%
Vector Pipeline	30	9	30.0%
Westcoast Field Services	42	13	31.0%
Westcoast Transmission	94	31	33.0%
OVERALL	523	141	27.0%

2. Aggregate Results on Pipelines Services

This section summarizes the aggregate results for each question in the survey related to pipeline services. Where applicable, a summary of common themes is provided. For the majority of these questions, respondents were asked to rate their satisfaction with the services they receive on a scale of 1 to 5, where 1 indicates “Very dissatisfied” and 5 indicates “Very satisfied”.

Question #1

How satisfied are you with the physical reliability of the pipeline company’s operations?

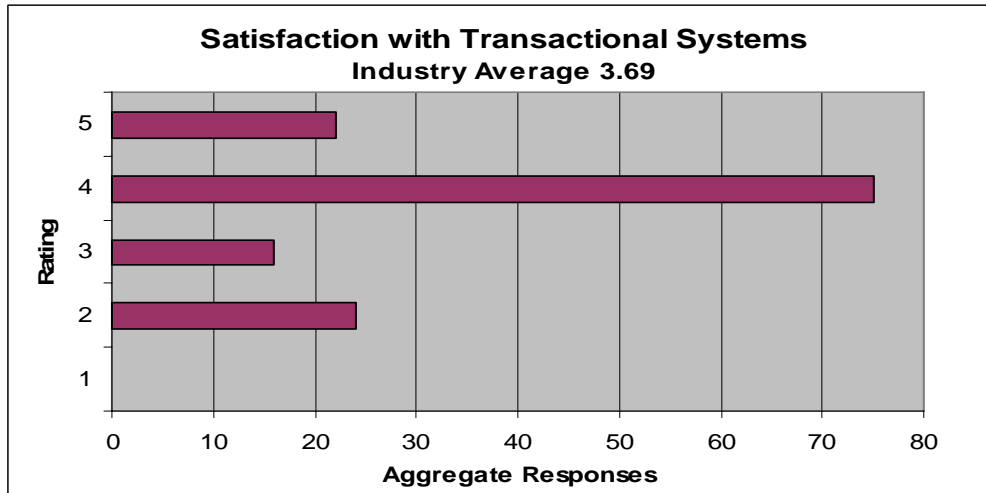


Importance Ranking – 1

The average score for satisfaction with physical reliability of pipeline operations declined from 4.06 last year to 3.79 this year. This area still rated the second highest of all the questions. Seventy-six percent (76%) of shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).

Question #2

How satisfied are you with the quality, flexibility and reliability of the pipeline company’s transactional systems (nominations, bulletin boards, reporting, contracting, etc)?

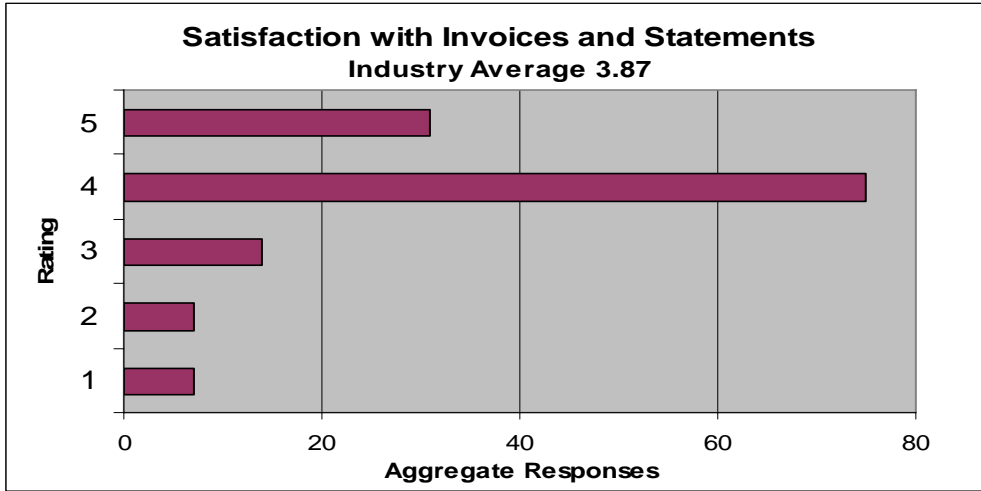


Importance Ranking – 3

Seventy-one percent (71%) of shippers gave their pipelines a score of satisfied (4) or very satisfied (5) on this question. This area showed the greatest improvement over last year, increasing from 3.45 to 3.69. Nevertheless, a few shippers mentioned that an improvement would be to simplify the nominations system on certain pipelines.

Question #3

How satisfied are you with the timeliness and accuracy of the pipeline company's invoices and statements?

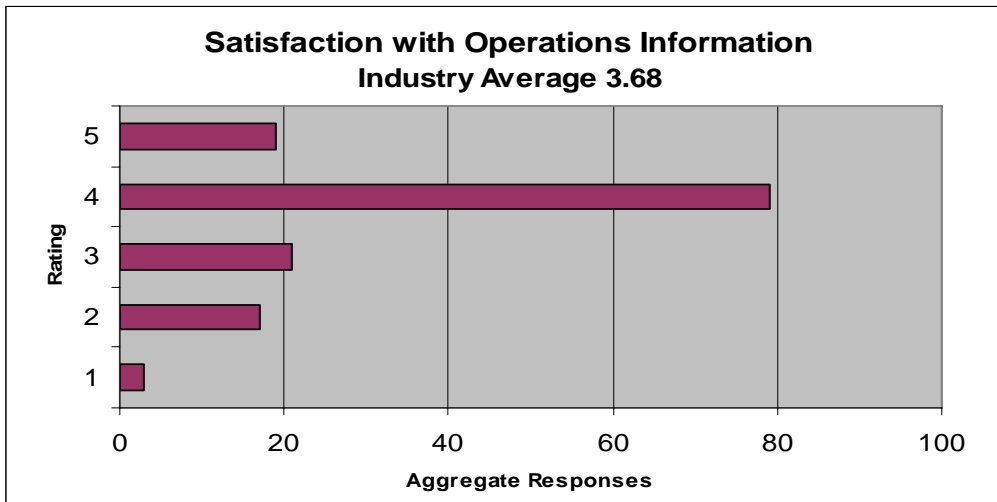


Importance Ranking – 8

This area received the highest average score in the survey and was improved over the score of 3.75 from last year. Seventy-nine percent (79%) of shippers gave a score of either satisfied (4) or very satisfied (5). Shippers generally found invoices and statements to be timely and accurate; however for a few pipelines, some shippers noted that they are often late and contain errors.

Question #4

How satisfied are you with the timeliness and usefulness of operations information (outages, available capacity, scheduled maintenance, flows, etc.) provided by the pipeline company?

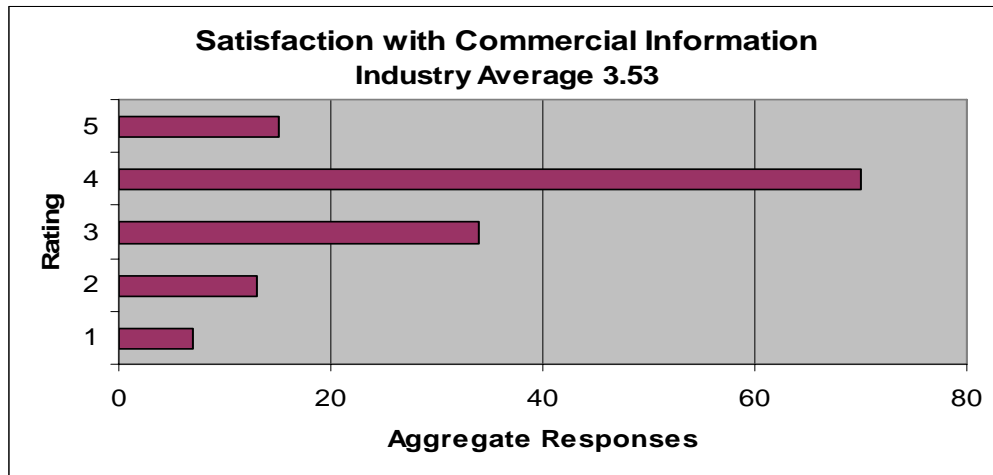


Importance Ranking – 2

Seventy-one percent (71%) of shippers gave a rating of satisfied or very satisfied on the timeliness and usefulness of operations information. The industry average score improved from 3.60 to 3.68 this year.

Question #5

How satisfied are you with the timeliness and usefulness of commercial information (tolls, service changes, new services, contract information, etc.) provided by the pipeline company?

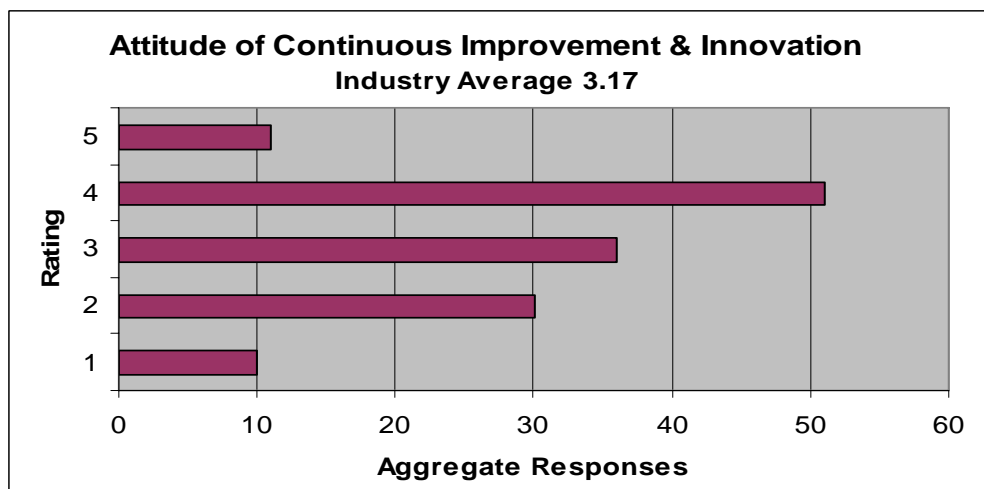


Importance Ranking – 6

Sixty-one percent (61%) of shippers gave a rating of either satisfied (4) or very satisfied (5). This year's rating of 3.53 was slightly lower than last year's rating of 3.59. One area noted for improvement would be to set up an electronic alert system to provide sooner notification of toll and other changes.

Question #6

How satisfied are you with the degree to which the pipeline company demonstrates an attitude of continuous improvement and innovation?

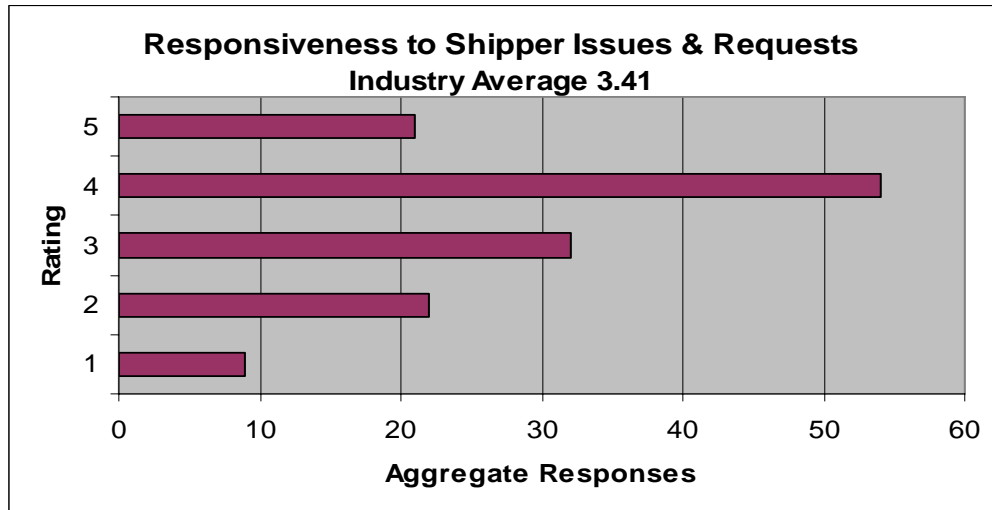


Importance Ranking – 9

As in the previous two surveys, the industry average score on this question was the second lowest overall. Twenty-nine percent (29%) of shippers were either dissatisfied or very dissatisfied on this area. However, the score of 3.17 was an improvement over last year's score of 3.04 and forty-five percent (45%) of shippers indicated that they were either satisfied or very satisfied, compared to only 29 percent last year.

Question #7

How satisfied are you with the accessibility and responsiveness of the pipeline company to shipper issues and requests?

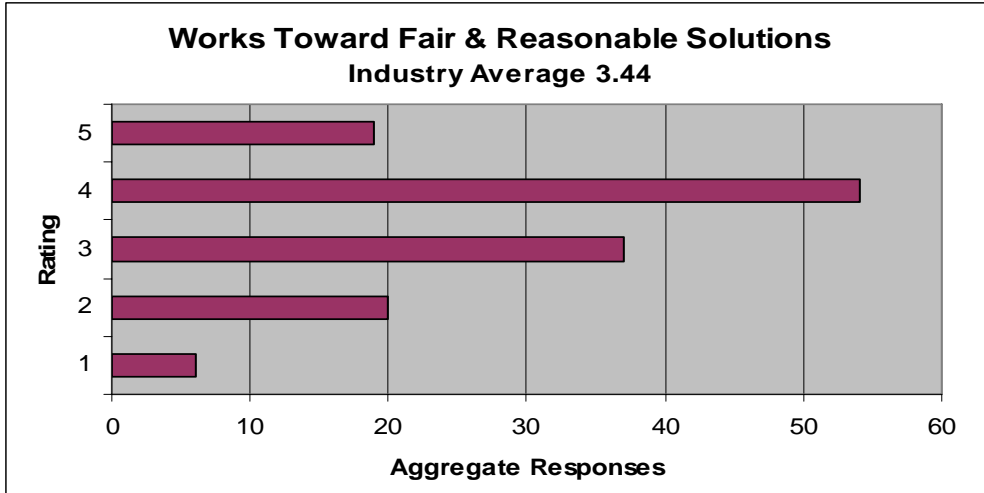


Importance Ranking – 4

On this question, the industry average score improved from 3.26 in the 2006 survey to 3.41 this year. Fifty-four percent (54%) of shippers gave their pipelines a rating of satisfied or very satisfied. Shippers on several different pipelines noted that their customer representatives provide good service but sometimes the time to respond to issues and requests is slow.

Question #8

How satisfied are you that the pipeline company works towards fair and reasonable solutions when resolving issues?

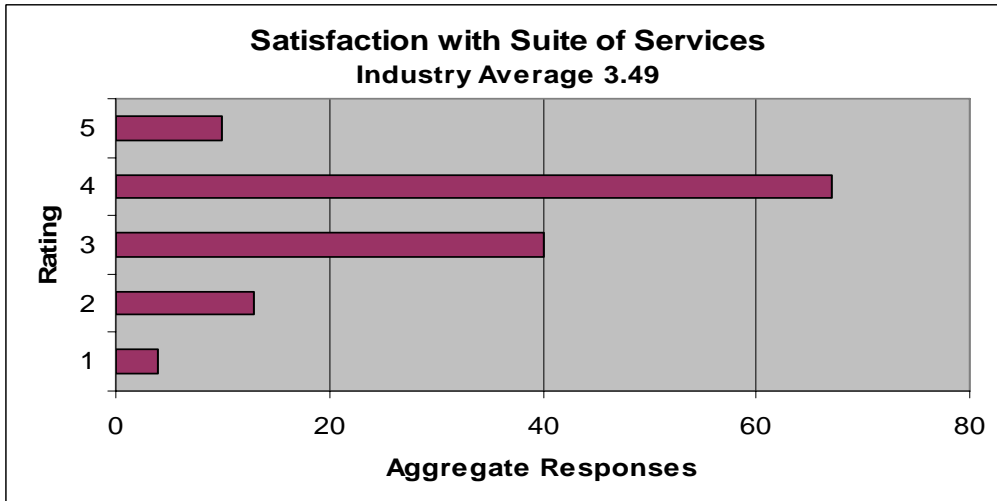


Importance Ranking – 7

The industry average score on this question has improved steadily over the three surveys, most recently from 3.30 in last year's survey to 3.44 this year. Almost 54 percent of shippers gave a rating of either satisfied or very satisfied. Shippers noted that the pipelines generally work towards fair and reasonable solutions; however, at times they put the interests of their shareholders ahead of the interests of their shippers.

Question #9

How satisfied are you with the suite of services offered by the pipeline company?

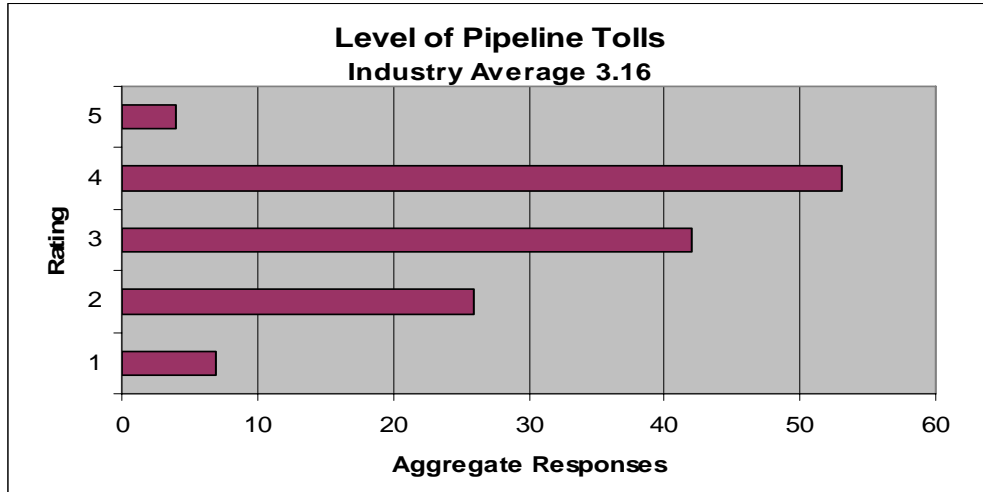


Importance Ranking – 10

The industry average score on this question improved from 3.37 in last year's survey to 3.49 this year. Fifty-seven percent (57%) rated this area as either satisfied or very satisfied. As was mentioned last year, a few shippers would like to see a Park and Loan Service added to the suite of services on some pipelines.

Question #10

How satisfied are you with the level of this pipeline company's tolls in relation to the transportation services your company receives?

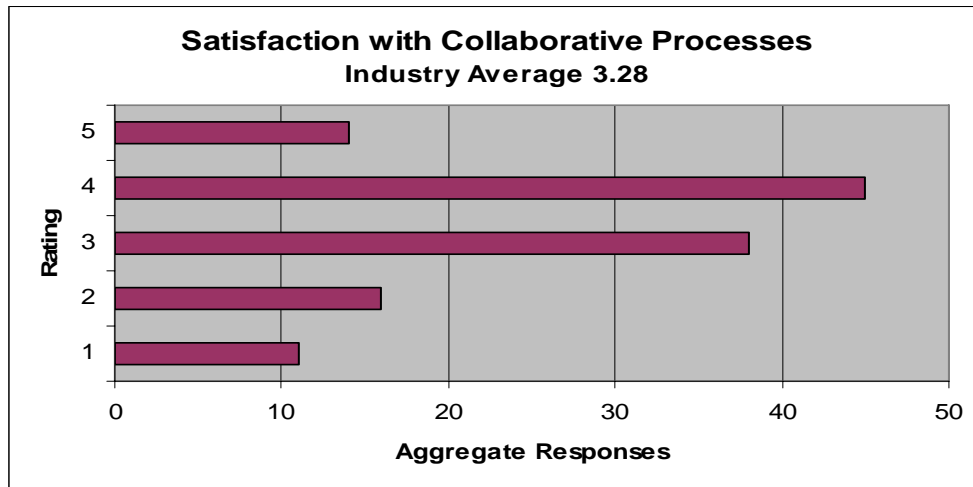


Importance Ranking – 5

Satisfaction with pipeline tolls again yielded the lowest score in the survey, although it did show an improvement over last year's score of 3.02. Forty-three percent (43%) of shippers rated this area as either satisfied or very satisfied. Several shippers mentioned that tolls are very high compared to the services provided and a few noted that there has been upward pressure on tolls recently which is expected to continue.

Question #11

How satisfied are you with the collaborative processes (negotiations or task force meetings) utilized by this pipeline company?



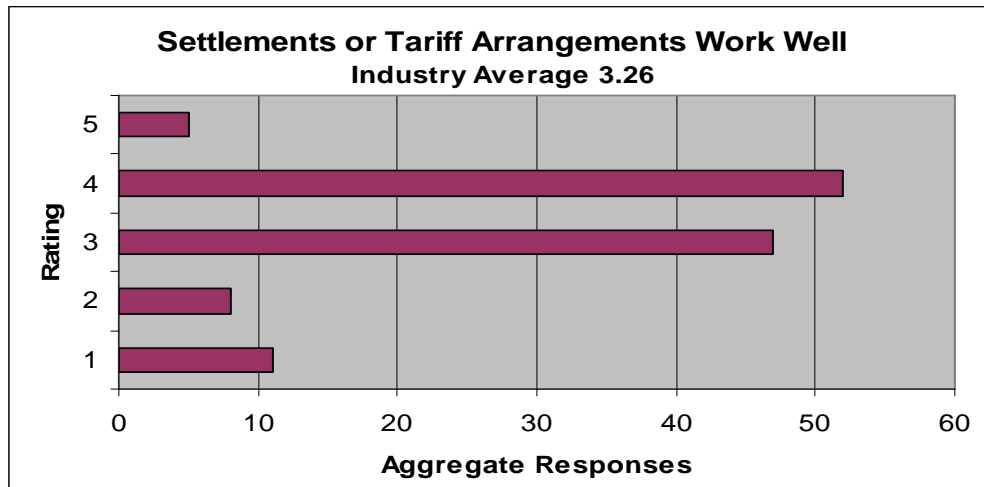
Importance Ranking – 11

Satisfaction with collaborative processes received a score of 3.28, up slightly from the score of 3.25 in the 2006 survey. Forty-eight percent (48%) of shippers gave a rating of satisfied or very satisfied on this question. Some sample comments from shippers include:

- There is no formal shipper forum [on a particular pipeline] and that limits the shippers' ability to discuss matters. There is no clear negotiation path in part because there is no formal forum.
- More frequent updates of status of issues and collaboration with shippers in reaching mutually acceptable solutions would help.
- We strongly believe that the task force process results in much better solutions than does litigation.
- The process is usually slow but provides opportunity for all parties to be involved in the outcome.

Question #12

How satisfied are you that the current negotiated settlement agreement or tariff arrangements work well to provide fair outcomes?



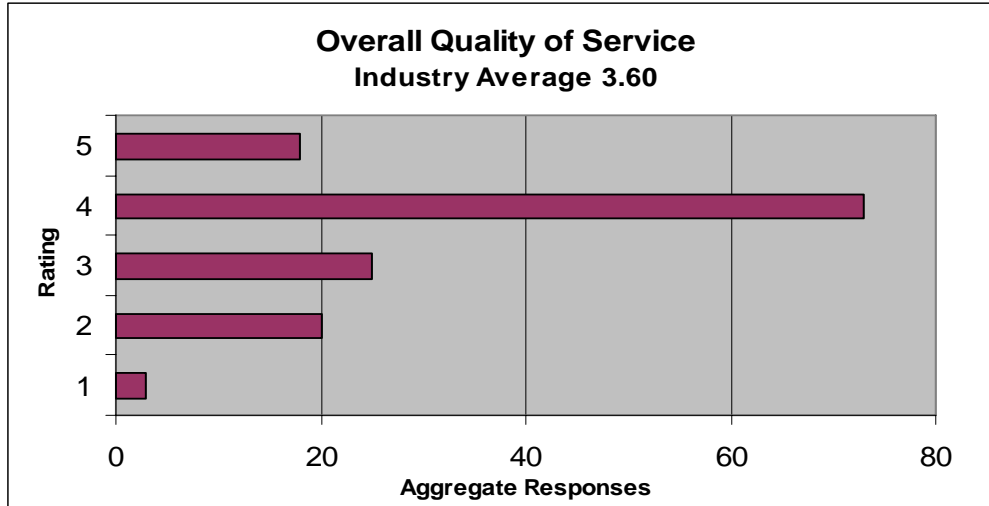
Importance Ranking – 12

The industry average score of 3.26 declined slightly from the score of 3.29 in the 2006 survey. Approximately 46 percent of shippers indicated that they were either satisfied or very satisfied with their settlement agreement or tariff arrangements. Some notable comments include:

- From our perspective and participation on the task force, fair outcomes are not the objective; rather it is avoiding costly litigation.
- The settlement was a fair compromise in light of the existing regulatory model that has the default presumption that the pipeline gets to recover all of its costs regardless of the level of services.
- The last settlement provided a reasonably fair compromise but there has been limited progress since then.

Question #13

How satisfied are you with the OVERALL quality of service provided by the pipeline company over the last calendar year?



Again this year, shippers seem reasonably satisfied overall with the services provided by pipeline companies. The industry average score of 3.60 was a slight improvement over the score of 3.57 in last year’s survey. Sixty-five percent (65%) of the respondents gave their pipeline company a rating of satisfied or very satisfied on overall quality of service, compared to 58 percent last year.

Question #14

On an overall basis, has the pipeline company’s quality of service in the last year:

Improved	18	13.0%
Remained the Same	100	72.5%
Decreased	20	14.5%
Total	138	100.0%

Question #15

What are the things that this pipeline company does well?

This question provided an opportunity for shippers to list the things that their particular pipeline is doing well. Some commonly mentioned areas include:

- Accessible and responsive to customer issues and requests
- Provides safe and reliable service
- Communication and provision of information
- Good customer service

Question #16

What are the things that this pipeline company could do better?

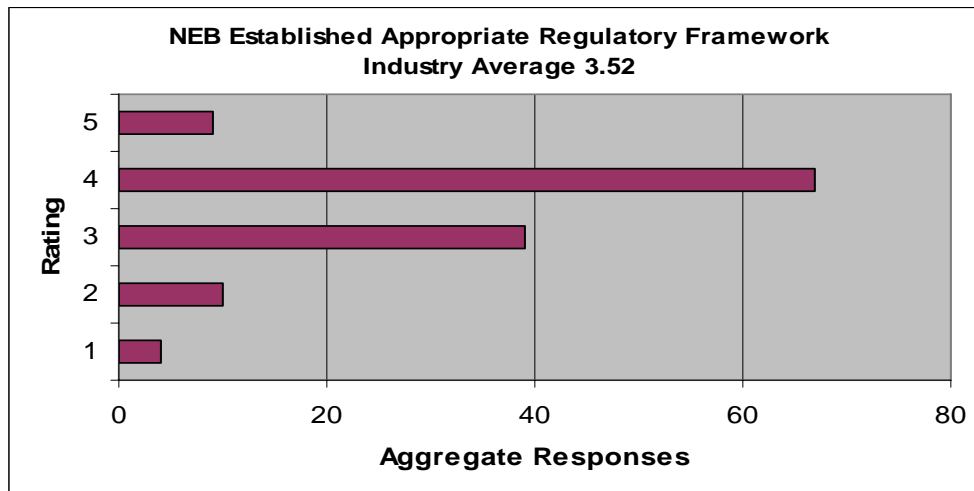
This question provided an opportunity for shippers to list the things that their particular pipeline could do better. Some commonly mentioned areas include:

- Listen to shippers more
- Present more creative solutions to issues
- Simplify nominations process
- Improve collaborative processes

3. Aggregate Results on the Board's Performance

Question #17

How satisfied are you that the NEB has established an appropriate regulatory framework in which negotiated settlements for tolls and tariffs can be reached?



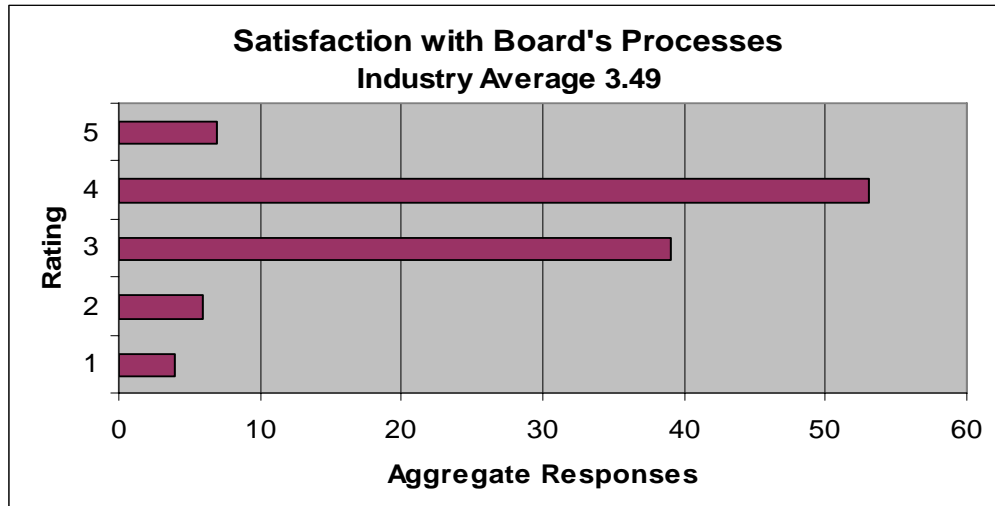
Importance Ranking – 13

Almost 59 percent of shippers indicated that they were either satisfied or very satisfied that the NEB has established an appropriate regulatory framework in which negotiated toll settlements can be reached. The industry average score of 3.52 declined slightly from the average score of 3.54 in last year's survey. A few sample comments include:

- The tolls and tariff task force approach and the NEB's acceptance of this process is to be commended.
- The framework has worked well however as the pipeline has control of the 'black box', they always have more and better information so stakeholders are somewhat disadvantaged.
- As in many regulatory environments, the pipeline always has more information than the customers (or the regulator); therefore, we do not start on a level field. Information requests are the only way we have of getting up to speed and these must be allowed to be updated through the process.

Question #18

When toll and tariff matters are not resolved through settlement, how satisfied are you with the Board's processes to resolve disputes?



Importance Ranking – 14

Fifty-five percent (55%) of shippers indicated that they were either satisfied or very satisfied with the Board's processes to resolve disputes. The average score of 3.49 was slightly down from last year's score of 3.54. Some sample comments on this question include:

- There is an ongoing concern that in the absence of rate hearings before the Board and in the absence of much of the dialogue during settlements that the Board may not have sufficient information to put disputes in a broader context and that staff may be less familiar than in the past.
- The NEB process is fair and should be maintained to ensure parties have the option to adjudicate disputed issues in an open and public process.
- Over the last few years, believe that the process favoured the pipeline at the expense of its shippers.
- Process can be very slow.

Question #19

What could the Board be doing to improve its processes through which tolls and tariffs are determined?

Shippers provided a variety of comments in response to this question. Some comments and suggestions for improvement include:

- Increased staffing and the ability to speed up decisions would benefit industry.
- Allow some level of cost recovery so that more stakeholders could participate in the process.
- Review key aspects of the regulatory framework (i.e., the ROE formula) on the Board's own initiative when circumstances warrant such reviews.
- Increase focus on stakeholder and industry perspectives on toll and tariff matters.

- Provide timely decisions and direction.
- Direct certain pipelines to establish a tolls task force.
- Mandate full disclosure of costs by pipeline companies to their shippers (cost of service filing). Mandate a certain period of time that tolls must be communicated to shippers before they can be enacted. This will allow shippers ample time to review costs and plan business accordingly.

Question #20

Importance Ranking

For each of the survey questions, shippers were asked to rank the level of importance to their organization from 1 to 14, where 1 = most important and 14 = least important. The importance rankings are shown below and under each of the charts above.

Ranking	
1	Physical reliability of pipeline operations
2	Timeliness and usefulness of operations information
3	Satisfaction with transactional systems
4	Accessibility and responsiveness to issues and requests
5	Level of transportation tolls relative to services received
6	Timeliness and usefulness of commercial information
7	Works towards fair and reasonable solutions
8	Timeliness and accuracy of invoices and statements
9	Attitude of continuous improvement and innovation
10	Suite of services
11	Collaborative processes
12	Settlement or tariff arrangements work well
13	NEB regulatory framework
14	NEB processes to resolve disputes

4. Conclusions

Feedback on Pipeline Services

For the third year in a row, the results of this survey indicate that shippers appear reasonably satisfied overall with the services provided by pipeline companies. The areas which improved the most over last year's results were satisfaction with transactional systems, accessibility and responsiveness to shipper issues and requests, and satisfaction with the level of transportation tolls. The area which decreased the most was satisfaction with the physical reliability of pipeline operations.

The three areas where shippers believe pipelines are doing very well are:

- Timeliness and accuracy of invoices and statements
- Physical reliability of pipeline operations
- Satisfaction with transactional systems

The three areas where shippers believe that pipelines could improve service the most are:

- Reducing the level of transportation tolls
- Exhibiting an attitude of continuous improvement and innovation
- Ensuring that settlements or tariff arrangements work well

In terms of collaborative processes, the Board notes that several shippers mentioned that their particular pipeline either does not have a formal task force forum or it is not effective. The Board supports the use of toll and tariff task forces as a way for parties to discuss issues outside of formal regulatory processes, which may lead to resolution of those issues in a more timely and cost-effective manner.

The Board finds this survey to be a valuable tool for staying informed about issues and concerns that affect shippers. Conducting this survey on an annual basis allows the Board and parties to monitor performance over time.

Feedback on the Board

This survey indicated that approximately 59 percent of shippers are either satisfied or very satisfied that the Board has created an appropriate regulatory framework and 55 percent are either satisfied or very satisfied with the Board's processes to resolve disputes. Both of these results were lower than in the 2006 survey. Shippers also identified areas where the Board could improve its processes and performance.

Some of this feedback was for the Board to build its internal capacity to serve Canadians better and to provide effective regulatory processes that are more accessible to stakeholders and yield more timely decisions. Both of these areas are in line with the Board's 2007-2010 Strategic Plan and the Board will be working in these areas over the next few years.