National Energy Board | Office national de l'énergie

Pipeline Services Survey Results
May 2011

Introduction

The Board's Goal 3, as stated in its 2010-2013 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 sixth Pipeline Services Survey (Shippers Survey or Survey) in 2011. The Survey obtained direct feedback from the shippers of larger 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 processes with respect to tolls and tariffs.

The information provided by shippers is taken seriously and, where appropriate, acted upon. For example, the Board initiates and conducts focused audits of pipeline companies based on feedback received on Surveys.

This year, the Board reduced the frequency of the Survey. In response to comments from shippers, the Board decided to move from an annual survey to administering the Survey every other year commencing in 2011 (no survey in 2010). Additionally, the Board reduced the number of questions and clarified others. The Board also decided to include Group 2 companies having at least four active shippers.

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 complete one response which reflects their company's corporate views on the services provided by the pipeline being surveyed and on the Board's processes.

The 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 in the Survey as well as a five-year comparison of the aggregate results 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 asked to provide the Board with the names of those shippers active on their systems. The Board then sent each one of those shippers the Survey.

The Survey was sent to 217 more shippers this year than in 2009 due to the inclusion of two additional Group 1 companies (Nova Gas Transmission Ltd. and TransCanada Keystone Pipeline ULC) and the additional Group 2 companies. In order to preserve the anonymity of shippers completing the survey, only the survey results for those pipeline companies having at least 4 shippers are included in this report.

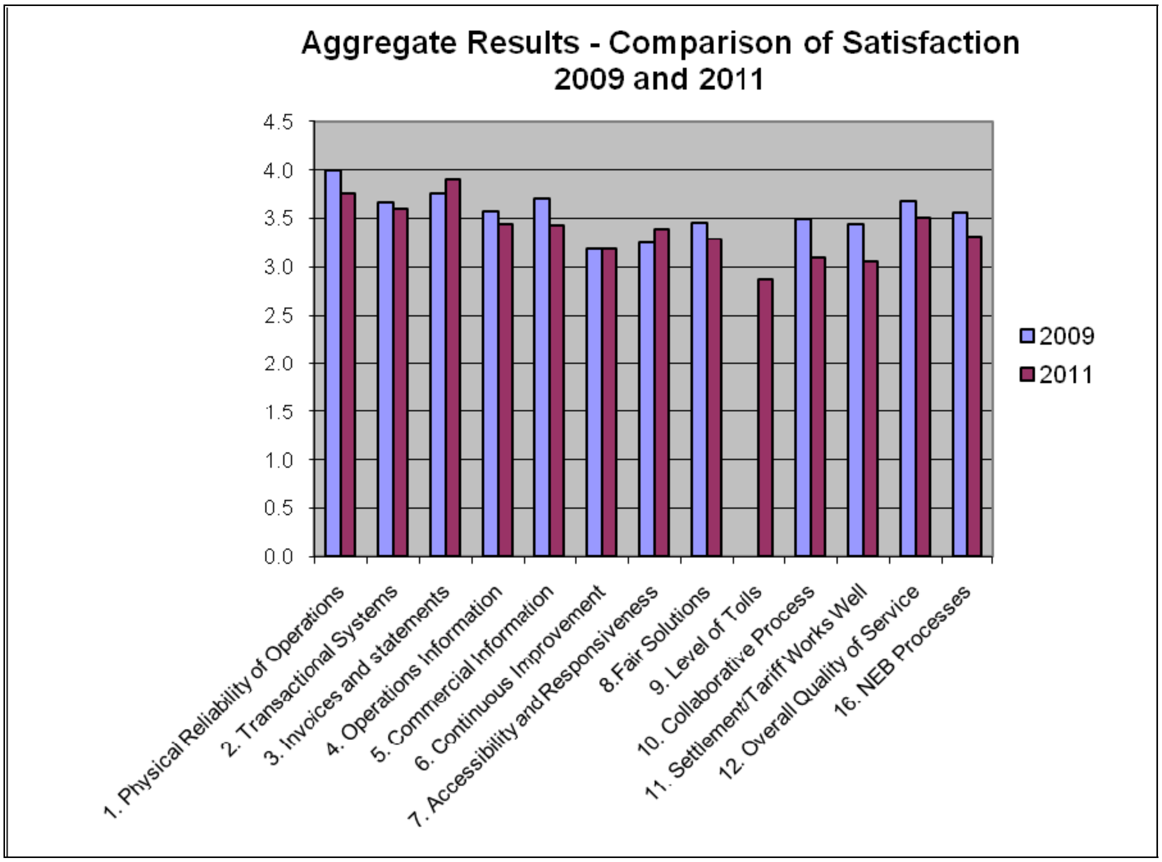
The overall response rate decreased to twenty-three per cent (23%), down from the 2009 rate of thirty-eight per cent (38%).

Survey Response

Company	Surveys Issued	Responses	Response Rate
Westcoast Mainline	68	21	31%
Westcoast Field Services	39	12	31%
TransMountain	15	5	33%
Vector	49	6	12%
TransCanada	50	12	24%
M & NP	10	2	20%
Kinder Morgan	25	5	20%
Foothills	43	9	21%
Express	18	5	28%
Enbridge	70	18	26%
NGTL-Alberta System	133	19	14%
Plains	14	6	43%
Enbridge Westspur	32	11	34%
Altagas	14	2	14%
Alliance	51	9	18%
Total	**631**	**142**	**23%**

Comparison of Pipeline Services Aggregate Survey Results for 2009 and 2011

Overall, satisfaction with the pipeline services has decreased since the last survey. The decrease in satisfaction ranges from less than one per cent (0.31%) to eleven per cent (11%). The largest decrease in satisfaction was found in question 11: “How satisfied are you that the current negotiated settlement agreement or tariff arrangements work well to provide fair outcomes?” Two questions indicated an increase in satisfaction of about four per cent (4%) each. The increases were on the questions regarding satisfaction with the timeliness and accuracy of invoices and statements and the responsiveness of pipeline companies to shipper issues and requests (questions 3 and 7).



Aggregate Results on Pipelines Services for 2011

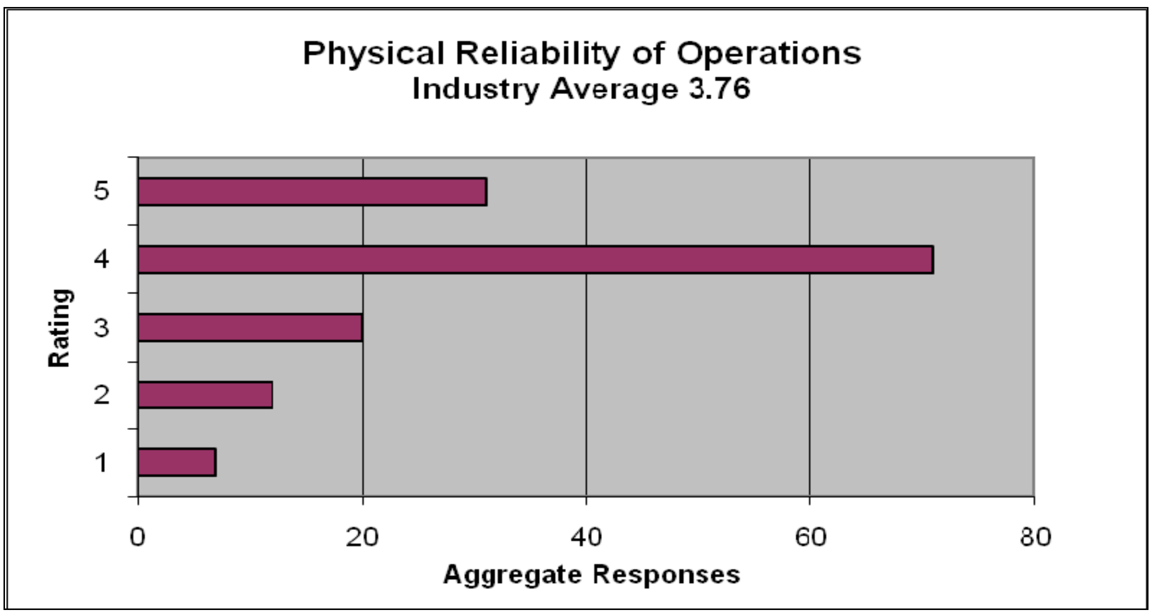
This section summarizes the aggregate results for all of the pipelines for each question in the Survey related to pipeline services. Also included in this section, is a five-year comparison of the aggregate results for each question. As previously noted, there was no survey in 2010. Therefore, the 2011 results are compared to the years 2006 – 2009. Question 9 regarding the level of tolls is a new question this year and therefore has no comparative data. Questions that have been re-written for clarification have not been fundamentally changed. Therefore, data for those questions from previous years surveys has been used for comparison purposes. 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”, 2 indicates “Dissatisfied”, 3 indicates “Neither satisfied or dissatisfied”, 4 indicates “Satisfied” and 5 indicates “Very satisfied”.

Questions and Responses

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

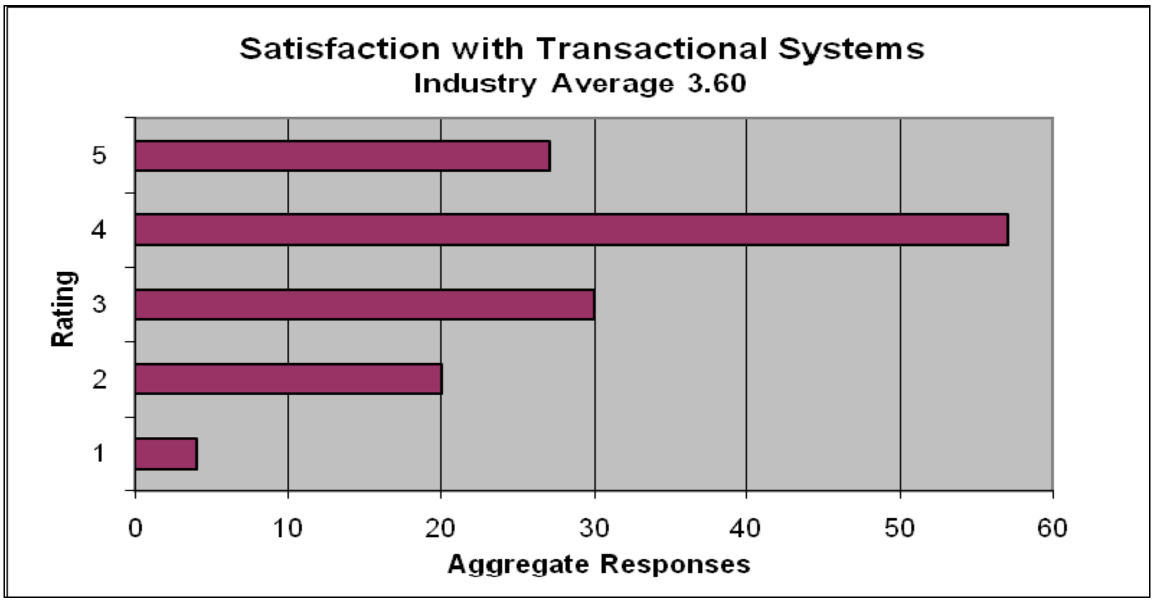
Satisfaction with the physical reliability of pipeline operations decreased from 2009. It fell from 3.99 to 3.76 this year. Seventy-two per cent (72%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
7	12	20	70	31	3.76

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

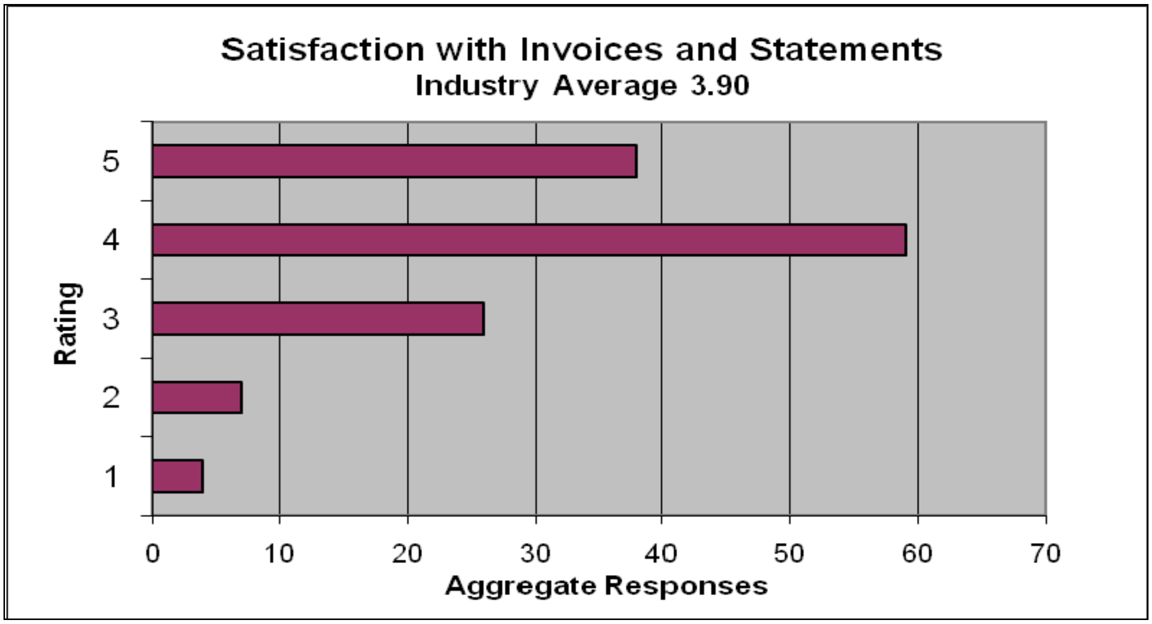
The satisfaction rating score for this question slightly decreased from 2009. The rating fell from 3.66 to 3.60 this year. Sixty-one per cent (61%) of the shippers gave their pipelines a score of satisfied (4) or very satisfied (5). Some shippers noted that certain systems in use were inflexible or outdated and would prefer a system that was more updated.



1	2	3	4	5	Average
4	20	30	56	27	3.60

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

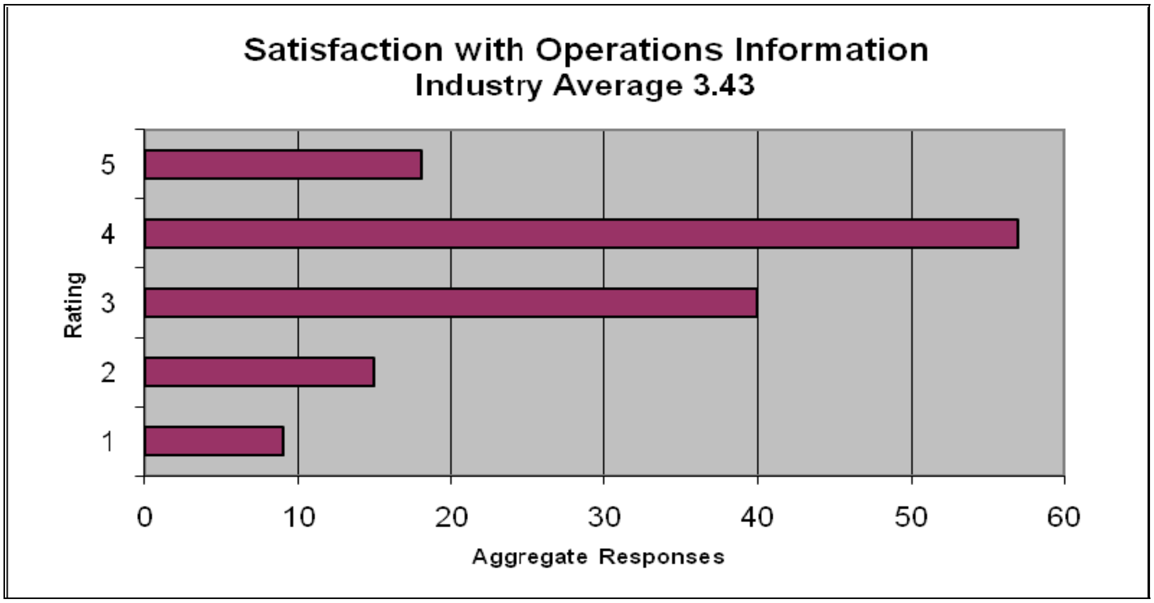
The satisfaction rating for this year has increased from 2009. The rating rose slightly from 3.76 to 3.90 in 2011. While some shippers generally found invoices and statements to be without concerns or errors, others on a few pipelines advised that the invoices are often late or are inaccurate. Seventy-two per cent (72%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
4	7	26	59	38	3.90

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?**

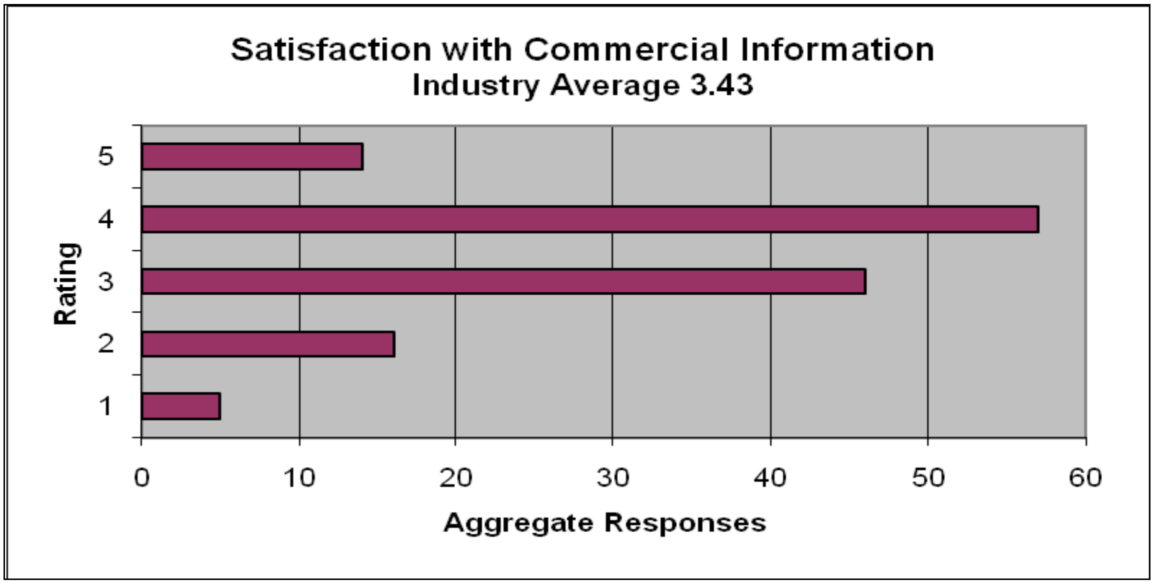
This question showed a decrease in satisfaction. The rating decreased from 3.57 in 2009 to 3.43 this year. Several shippers indicated that communication needs to be more effective. Fifty-four per cent (54%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
9	15	40	56	18	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?**

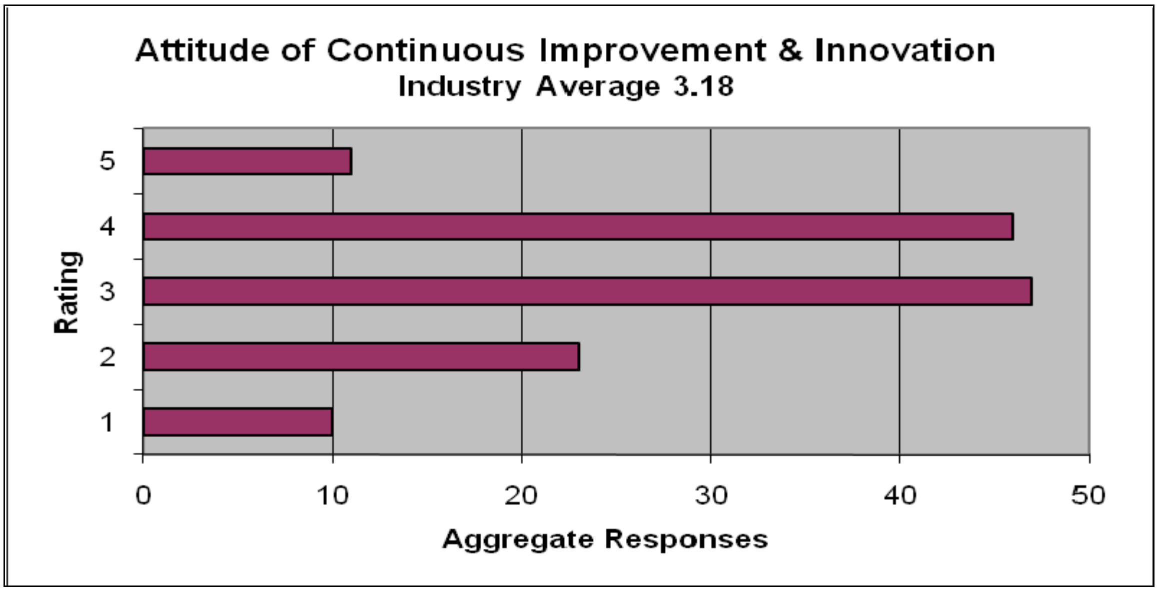
Shippers indicated a decrease in satisfaction with the timeliness and usefulness of commercial information. The satisfaction rating decreased from 3.70 in 2009 to 3.43. Shippers for a number of pipelines indicated that better, more timely communication of information on tolls would be helpful. Fifty-one per cent (51%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
5	16	46	57	14	3.43

6. **The Board defines continuous improvement as a pipeline taking the initiative to make improvements by adding new or modifying existing services and systems based on the feedback and requests from shippers. With this definition in mind, how satisfied are you with the degree to which the pipeline company demonstrates an attitude of continuous improvement?**

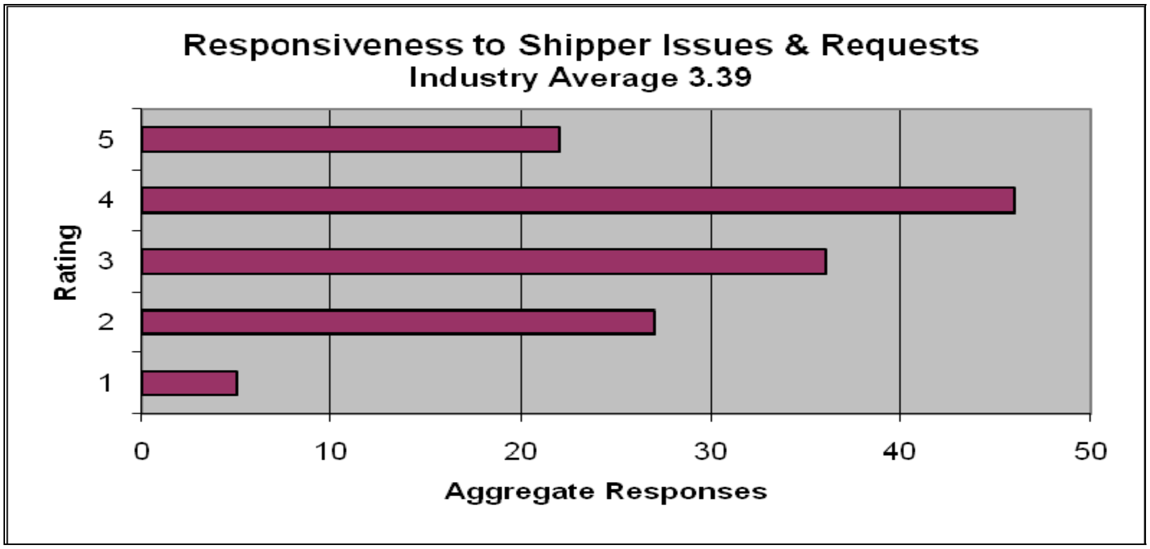
Shippers indicated a similar level of satisfaction this year compared to last year for this question. The rating decreased slightly to 3.18 this year from 3.19 in 2009. Some shippers indicated that certain pipelines have improved their customer service while other shippers indicated their service provider is reluctant to make improvements. Forty-two per cent (42%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
10	23	47	46	11	3.18

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

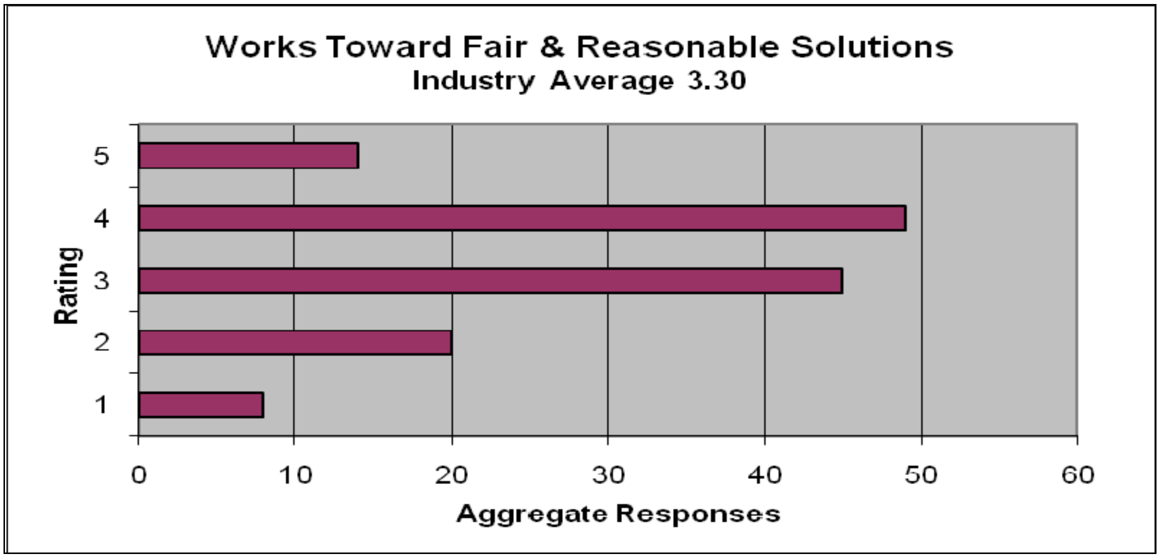
Shippers indicated an increase in satisfaction rating from 3.25 in 2009 to 3.39 this year. Shippers noted that some pipeline's responsiveness lacked consistency and that, depending on the issue or request, response times varied. Fifty per cent (50%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
5	27	36	46	22	3.39

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

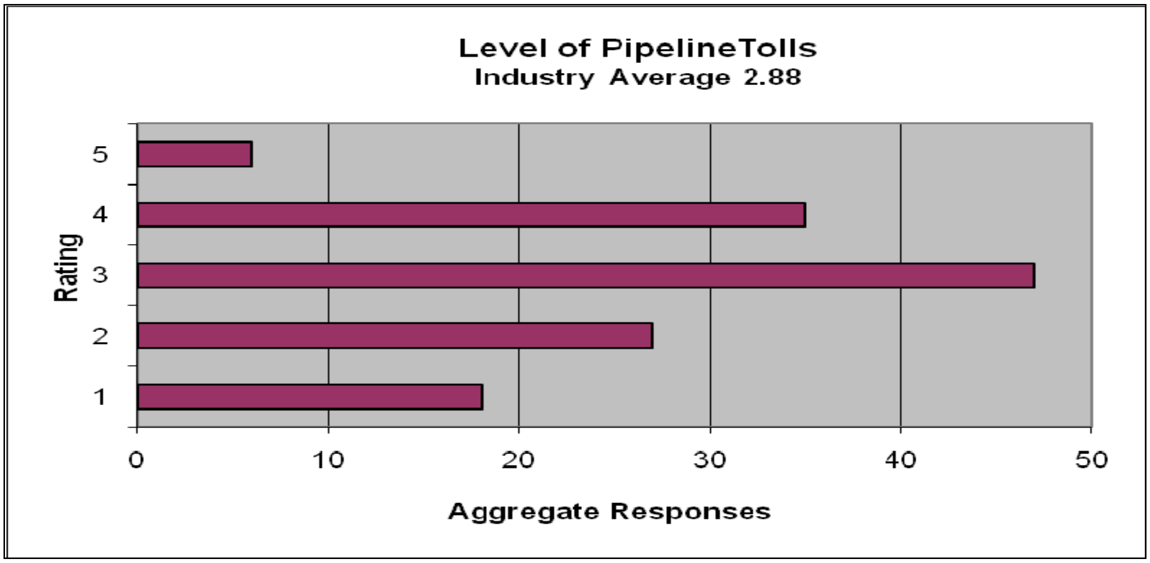
The satisfaction rating for this question decreased from 2009 to 2011. The rating fell from 3.45 to 3.30 this year. A few shippers indicated that some pipeline companies are inflexible when trying to resolve issues. Forty-six per cent (46%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
8	20	45	49	14	3.30

9. **How satisfied are you that the pipeline company is working to keep its tolls as low as reasonably possible?**

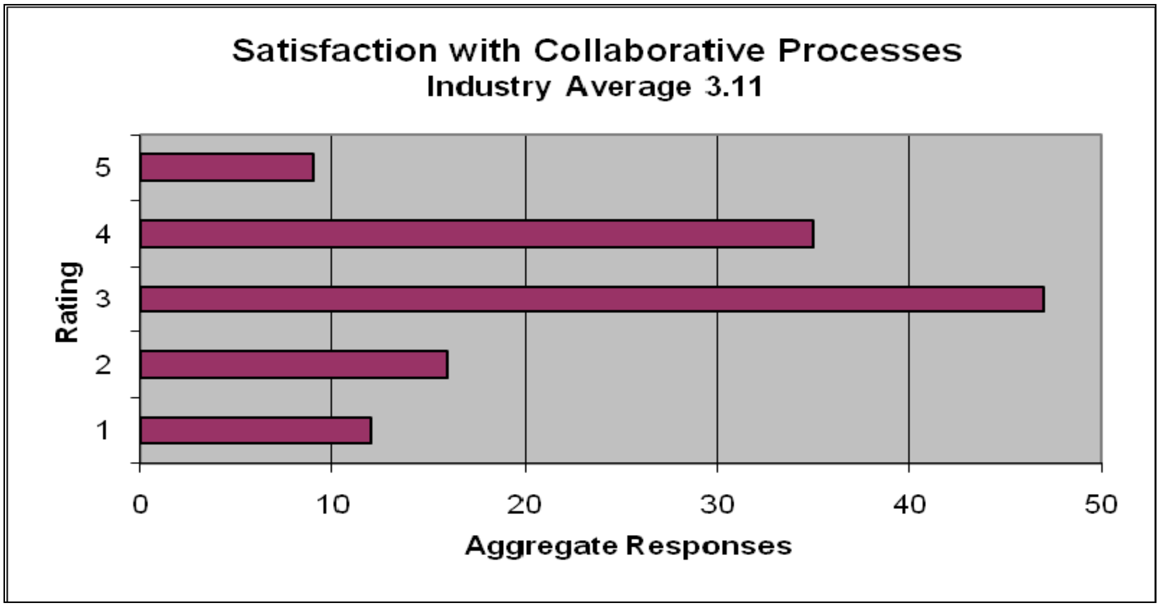
This question is new to the Survey this year, therefore there is no comparison data. Shippers expressed concerns about pipeline expansions exceeding budgets and toll increases with no corresponding service improvements. Thirty-one per cent (31%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
18	27	46	35	6	2.88

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

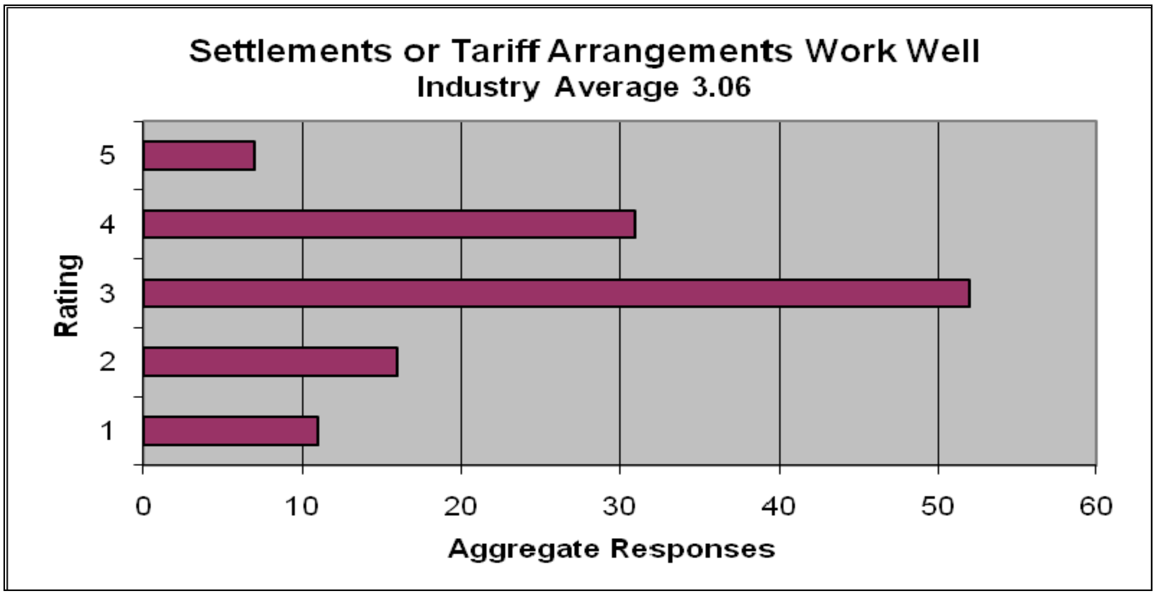
Shipper satisfaction with collaborative processes decreased this year. The rating decreased to 3.11 from 3.49 in 2009. Shippers indicated that while they recognize some of the pipeline companies are attempting to work more collaboratively, meetings are often disorganized and inefficient. Thirty-seven per cent (37%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).



1	2	3	4	5	Average
12	16	47	35	9	3.11

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

The response from shippers to this question indicated a satisfactory rating of 3.06, a decrease from the 2009 rating of 3.44. Shippers appear to be satisfied but many expressed concerns that current settlements are not appropriate for changed pipeline or economic circumstances. Thirty-two per cent (32%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5) and forty-four per cent (44%) were neutral.

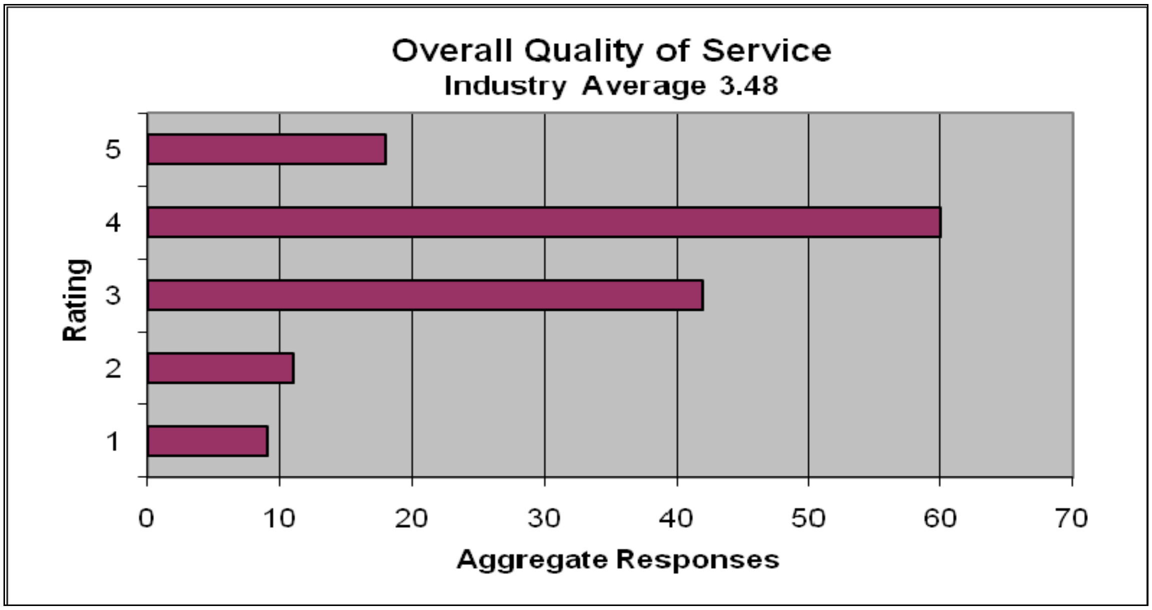


1	2	3	4	5	Average
11	16	52	31	7	3.06

12. 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 decreased this year to 3.48 from 3.67 in 2009. However, most shippers were satisfied with the overall quality of service. The key areas of concern were customer service and operational issues. Fifty-five per cent (55%) of the shippers gave their pipelines a rating of satisfied (4) or very satisfied (5).

The average score for the pipelines that were included in the survey this year was higher than the overall average.



1	2	3	4	5	Average
9	11	42	59	18	3.48

13. On an OVERALL basis, has the pipeline company's quality of service in the last year:

Rating	Response	%
Improved	19	13%
Remained the Same	96	68%
Decreased	25	18%
Total	**140**	**100%**

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

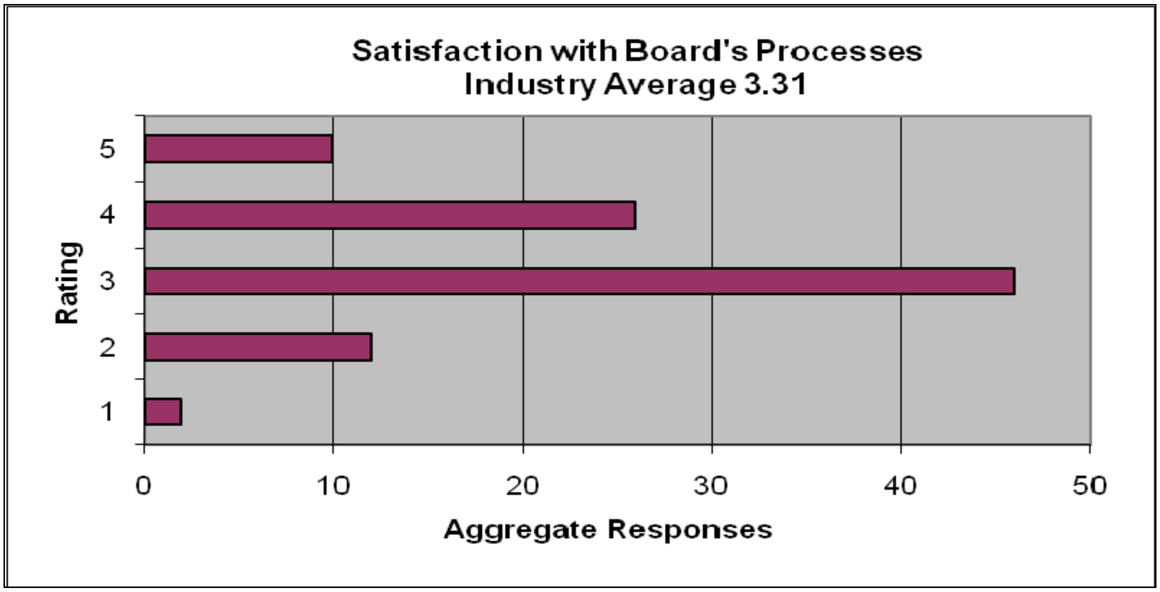
This question provided shippers with an opportunity to list the things that their particular pipeline company is doing well. Some commonly mentioned areas include: reliable operations; good transactional systems; knowledgeable staff; good customer service; nominations handled well; and fair and impartial dealings with shippers.

15. What three areas would need to improve the most for this pipeline company to receive a higher overall customer rating from your company?

This question provided shippers with an opportunity to list the things that their particular pipeline company could do better. Some commonly mentioned areas include: a need to be more responsive to shippers and communicate better with them; reduce costs so as to lower tolls; a need for more experienced, trained staff; more flexibility with contract terms; and be more forward-looking and proactive.

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

Shipper satisfaction decreased from 3.56 in 2009 to 3.31 this year. Some shippers stated the process is too onerous or poorly understood for smaller producers and shippers to launch a complaint. Others asked for processes to be resolved as quickly as possible, while maintaining fairness or for Board staff to be involved in discussions between pipelines and their shippers. Thirty-eight per cent (38%) of the shippers gave the Board a rating of satisfied (4) or very satisfied (5) while forty-eight per cent (48%) remained neutral.



1	2	3	4	5	Average
2	12	46	26	10	3.31

17. **What could the Board do to improve its processes through which tolls and tariffs are determined?**

Several comments were provided for this question. Some comments and suggestions for the Board include: educate stakeholders on the Board's processes; become more knowledgeable about pipeline's history, evolution and current happenings; encourage discussions between Board staff and shippers; be more visible and accessible to all stakeholders; listen to all parties; maintain rigor in reviewing, understanding and questioning pipeline filings and improve the website.

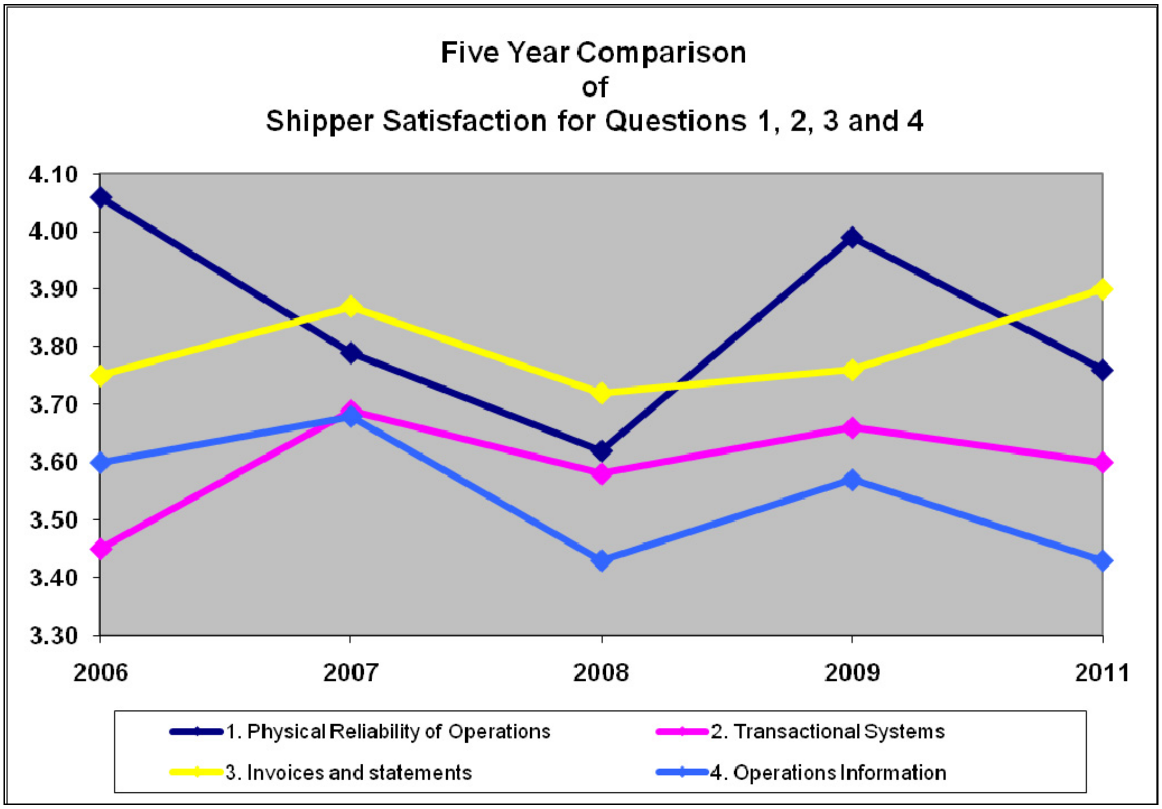
18. Overall Quality of Service (Importance Rating)

Shippers were requested to choose the three quality aspects of service that were most important to them. The three most important aspects were: physical reliability; level of tolls; and operations information.

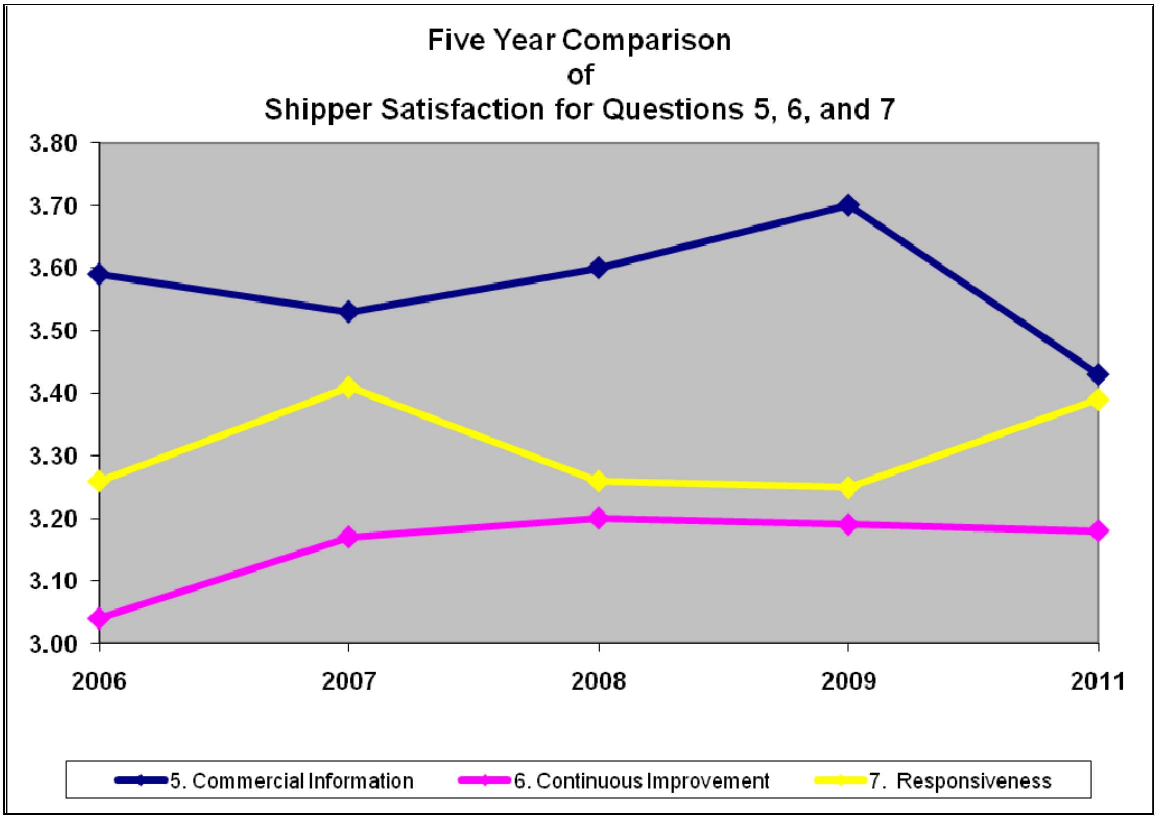
Rank	Service	% of Responses
1	Physical Reliability	28%
2	Level of Tolls	16%
3	Operations Information	16%
4	Responsiveness	13%
5	Transactional Systems	7%
6	Fair Solutions	5%
7	Invoices & Statements	4%
8	Commercial Information	3%
9	Continuous Improvement	2%
10	Suite of Services	2%
11	Collaborative Processes	1%
12	NEB Framework	1%
13	Settlement works well	1%
14	NEB Processes	<1%

Five Year Comparisons

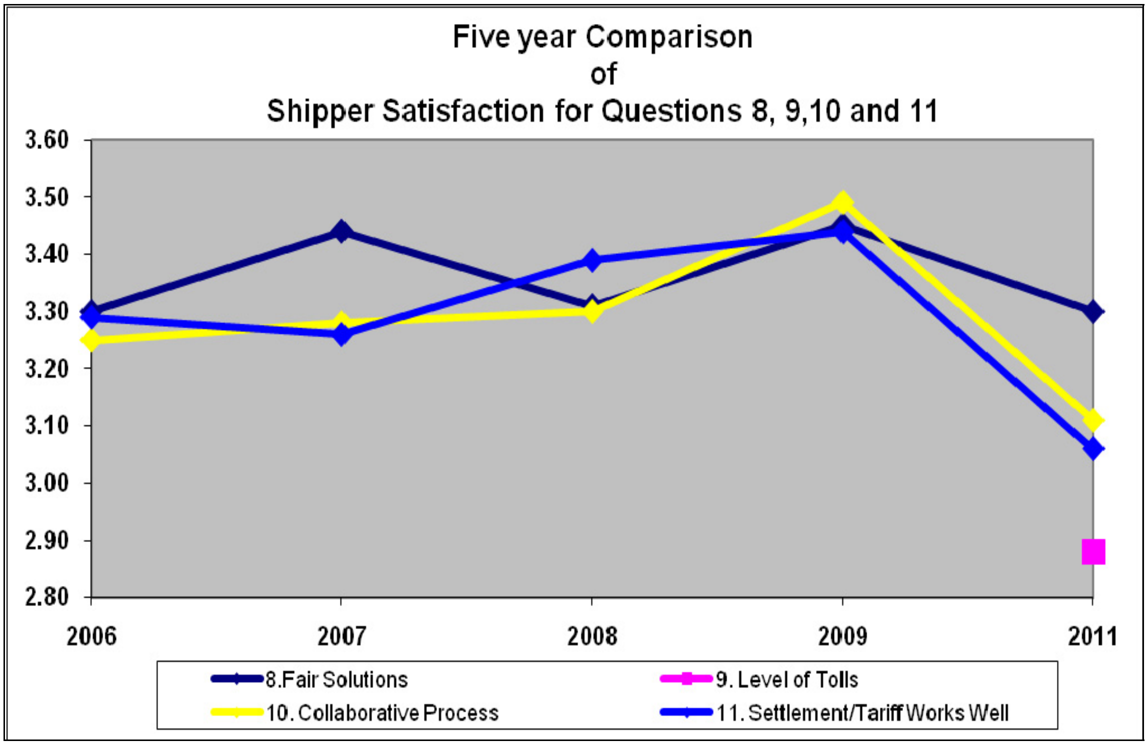
The five year data indicates the following:



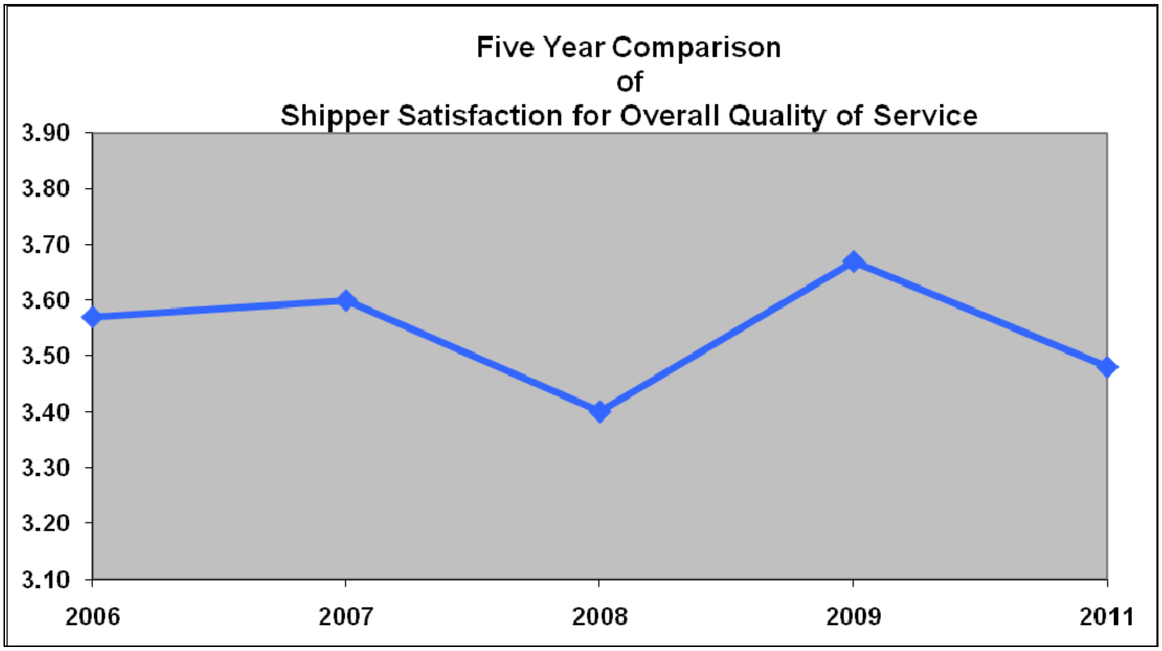
- The percentage change for satisfaction with Physical Reliability of Operations between 2006 and 2011 decreased seven per cent (7%). The ratings had continually decreased until 2009, where it increased ten per cent (10%).
- Transactional Systems ratings have remained approximately the same since 2007 with an increase in the percentage change between 2006 and 2011 of approximately four percent (4%).
- Invoices and Statements ratings increased each year from 2008 with an increase of almost four percent (4%) from 2009. The percentage change from 2006 to this year is an increase of four per cent (4%).
- Operations Information ratings have decreased almost five per cent (5%) between 2006 and 2011 and by almost four per cent (4%) from 2009.



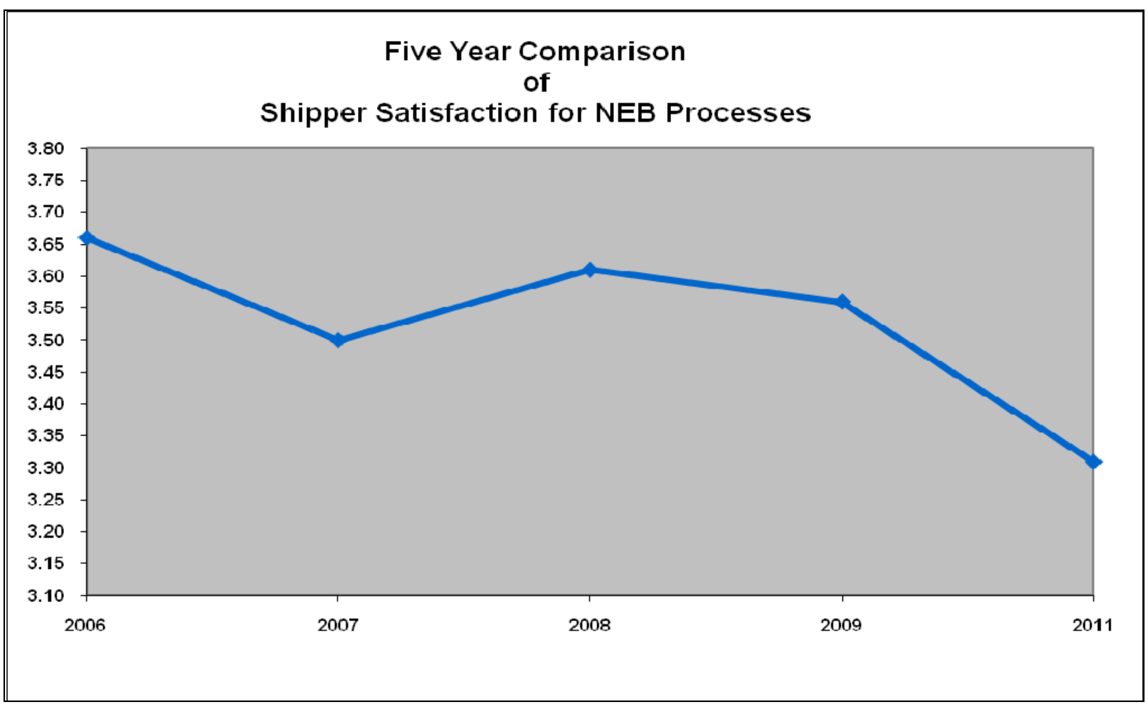
- The Commercial Information rating dropped to its lowest level since 2006, with a seven per cent (7%) decrease between 2009 and 2011. The rating dropped by four per cent (4%) from 2006.
- Continuous Improvements ratings have been consistent since 2007. The rating has increased five per cent (5%) since 2006.
- The Responsiveness rating increased from 2006 to 2011 and from 2009 to 2011 by four percent (4%).



- The shipper satisfaction rating on how pipelines work towards Fair and Reasonable Solutions when resolving issues has not changed compared to the 2006 rating. However the rating has decreased by four per cent (4%) since 2009.
- There is no comparative data for Level of Tolls. The rating for Level of Tolls in 2011 is 2.88.
- The Collaborative Processes rating decreased from 2006 by slightly more than four per cent (4%) and from 2009 to 2011, the rating decreased by almost eleven per cent (11%).
- The satisfaction rating for Settlements or Tariff Arrangements decreased from 2006 by seven per cent (7%) and between 2009 and 2011, the rating decreased by eleven per cent (11%).



The graph above shows how shipper satisfaction for Overall Quality of Service has changed over the period 2006 to 2011. The rating was at its lowest in 2008 and at its highest in 2009, increasing almost eight per cent (8%) over 2008. In 2011, the rating decreased by almost three per cent (3%) from 2006 and by five per cent (5%) from 2009.



The satisfaction rating for the Board's processes to resolve disputes decreased by almost ten per cent (10%) since 2006 and by seven per cent (7%) from 2009.

Conclusions

Feedback on Pipeline Services

The 5 years of Survey data indicates that shippers appear reasonably satisfied overall with the services provided by pipeline companies. While shippers indicate pipeline companies have made improvements in some areas, the decrease from 2009 results is largely in the area of shippers' concerns with toll levels.

The three areas with the highest scores in this year's Survey are:

- Timeliness and accuracy of invoices and statements;
- Physical reliability of pipeline operations; and
- Quality of transactional systems.

The three areas with the lowest scores in this year's Survey are:

- Pipeline working to keep tolls as low as reasonably possible;
- Negotiated settlement agreement or tariff works well; and
- Collaborative processes (negotiations or task force meetings).

Feedback on the Board

The 2011 Survey indicated that shipper satisfaction with the Board has decreased from 2009. Thirty-eight per cent (38%) of shippers indicated they are either satisfied or very satisfied with the Board's processes to resolve disputes while forty-six per cent indicated a neutral opinion. A variety of suggestions were made including:

- Get involved, attend TTFP meetings;
- Be more open and receptive to shipper concerns;
- Understand the history and evolution of the pipeline (NGTL);
- Improve website;
- Be more accessible; and
- Maintain rigor in reviewing, understanding and questioning pipeline filings.