



## Pipeline Services Survey Results May 2006

### 1. Introduction

The Board's Goal 3, as stated in its 2006-2009 Strategic Plan, is: "Canadians benefit from efficient energy infrastructure and markets". One of the high level measures supporting this goal is: "Evidence that Canadian energy and transportation markets are working well."

To help determine whether Canadian transportation markets are working well, the Board conducted its second Pipeline Services Survey in 2006 as a means to obtain direct feedback from the shippers of major NEB-regulated pipeline companies on the level of service provided by those pipelines. The survey is also used to obtain feedback from shippers on the Board's performance in implementing its regulatory role with respect to tolls and tariffs.

For this year's survey, the Board used a web-based survey tool, called Zoomerang, 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, a link to the Zoomerang surveys was sent to each one. The companies were given the discretion to determine which shippers are active on their systems.

The table below summarizes the number of surveys sent out, the number of completed surveys returned to the Board and the response rates. The overall response rate of 33.5% was much improved over last year's rate of 23%. The Board attributes this to the use of Zoomerang and the ability to follow up directly with shippers. As noted last year, in instances where the rate was low for specific pipelines, particular care must be taken in interpreting the results.

In the case of the TransCanada Mainline, Foothills and the B.C. System, the survey was sent only to those shippers who gave TransCanada permission to give their e-mail address to the Board.

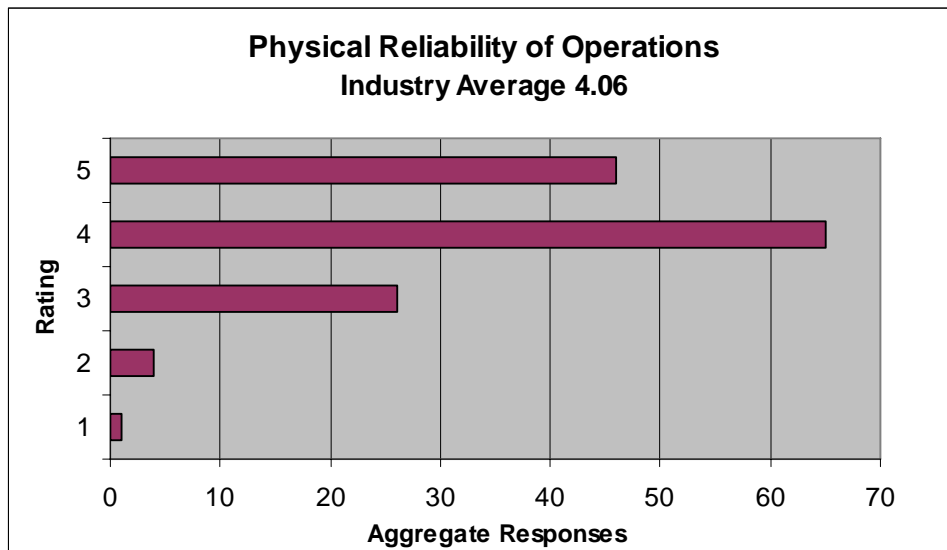
Company	Surveys Issued	Completed Surveys	Response Rate
Alliance Pipeline	36	15	41.7%
Enbridge Pipelines	46	13	28.3%
Express Pipeline	20	6	30.0%
Foothills Pipe Lines	17	4	23.5%
Maritimes & Northeast Pipeline	14	7	50.0%
TransCanada Mainline	75	28	37.3%
TransCanada B.C. System	20	6	30.0%
Trans Mountain Pipe Line	14	4	28.6%
Vector Pipeline	30	9	30.0%
Westcoast Field Services	51	18	35.3%
Westcoast Transmission	104	33	31.7%
<b>OVERALL</b>	<b>427</b>	<b>143</b>	<b>33.5%</b>

## 2. Aggregate Results – Feedback on Pipelines

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

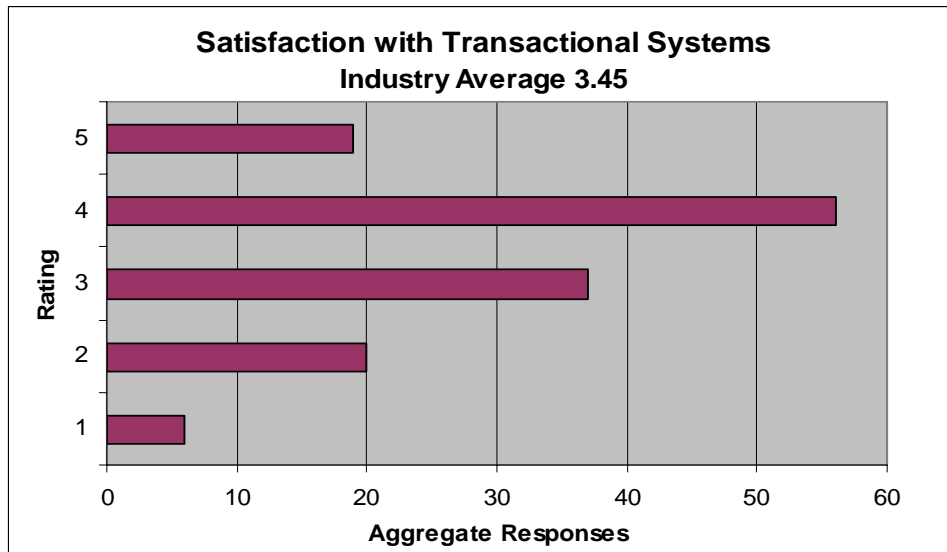
**How satisfied are you with the physical reliability of the pipeline company’s operations?**



Similar to last year, the average score for satisfaction with physical reliability of pipeline operations rated the highest of all the questions. Seventy-eight percent (78%) of shippers gave their pipelines a rating of satisfied (4) or very satisfied (5). Physical reliability also received the highest rating in terms of importance with a score of 4.90 out of 5. Shippers on several different companies noted that their pipeline provides reliable service.

**Question #2**

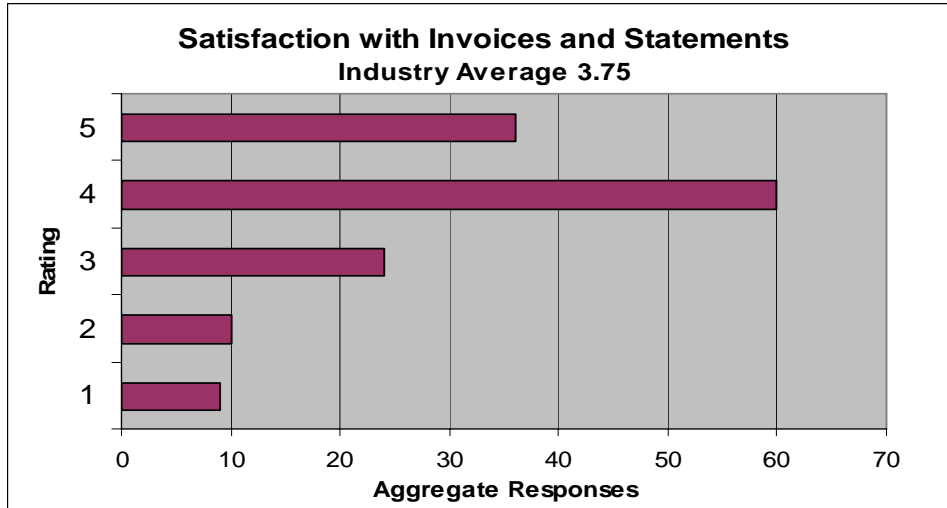
**How satisfied are you with the quality, flexibility and reliability of the pipeline company's transactional systems (nominations, bulletin boards, reporting, contracting, etc)?**



Fifty-four percent (54%) of shippers gave their pipeline a score of satisfied (4) or very satisfied (5) on this question. Compared to the 2005 survey results, the rating on this area decreased from 3.69 to 3.45. Some areas for improvement noted by shippers would be to automate and upgrade certain systems and processes and to make transactional systems more user-friendly.

**Question #3**

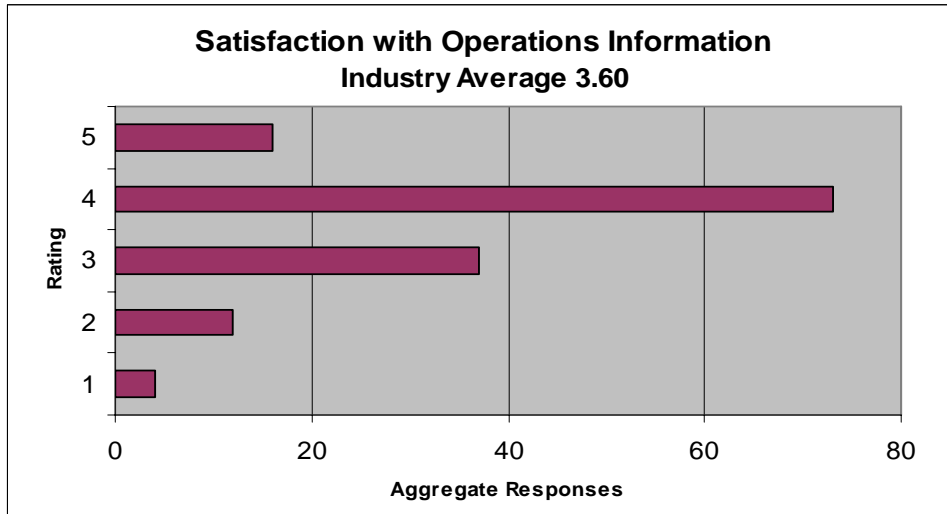
**How satisfied are you with the timeliness and accuracy of the pipeline company's invoices and statements?**



For the second year in a row, the pipeline companies achieved their second highest average score on this question. Sixty-nine percent (69%) of shippers gave a score of either '4' or '5'. Some areas of concern were invoices and statements that come out too late, require several revisions, and are too complicated.

**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?**

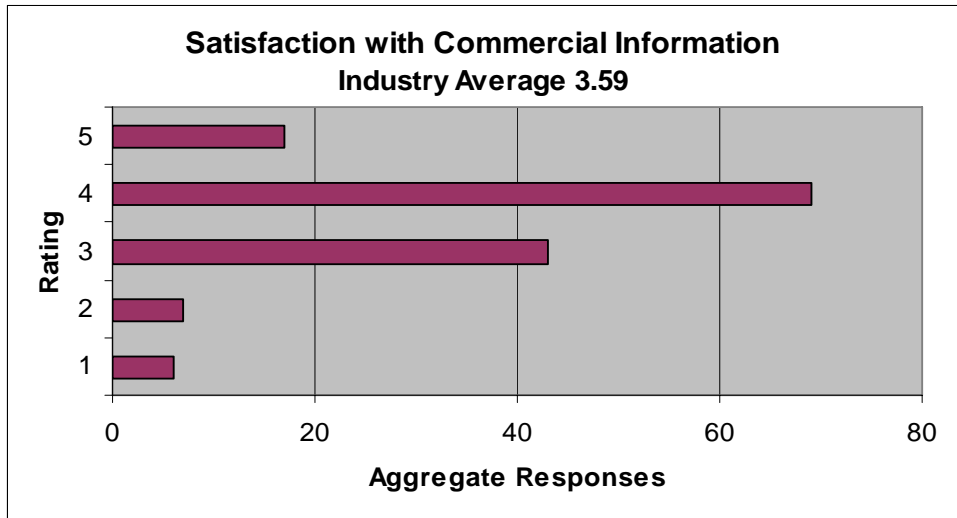


Sixty-three percent (63%) of shippers gave a satisfaction rating of '4' or '5' on the timeliness and usefulness of operations information. This area also rated third highest in terms of importance with a score of 4.54 out of 5. Shippers generally found the provision

of operations information to be good but a few mentioned that they would like more timely notification of planned outages.

**Question #5**

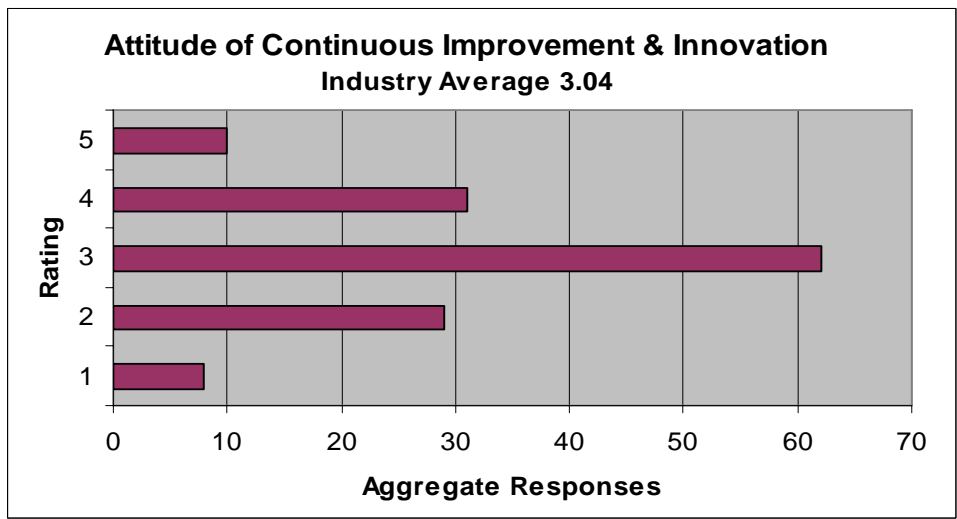
**How satisfied are you with the timeliness and usefulness of commercial information (tolls, service changes, new services, contract information, etc) provided by the pipeline company?**



Almost 61% of shippers gave a rating of either satisfied (4) or very satisfied (5). This year's rating of 3.59 was slightly lower than last year's rating of 3.66. Two areas noted for improvement would be to provide more accurate fuel ratios and more advance notice of toll changes.

**Question #6**

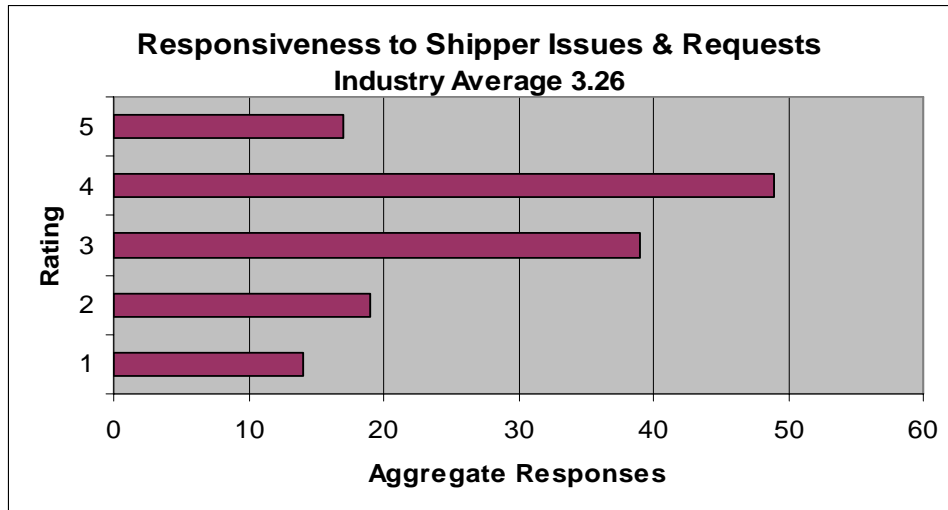
**How satisfied are you with the degree to which the pipeline company demonstrates an attitude of continuous improvement and innovation?**



As in 2005, the industry average score on this question was the second lowest overall. Only 29% of shippers gave a score of '4' or '5', while 26% gave a rating of '2' (dissatisfied) or '1' (very dissatisfied). Some comments from shippers were that the pipeline companies are not proactive to make changes unless they will benefit and the companies do not consider customer input regarding changes.

**Question #7**

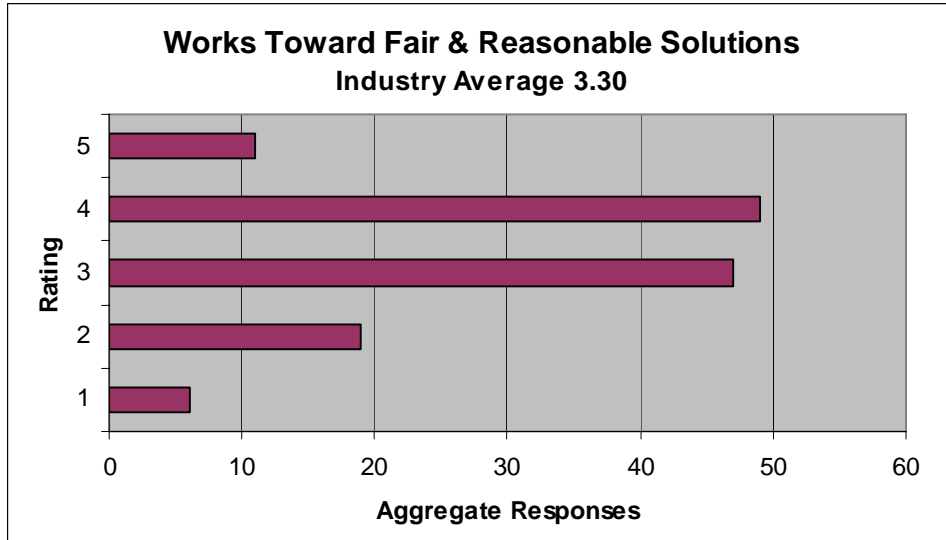
**How satisfied are you with the accessibility and responsiveness of the pipeline company to shipper issues and requests?**



On this question, the industry average score dropped from 3.46 in the 2005 survey to 3.26 this year. Only 48% of shippers gave their pipelines a rating of '4' or '5'. As in last year's survey, shippers on several pipelines noted that the response time to their issues and requests was slow.

**Question #8**

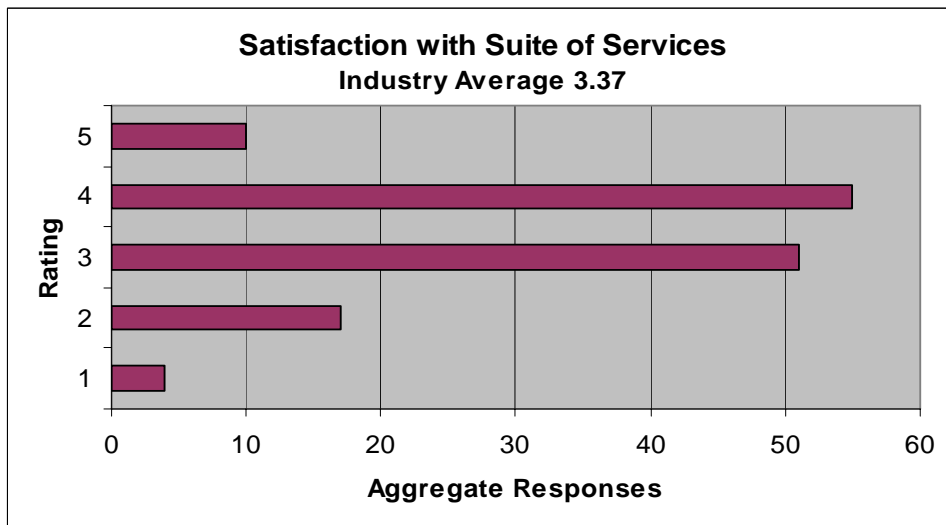
**How satisfied are you that the pipeline company works towards fair and reasonable solutions when resolving issues?**



The industry average score on this question improved from 3.26 in last year's survey to 3.30. Almost 46% of shippers gave a rating of either satisfied or very satisfied. Shippers gave this area an importance rating of 4.49 out of 5.

**Question #9**

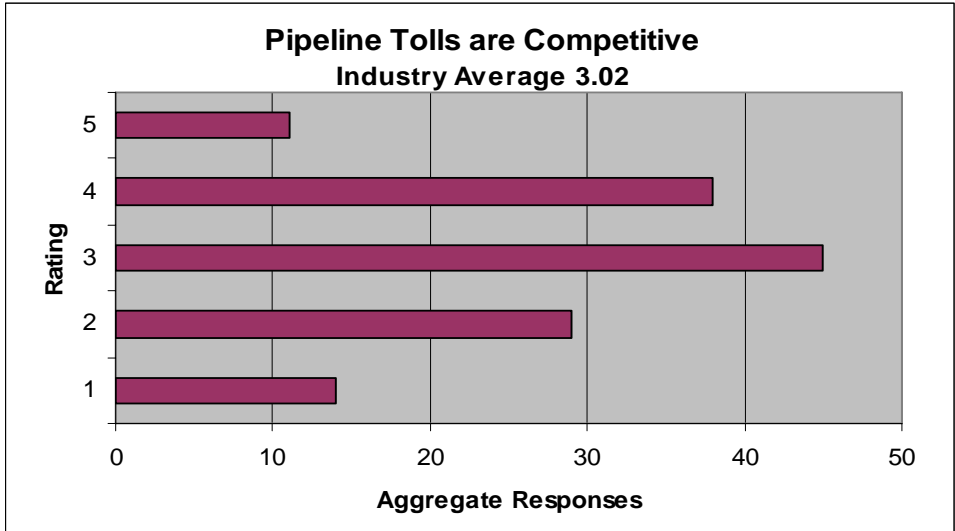
**How satisfied are you with the suite of services offered by the pipeline company?**



Compared to the previous survey, the score on this question dropped from 3.63 to 3.37. A few shippers mentioned that they would like more services that provide flexibility, such as a Park and Loan Service. This topic received the lowest score in terms of importance, with a rating of 3.84 out of 5.

**Question #10**

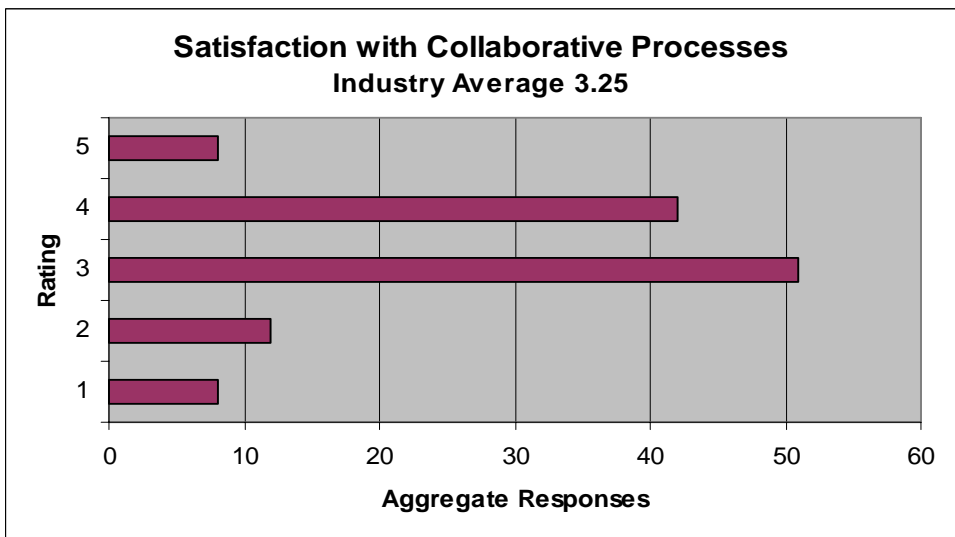
**How satisfied are you that this pipeline company's transportation tolls are competitive?**



As in the 2005 survey, this question yielded the lowest industry average score, dropping from 3.12 to 3.02. This topic also received the second-highest importance rating with a score of 4.57 out of 5. Some recurring comments were that better cost control is needed to bring tolls down, interruptible tolls are too high, and there is a lack of competitive options in the particular market area.

**Question #11**

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



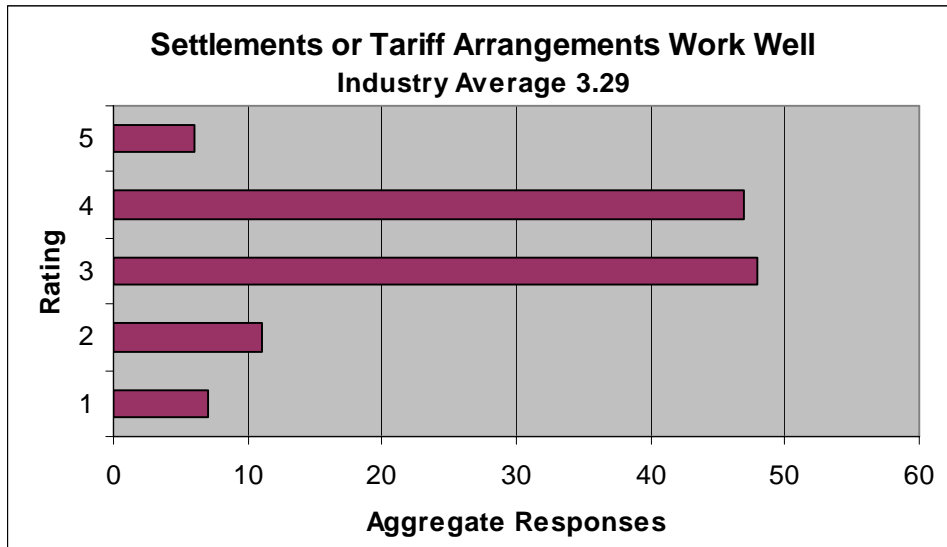


Satisfaction with collaborative processes received the third-lowest score of 3.25, down from 3.35 in the 2005 survey. Only 41% of shippers gave a rating of satisfied or very satisfied on this question. Some sample comments from shippers include:

- The pipe appears uninterested in a regular task force or collaborative process despite shipper requests for same;
- The terms of reference for the Tolls Task Force should be revisited and revalidated; and
- The collaborative process can be a slow process but it does allow all parties the opportunity to become engaged in an issue.

**Question #12**

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

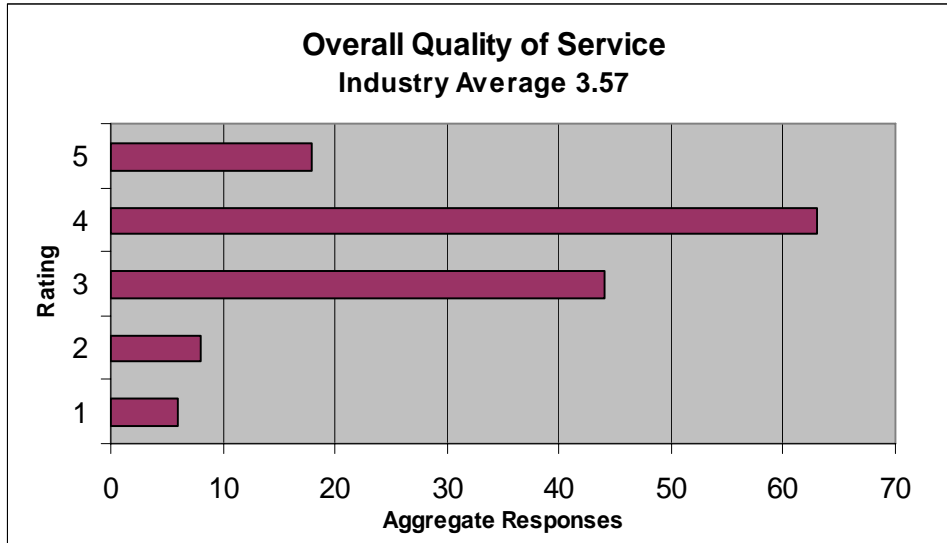


The industry average score on this question was down slightly from 3.38 in the 2005 survey. Approximately 45% of shippers indicated that they were either satisfied or very satisfied with their settlement agreement or tariff arrangements. Some notable comments include:

- Some incentive programs are really just payment for doing the right thing – this should be included in the pipeline’s base tolls; and
- The last settlement was a reasonably fair negotiation process and the outcome was somewhat painful to both sides as it probably should have been.

**Question #13**

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



As in the 2005 survey, shippers again seem reasonably satisfied overall with the services provided by pipeline companies. The industry average score was down slightly from the score of 3.78 in last year’s survey. Fifty-eight percent (58%) of the respondents gave their pipeline company a rating of satisfied or very satisfied on overall quality of service.

**Question #14**

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

Improved	19	13%
Remained the Same	110	78%
Decreased	13	9%
<b>Total</b>	<b>142</b>	<b>100%</b>

**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:

- Provides reliable service;
- Good communication;
- Service representatives are helpful; and
- Collaborative processes.

**Question #16**

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

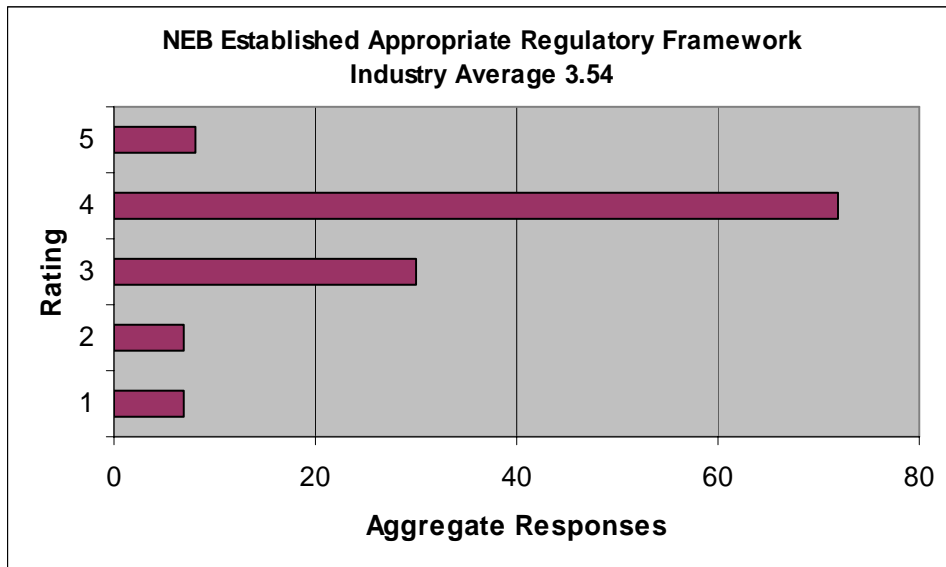
Shippers provided very pipeline-specific responses to this question. Some commonly mentioned areas include:

- Provide more services and flexibility;
- Be more proactive to deal with issues facing the market;
- Improve bulletin boards, online reports and web sites; and
- Better cost control and lower tolls.

**3. Feedback 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?**

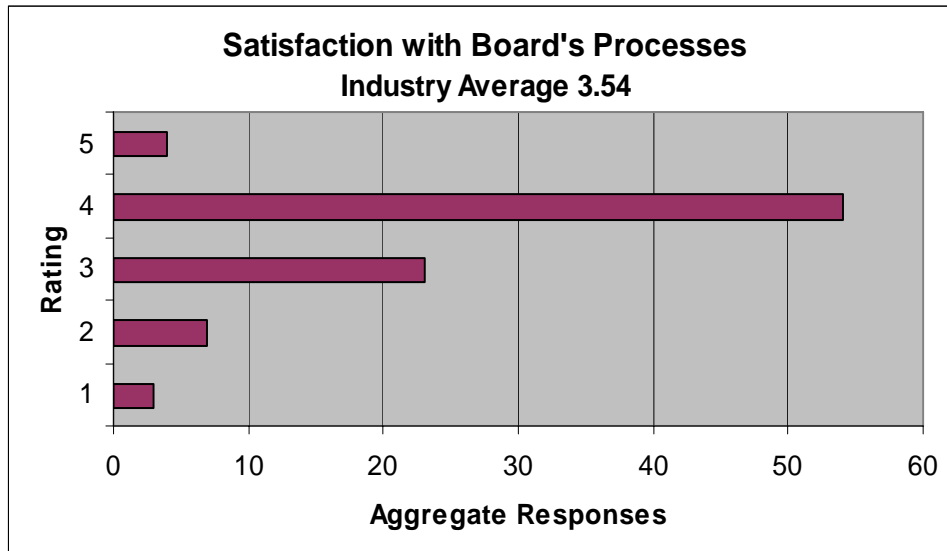


Almost 65% of shippers indicated that they were either satisfied or very satisfied that the NEB has established an appropriate regulatory framework in which negotiated toll settlements can be reached. The industry average score of 3.54 is down slightly from the average score of 3.58 in the previous survey. A few sample comments include:

- NEB appears to have adopted a ‘hands off’ approach in negotiated settlements resulting in lower awareness of local shipper issues than in the past; and
- We believe that the appropriate structure is in place for fair and constructive discussions to take place between the pipeline and its shippers on all matters.

### **Question #18**

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



Approximately 64% of shippers indicated that they were satisfied or very satisfied with the Board's processes to resolve disputes. The average score of 3.54 was a slight improvement over last year's score of 3.46. Some notable comments on this question include:

- The hearing process is long, arduous and expensive;
- Appreciate the NEB's efforts to resolve issues originating from the shipper community as well as from the pipeline utility;
- Written comments are always preferred because of costs involved for out of town participants if resolution is through an oral hearing;
- There is a perception on the part of many shippers that the NEB tends to favour the pipeline.

### **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:

- Continue the dialogue with customers directly; this survey is a great tool for that and the annual meetings that you hold with us are another useful tool;
- The NEB's current approach is very good; good regulatory oversight, encouraging of collaboration and not heavy-handed;
- Aggressively pursue cost reductions and efficiencies from its regulated entities; shorten the process and further encourage multi-year settlements;

- Understand what’s happening in the marketplace and the challenges that shippers are facing; there have been attempts over the past year for this to occur; this needs to continue and possibly be expanded;
- Take a more active role in ratemaking; and
- Streamline the process, reduce the paperwork required, and rely more on electronic documentation.

**Question #20**

**Rating Importance**

For each of the questions, shippers were asked to rate the level of importance to their organization, where 1 = Not important and 5 = Very important. Below are the ratings out of a score of 5.

	<b>Importance Rating</b>
Physical reliability of pipeline operations	4.90
Transportation tolls are competitive	4.57
Timeliness and usefulness of operations information	4.54
Works towards fair and reasonable solutions	4.49
Satisfaction with transactional systems	4.38
Accessibility and responsiveness to issues and requests	4.36
Timeliness and accuracy of invoices and statements	4.28
NEB processes to resolve disputes	4.28
NEB regulatory framework	4.24
Settlement or tariff arrangements work well	4.22
Collaborative processes	4.17
Attitude of continuous improvement and innovation	4.07
Timeliness and usefulness of commercial information	4.06
Suite of services	3.84

**4. Conclusions**

*Feedback on Pipeline Services*

While the industry average scores on several questions did decrease from those in last year’s survey, shippers still appear reasonably satisfied overall with the services provided by pipeline companies. A slight improvement was noted in the area of working towards fair and reasonable solutions when resolving issues.

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

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

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

- Make tolls more competitive;
- Exhibit an attitude of continuous improvement and innovation; and
- Utilization of collaborative processes, such as toll negotiations and task force meetings.

The Board believes that this survey is 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. The Board does not intend to take any direct regulatory actions as a result of these surveys, but anticipates that they will serve as a useful tool for identifying areas for improvement.

#### *Feedback on the Board*

This survey indicated that approximately 65% of shippers are either satisfied or very satisfied with the Board's performance in creating an appropriate regulatory framework and with the Board's processes to resolve disputes. While this was a slight improvement over the previous survey, shippers did identify areas where the Board could improve its processes and performance.

Two areas of note are for the Board to streamline its processes and to actively engage stakeholders so that it better understands the market context in which it makes decisions. The Board has identified these areas in its 2006-2009 Strategic Plan and continues to work towards the objective that its regulatory processes are efficient, seamless and responsive to all stakeholders. The Board intends to follow up on this survey by meeting with pipelines and shippers over the next few months to discuss the results of the survey, including feedback on the Board.