

# Pipeline Services Survey Results

## May 2008

### ***Introduction***

The Board's Goal 3, as stated in its *2008-2011 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 fourth annual Pipeline Services Survey in 2008 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 again used Inquisite, a web-based survey tool, which was sent to shippers directly via e-mail under the header of the National Energy Board. 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 companies surveyed. 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***

Pipeline companies were requested to provide the Board with the names of those shippers active on their systems. After each pipeline company provided the contact information for their active shippers, the Board sent each one of those shippers the Inquisite survey. The Board notes that this year, as a result of a corporate change in TCPL last year, the TCPL BC System was removed from the survey.

The survey this year indicated that the participation rate has increased. The survey was sent to almost 100 more shippers than last year, which also had an increase of almost 100 more shippers than the year before. The participation rate is also up from last year as well. This year, the overall response rate increased to 30 percent, up from last year's rate of 27 percent, a good indication that shippers are increasingly of the view that the Pipeline Services Survey is an appropriate forum to provide the Board with information that is taken seriously and acted upon if required. For example, as a result of the survey last year, the Board initiated and conducted a focused audit of one of the pipeline companies.

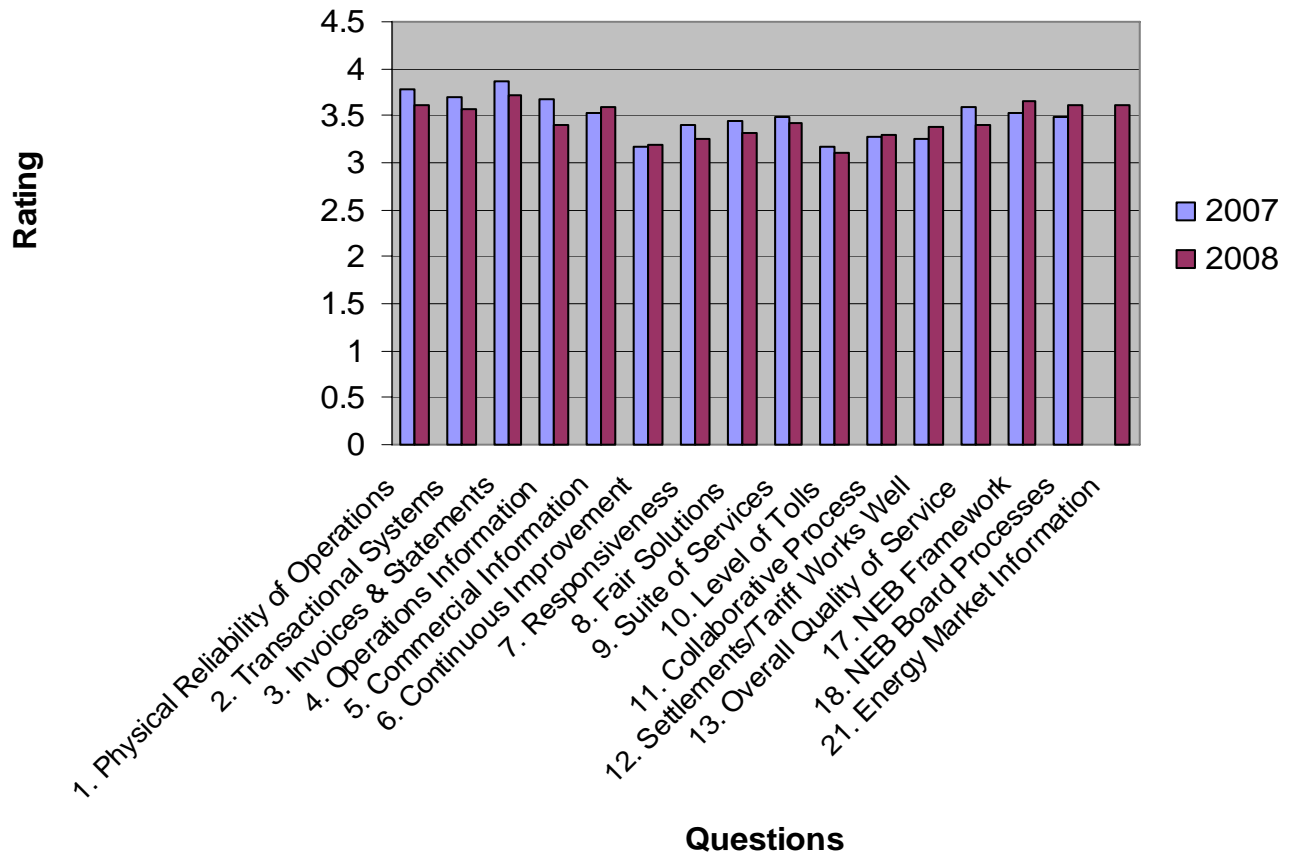
### **Survey Response**

<b>Company</b>	<b>Surveys Issued</b>	<b>Responses</b>	<b>Response Rate</b>
Alliance Pipeline	50	19	38%
Enbridge Pipelines	61	14	23%
Express Pipeline	27	8	30%
Foothills Pipe Lines	99	14	14%
TCPL Mainline	143	29	20%
Trans Mountain Pipe Line	16	6	38%
Cochin Pipe Lines	28	21	75%
Maritimes & Northeast	16	11	69%
Vector Pipeline	46	15	33%
Westcoast Transmission	89	30	34%
Westcoast Field Services	46	19	41%
<b>OVERALL</b>	<b>621</b>	<b>186</b>	<b>30%</b>

### **Comparison of Pipeline Services Aggregate Survey Results for 2007 and 2008**

A comparison of the survey results for 2007 and 2008 is shown on the chart below. For some of the questions, the decrease in satisfaction ranges from two percent (2%) to eight percent (8%). The largest decrease in satisfaction was found in question 4: "How satisfied are you with the timeliness and usefulness of *operations* information?" There was an increase in satisfaction for several of the questions. The increase in satisfaction ranged from one percent (1%) to four percent (4%). The largest increase in satisfaction was found in question 12 "How satisfied are you that the current negotiated settlement agreement or tariff arrangements work well to provide fair outcomes?".

## Aggregate Results - Comparison of Satisfacton 2007 and 2008



### Aggregate Results on Pipelines Services for 2008

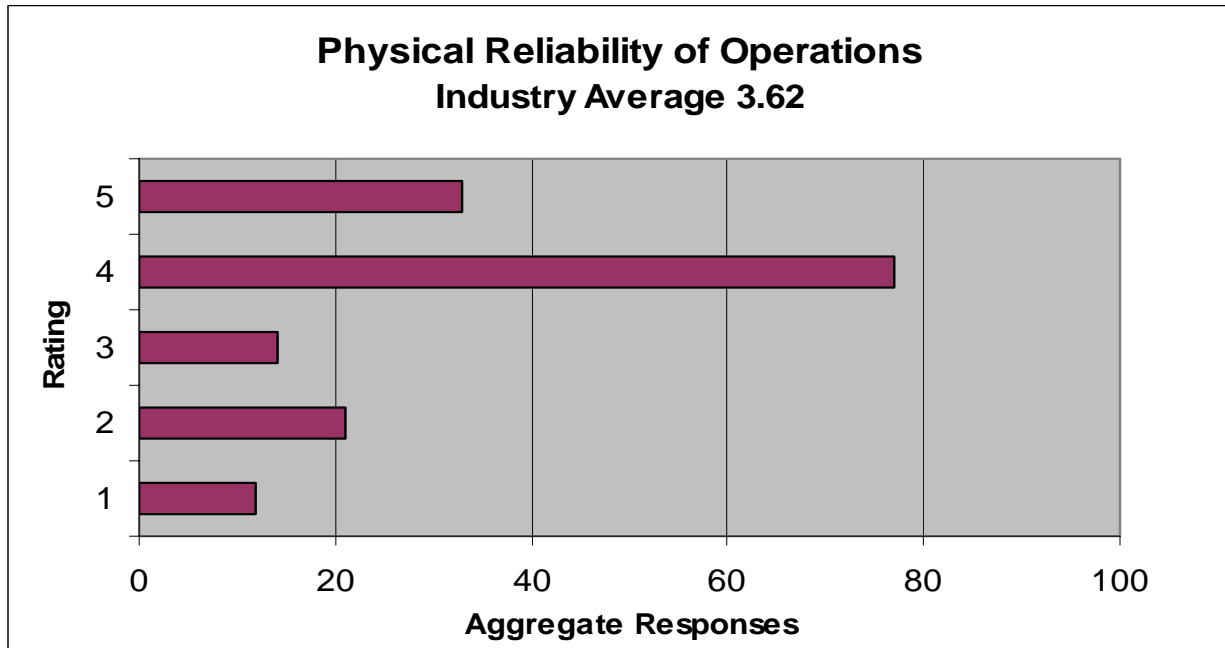
This section summarizes the aggregate results for each pipeline for each question in the survey related to pipeline services. As noted in previous years, in instances where the response rate was low for specific pipelines, care must be taken in interpreting the survey results.

For the majority of the questions on satisfaction with pipeline services 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”.

### Questions and Responses

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

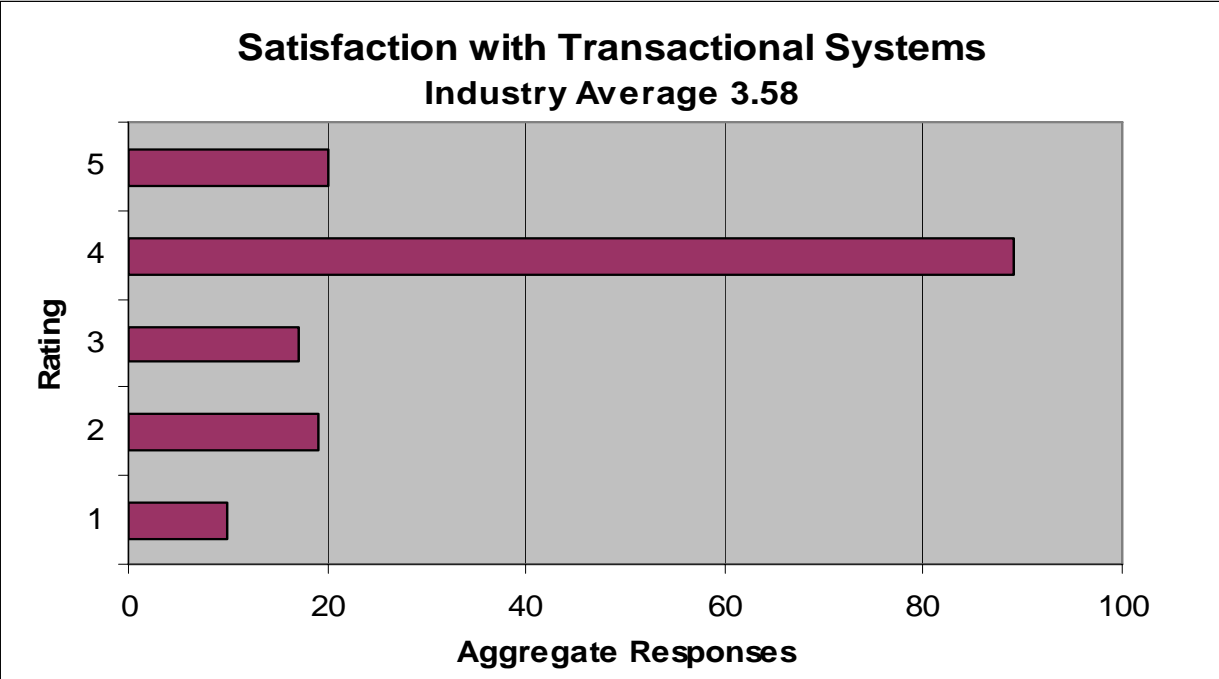
Satisfaction with the physical reliability of pipeline operations declined this year from 3.79 last year to 3.62 this year. This is the second year that satisfaction with pipeline reliability has declined. Seventy percent (70%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
12	21	14	77	33	3.62

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

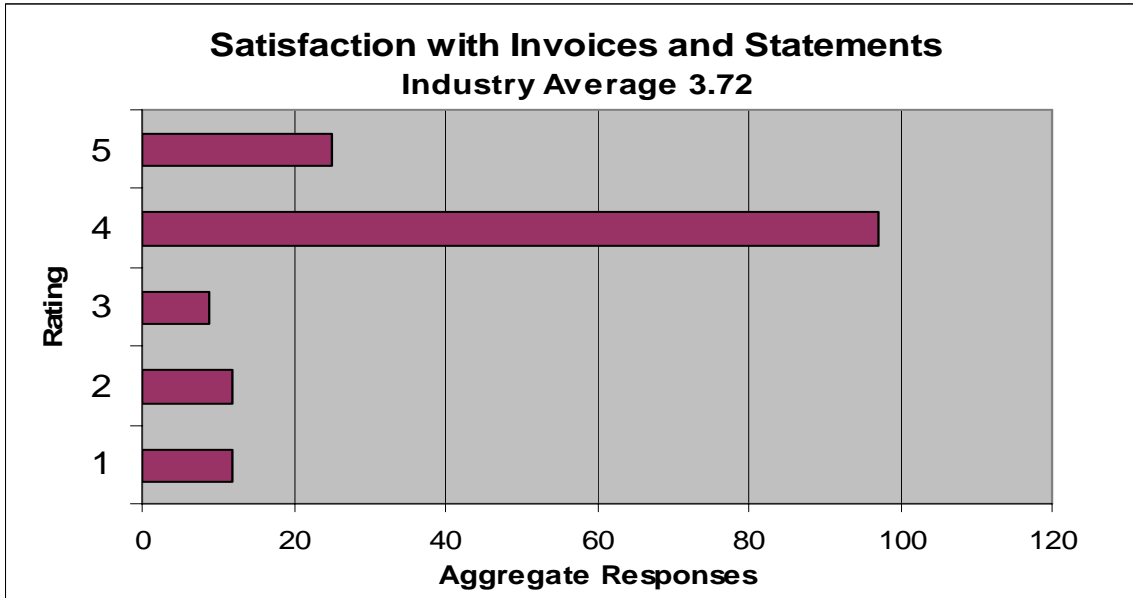
The satisfaction rating score for this question declined from last year. The rating dropped to 3.58 this year from 3.69 last year. Seventy percent (70%) of the shippers gave their pipelines a score of satisfied (4) or very satisfied (5). Some of the shippers noted that information was not necessarily passed on in a timely fashion and that systems could be quite slow.



1	2	3	4	5	Average
10	19	17	89	20	3.58

**3. How satisfied are you with the timeliness and accuracy of the pipeline company’s invoices and statements?**

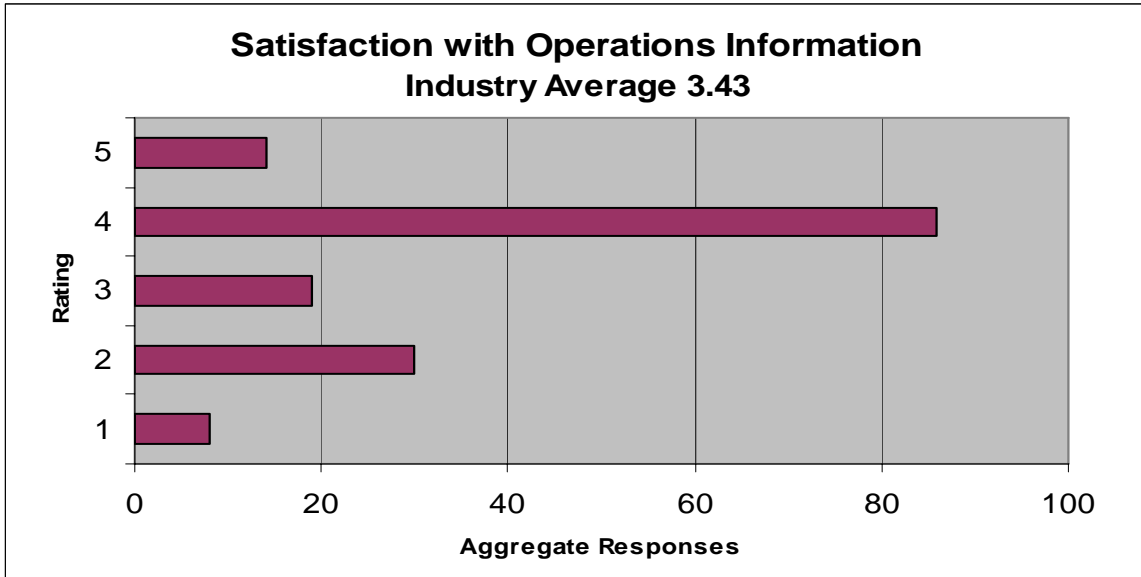
The satisfaction rating for this year declined from last year. The rating dropped from 3.87 last year to 3.72 this year. While shippers again this year generally found invoices and statements to be timely and accurate, some shippers on a few pipelines advised that they are often late and contain errors and can be difficult to interpret. Seventy-nine percent (79%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
12	12	9	97	25	3.72

**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?**

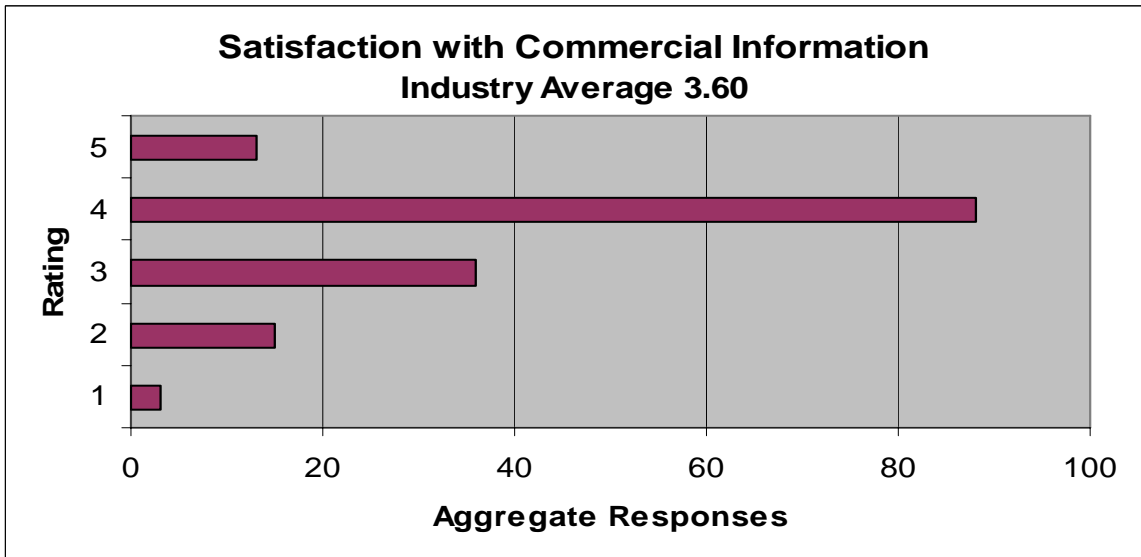
This question showed the largest drop in satisfaction. The rating declined from 3.68 last year to 3.43 this year. Several shippers indicated that outages, particularly critical outages, must be communicated in a more effective manner. Sixty-four percent (64%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
8	30	19	86	14	3.43

**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?**

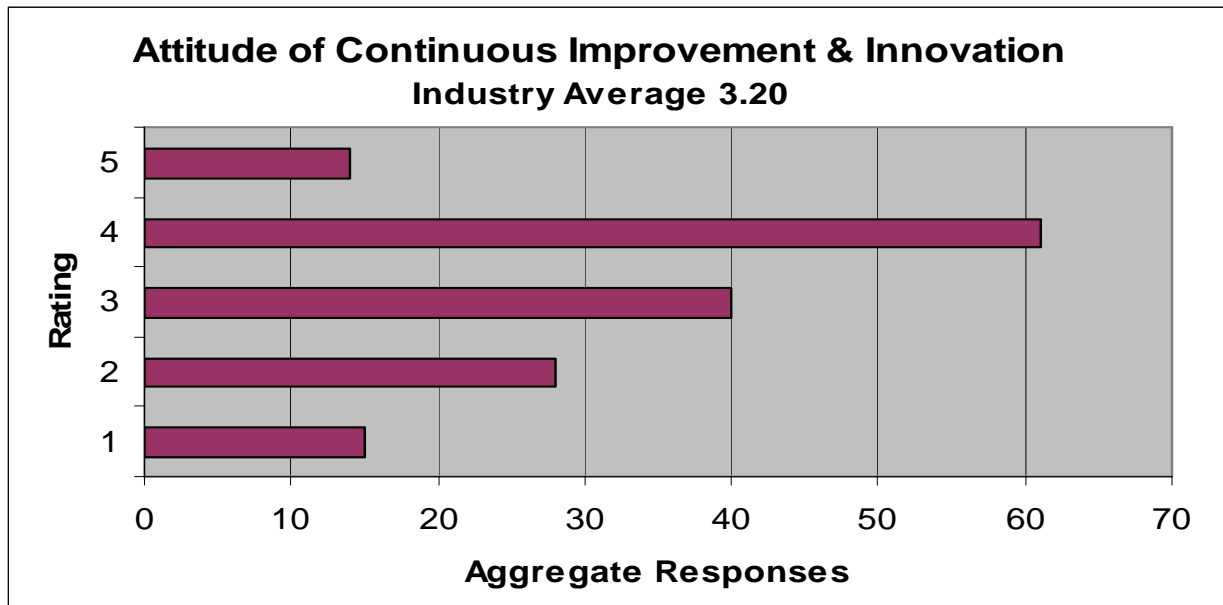
Shippers indicated an increase in satisfaction with the timeliness and usefulness of commercial information. The satisfaction rating increased from 3.53 last year to 3.60. Shippers for a number of pipelines did indicate that more notice would be appreciated when a large toll increase is expected. Sixty-five percent (65%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
3	15	36	88	13	3.60

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

Shippers indicated a marginal increase in satisfaction this year for this question. The rating increased to 3.20 this year from 3.17 last year. Shippers continue to note that more communication and consultation would be appreciated. Forty-seven percent (47%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).

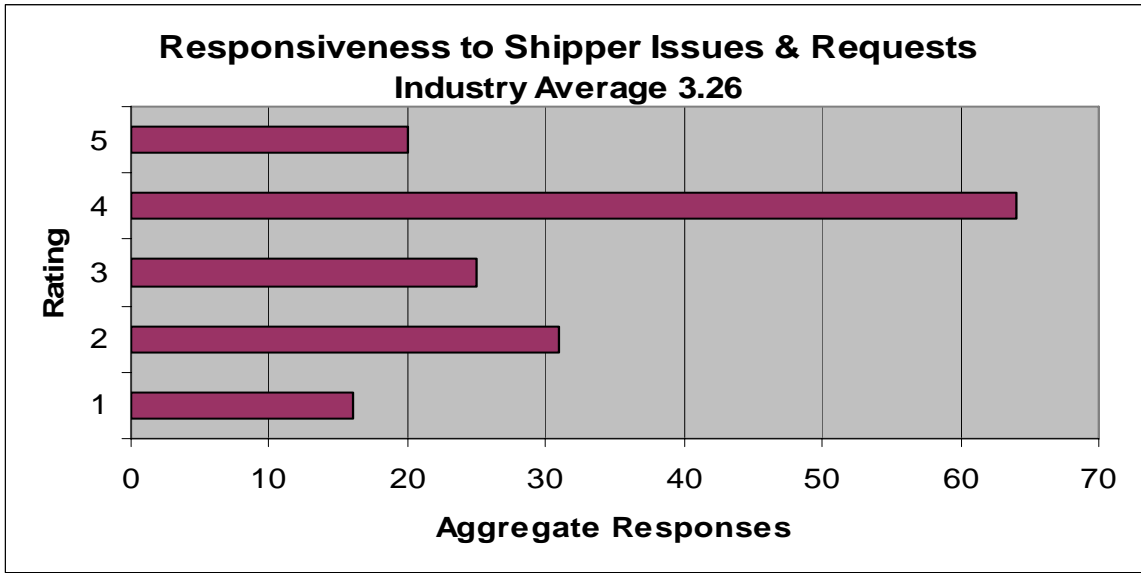


1	2	3	4	5	Average
15	28	10	61	14	3.20

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

Shippers indicated a decrease in satisfaction rating from 3.41 last year to 3.26 this year. It was noted for a number of pipelines that the time to respond to issues and requests can be somewhat slow and may in part be as a result of inexperienced staff or staff lacking authority to make decisions. Fifty-four percent (54%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).

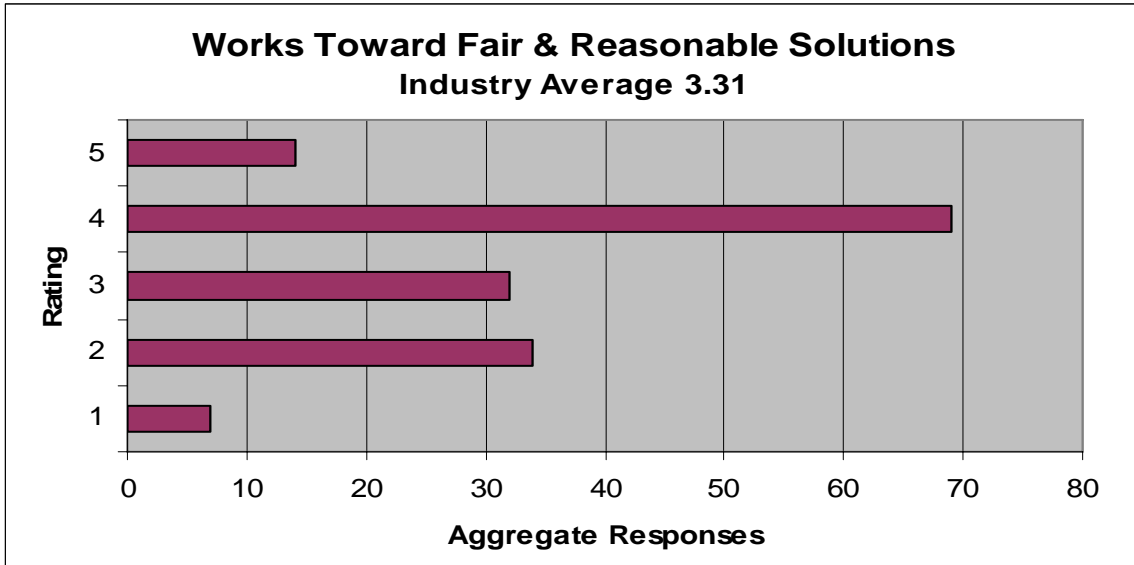




1	2	3	4	5	Average
16	31	25	64	20	3.26

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

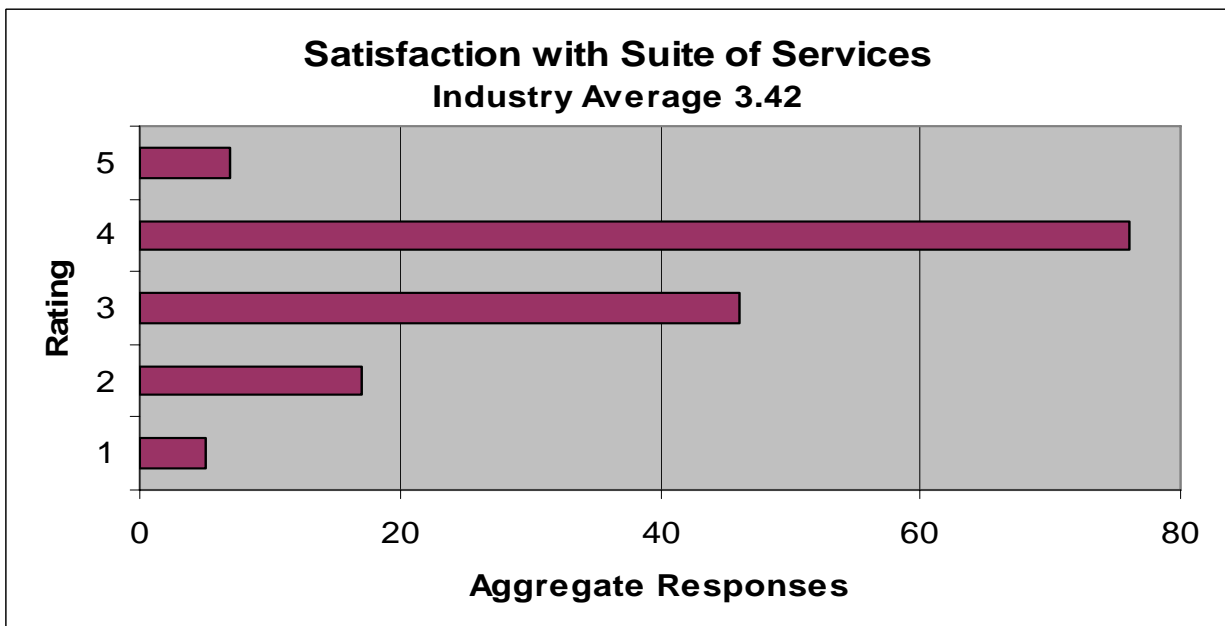
The satisfaction rating for this question decreased this year from last year. The rating declined from 3.44 last year to 3.31 this year. It was indicated for a number of pipelines that it appears that the interests of the pipeline and its shippers are put before the interests of the shippers. Fifty-three percent (53%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
7	34	32	69	14	3.31

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

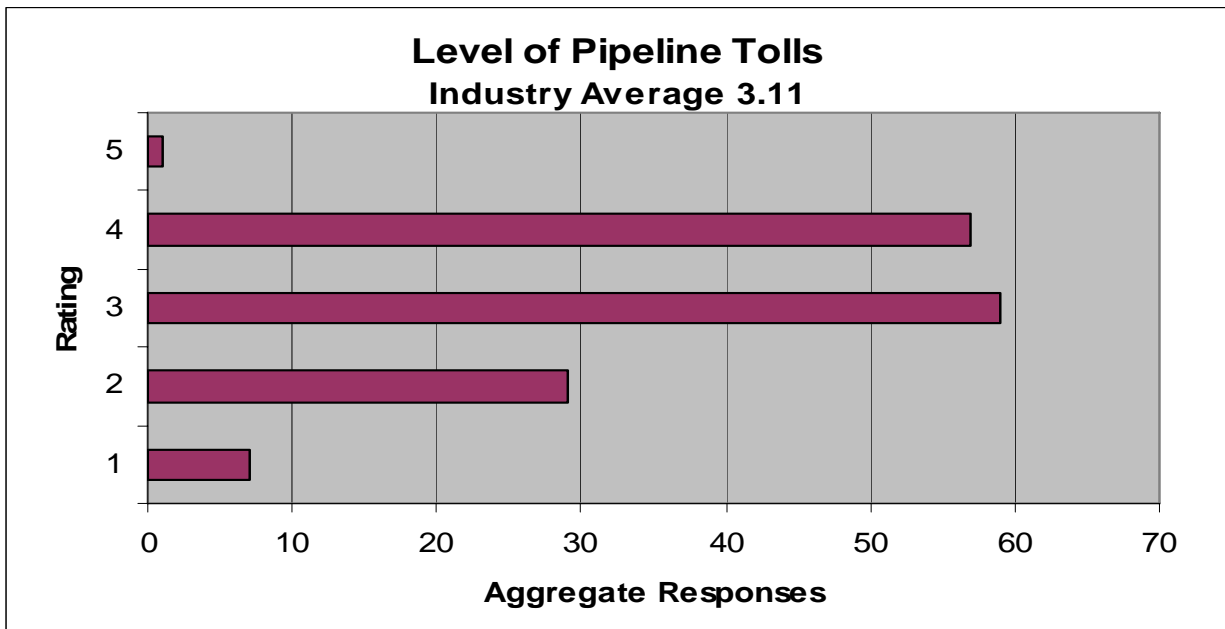
The satisfaction rating declined to 3.42 this year from 3.49 last year. Shippers indicated that the suite of services is very limited for some of the pipelines and that, as identified the last two years, for other pipelines, additional services such as a Park and Loan service could be added. Fifty-five percent (55%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
5	17	46	76	7	3.42

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

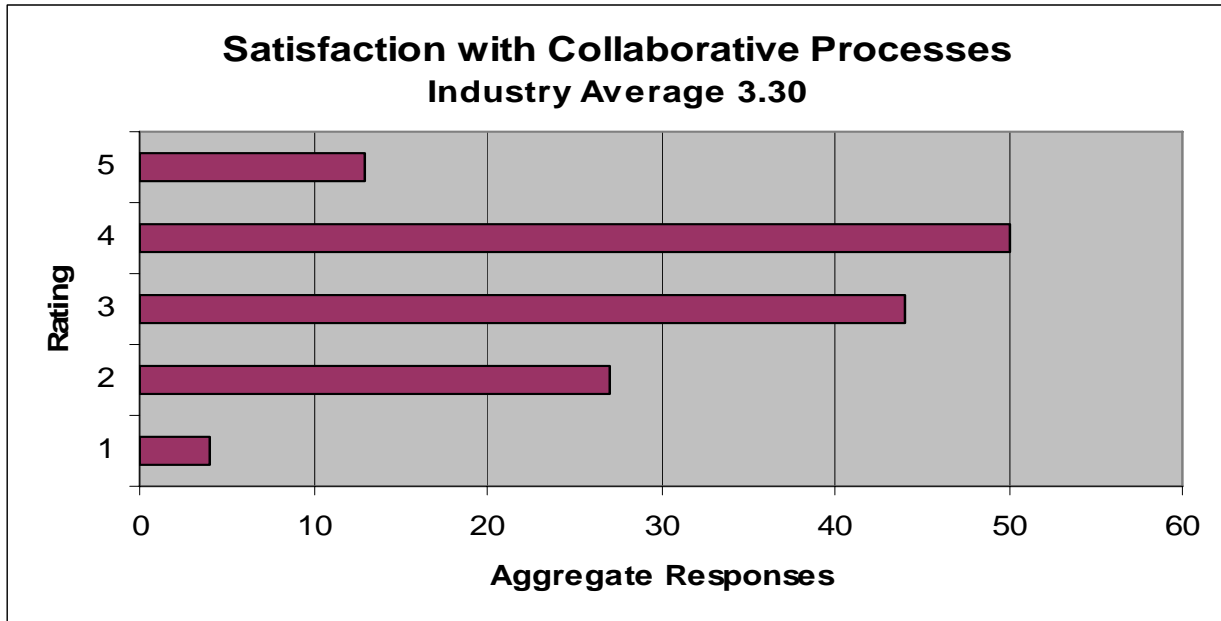
The satisfaction rating for the level of pipeline tolls in relation to transportation services received declined from 3.16 last year to 3.11 this year. There was a consensus by the shippers that tolls are high and expected to increase more. It was also noted that for some pipelines the level of service provided did not seem consistent with the high level of tolls. Thirty-eight percent (38%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
7	29	59	57	1	3.11

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

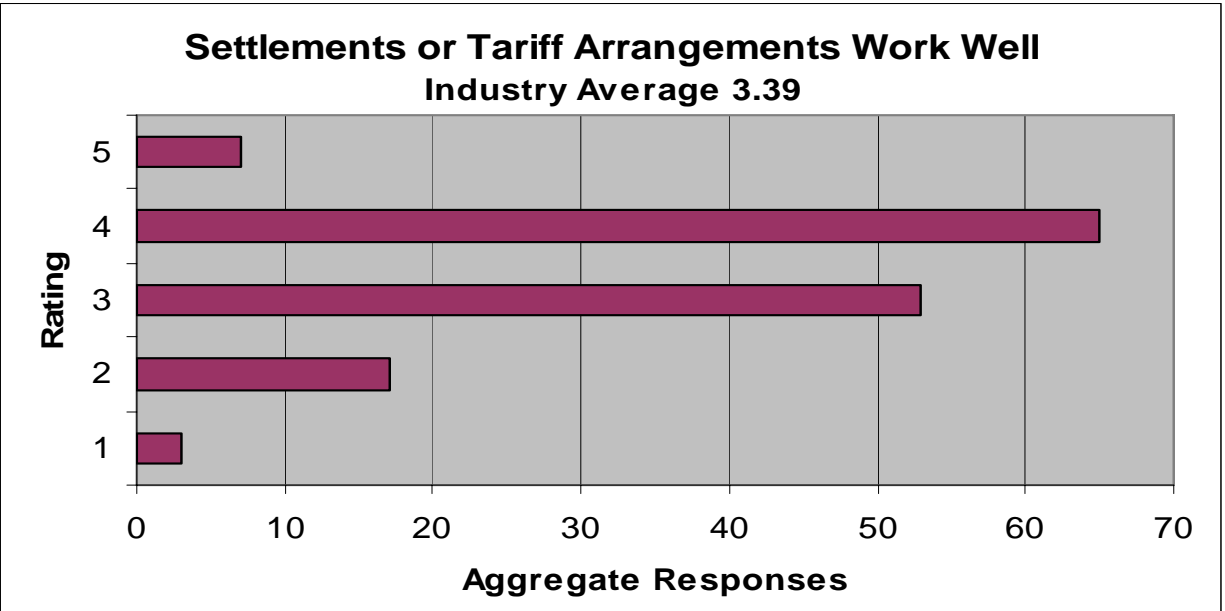
Shipper satisfaction for collaborative processes increased this year. The rating increased to 3.30 from 3.28 last year. Shippers again this year are of the view that task forces are a good forum and can be a very effective process, however, for some pipelines the materials are not provided in a timely manner and more time should be allowed to work on issues rather than assume an issue can be introduced and resolved in the same meeting. It was also noted that while task forces have reduced the extent of costly litigation there can be a cost in trade-offs because of the give and take involved. Forty-six percent (46%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
4	27	44	50	13	3.30

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

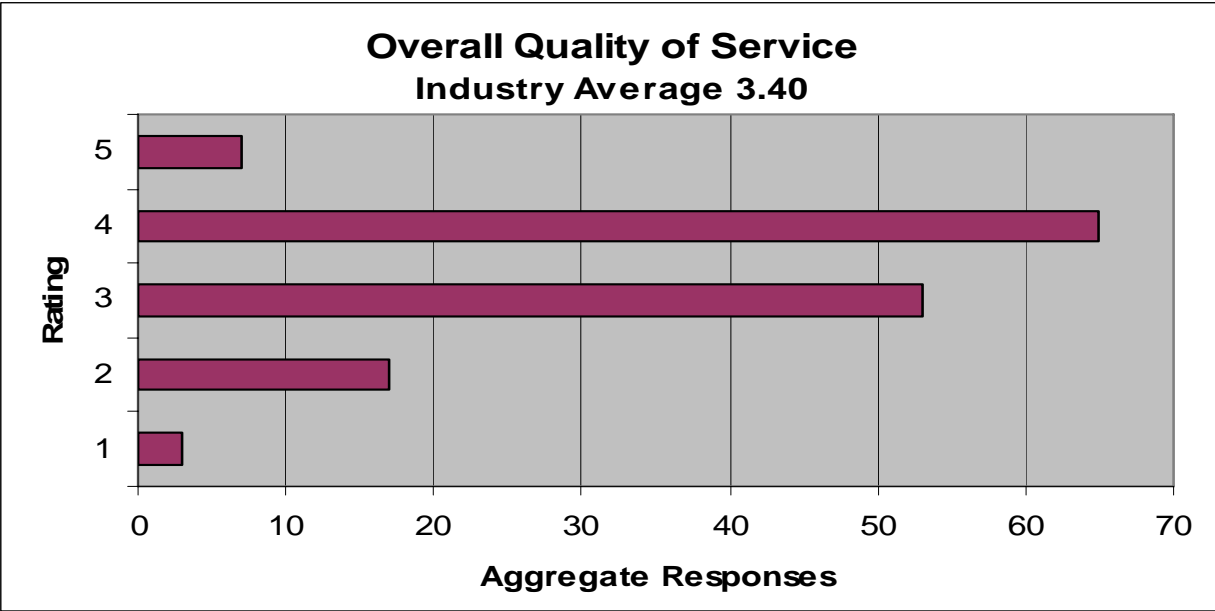
Shippers response to this question indicated a satisfactory rating of 3.39, an increase from last year's rating of 3.26. Shippers advise that negotiated settlements provide for regulatory efficiency. It was also noted there doesn't appear to be much incentive to change when there is very little risk of non-recovery of costs. Fifty percent (50%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
3	17	53	65	7	3.39

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

The satisfaction rating for overall quality of service has declined this year. The rating declined to 3.40 this year from 3.60 last year. Shippers advised that quality of service has declined, commitments were made but either not fulfilled or were late on delivery and that staff appear to be either not knowledgeable or do not have authority to make decisions. Sixty percent (60%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
10	29	27	80	16	3.40

**14. On an overall basis, has the pipeline company's quality of service in the last year:**

Rating	Response	%
Improved	19	12%
Remained the Same	110	69%
Decreased	31	19%
<b>Total</b>	<b>160</b>	<b>100%</b>

**15. What are the things that this pipeline company does well?**

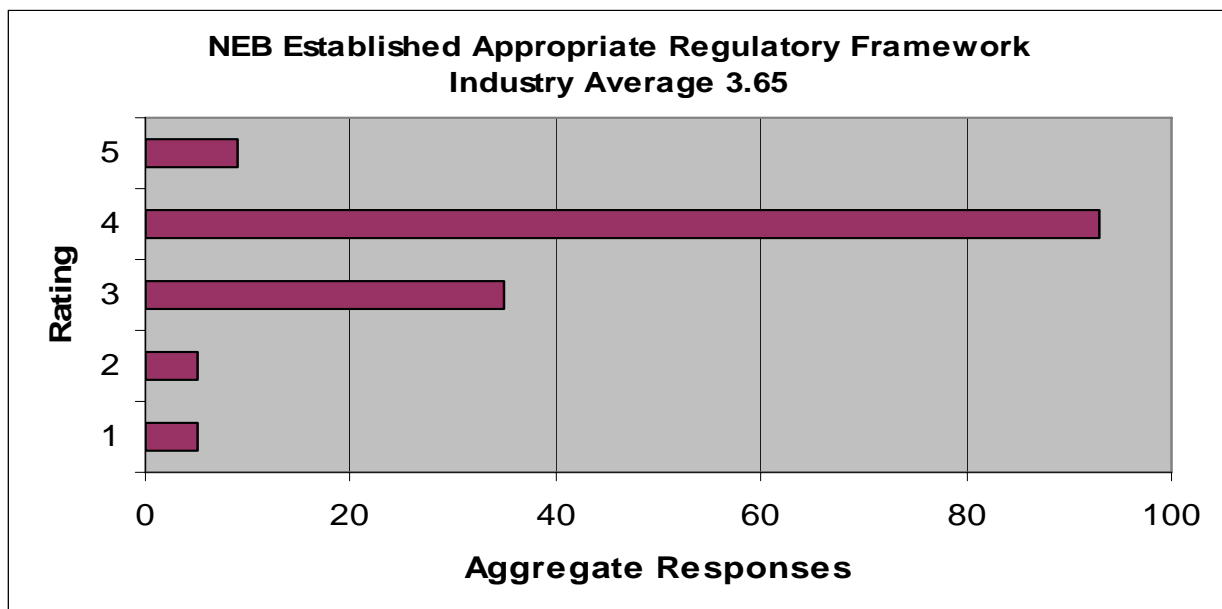
This question provided shippers with an opportunity to list the things that their particular pipeline is doing well. Some commonly mentioned areas include: reliable operations; good customer service, responsive to questions and issues; good communication; and information provided in a timely manner.

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

This question provided shippers with an opportunity to list the things that their particular pipeline could do better. Some commonly mentioned areas include: respond to issues in a more timely manner; improve reporting; build experience and create continuity in key roles; and improve the collaborative process to deal with upcoming issues.

**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?**

The satisfaction rating for this question improved over last year. This year the rating increased to 3.65 from 3.53 last year. Sample comments included: the process, though not perfect, works; negotiated settlements give the free markets an opportunity to work, even though the process has not been perfect it has been an improvement from cost of service, where costs are just passed on; and pipelines always have more information than the shippers, which puts them at an advantage. Sixty-nine percent (69%) of the shippers gave the Board a rating of satisfied (4) or very satisfied (5).

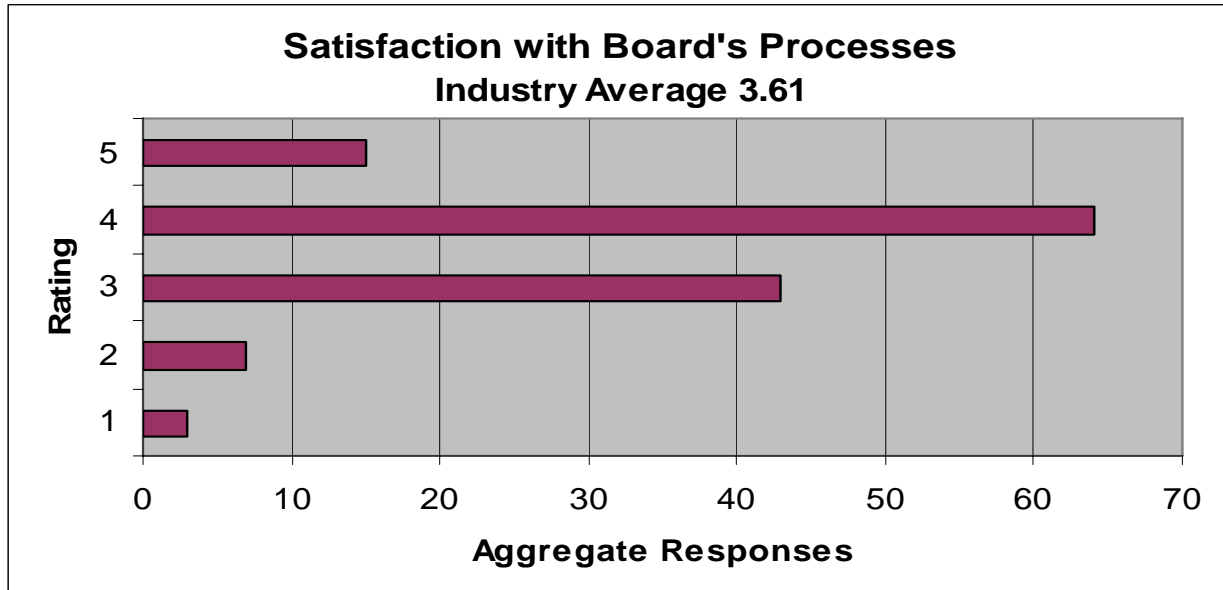


1	2	3	4	5	Average
5	5	35	93	9	3.65

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

Shipper satisfaction increased this year from last year. The rating increased from 3.49 last year to 3.61 this year. Some comments include: the process works well and allows shippers to bring matters in dispute to the regulator as needed; the process may be burdensome in terms of time, effort and money; the Board explains its decisions; and in the absence of on-going involvement by the Board,

there is a concern that the Board may take a cookie cutter approach to issues that may not necessarily be in the best interests of the pipeline and its shippers. Sixty percent (60%) of the shippers gave the Board a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
3	7	43	64	15	3.61

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

A variety of comments were provided for this question. Some comments and suggestions for the Board include: developing a better understanding of issues and the impact of decisions on the marketplace; being more collaborative with stakeholders when there are disputes or toll hearings; doing more analysis on risk/reward and cost causation; ensuring there is no cross-subsidization between tolling components, (tankage, terminalling and transmission); insisting on more transparency; and be a more active participant in negotiation discussions.

**20. Overall Quality of Service (Importance Rating)**

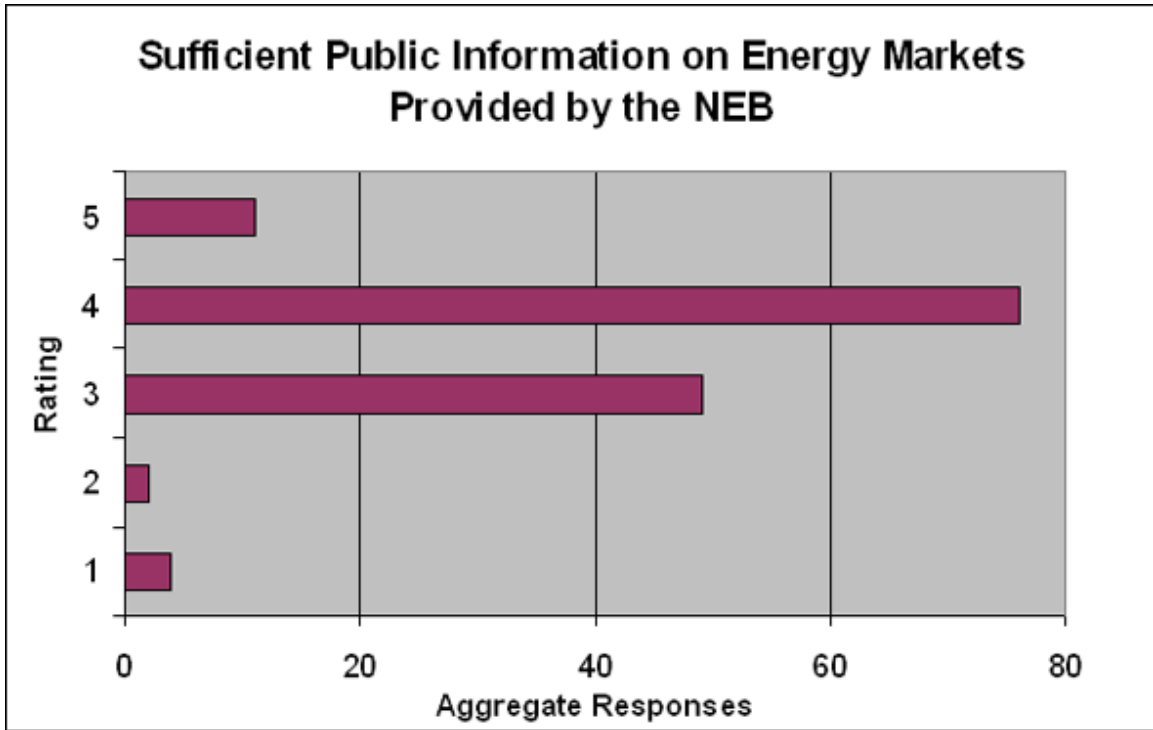
Shippers were requested to rate, from 1 (least important) to 5 (most important) the level of importance of the survey questions to their organizations.



<b>Importance</b>	<b>Service</b>	<b>% Shippers Rating of 4 or 5</b>	<b>Rating</b>
<b>1</b>	Physical Reliability	98%	4.87
<b>2</b>	Operations Information	90%	4.41
<b>3</b>	Accessibility and Responsiveness	92%	4.37
<b>4</b>	Transactional Systems	85%	4.31
<b>5</b>	Fair Solutions	89%	4.23
<b>6</b>	Invoices & Statements	77%	4.06
<b>7</b>	Level of Tolls	76%	4.00
<b>8</b>	Commercial Information	74%	3.91
<b>9</b>	Continuous Improvement	72%	3.90
<b>10</b>	NEB Processes	58%	3.72
<b>11</b>	NEB Framework	57%	3.68
<b>12</b>	Settlement works well	59%	3.69
<b>13</b>	Collaborative Processes	52%	3.55
<b>14</b>	Suite of Services	52%	3.53

**21. How satisfied are you with the public information provided by the NEB on energy markets?**

This was a new question posed by the Board this year. Some of the comments provided included the Land Matters Consultation Initiative being very timely; information and studies are extremely useful but the frequency of such publications should be increased. It was also suggested that potential market ramifications should be explored in depth in its own section of any report as well as incorporated into the “Conclusions” section; and that Energy Overviews should be produced annually, at a minimum, to keep pace with the dynamism of the market. Sixty-one percent (61%) of the shippers gave the Board a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
4	2	49	76	11	3.62

**Conclusions**

**Feedback on Pipeline Services**

For the fourth year in a row, although the ratings were somewhat lower than in previous years, the results of this survey indicate that shippers appear reasonably satisfied overall with the services provided by pipeline companies. The slight decrease in some of the survey scores does indicate that there are a few areas where pipeline companies have the opportunity to improve their level of service to shippers.

The three areas with the highest scores in this year's survey were:

- Timeliness and accuracy of invoices and statements
- Physical reliability of pipeline operations
- Timeliness and usefulness of commercial information;

and

The three areas with the lowest scores in this year's survey were:

- Reducing the level of tolls in relation to transportation and midstream services received
- Exhibiting an attitude of continuous improvement and innovation
- Being more accessible and responsive to shippers issues and requests.

### ***Feedback on the Board***

The 2008 survey indicated that shipper satisfaction with the Board has increased over last year. Approximately seventy percent (70%) of shippers indicated that they are either satisfied or very satisfied with the Board's performance creating an appropriate regulatory framework; and sixty percent (60%) of shippers indicated that they are either satisfied or very satisfied with the Board's processes to resolve disputes. Two areas for improvement noted by shippers were for the Board to be more collaborative with its stakeholders and, as noted last year, to provide effective regulatory processes that are more accessible to stakeholders and yield more timely decisions. Both of these areas are addressed in Goal 3 of the Board's 2008-2011 Strategic Plan.

With respect to the new question in the survey, the Board notes that a majority of shippers are satisfied with the public information provided by the NEB on energy markets.