

National Energy Board

Pipeline Services Survey Results

May 2005

1. Introduction

Survey Established

In June 2004, the Board established an annual Pipeline Services Survey as a means to obtain direct feedback from the shippers of ten¹ major NEB-regulated pipeline companies on the level of service provided by those pipelines. The survey was also used to obtain feedback from shippers on the Board's performance in implementing its regulatory role with respect to tolls and tariffs. The results of the survey are to be used as a Goal 3 measure to help determine whether Canadian transportation markets are working well.

The logistics of the survey are as follows. The pipeline companies send the survey to each of their active shippers by January 31 of each calendar year starting in January 2005. Shippers return one response directly to the Board by February 28, which reflects their company's corporate views on the services provided by the pipeline being surveyed and on the services provided by the Board.

The Board stated that, after analyzing the survey responses, it would publish a summary of the results in aggregate. The aggregate results would include the industry average and distribution of responses for each question and possibly a summary of any major themes or trends. In addition, the Board stated that it would provide each pipeline 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 source of those comments removed.

Surveys Issued and Response Rate

After each pipeline company provided the number of active shippers on their systems, the surveys were printed and sent to the companies for distribution to their shippers by January 31st. The companies only had to apply shipper address labels to the packets and mail the surveys. The companies were given the discretion to determine who their active shippers were and who the appropriate contact person was within each shipper organization.

The table below summarizes the number of surveys mailed out, the number of completed surveys returned to the Board and the response rates.

¹ Westcoast's Field Services and Pipeline Divisions were surveyed separately resulting in 11 surveys

Company	Surveys Issued	Completed Surveys Returned	Response Rate
Alliance Pipeline	34	10	29%
Enbridge Pipelines	40	19	48%
Express Pipeline	7	2	29%
Foothills Pipe Lines	29	10	34%
Maritimes & Northeast Pipeline	13	7	54%
Terasen (TMPL)	25	6	24%
TransCanada Mainline	200	36	18%
TransCanada BC System	40	8	20%
Vector Pipeline	24	6	25%
Westcoast Field Services	43	6	14%
Westcoast Transmission	109	18	17%
OVERALL	564	128	23%

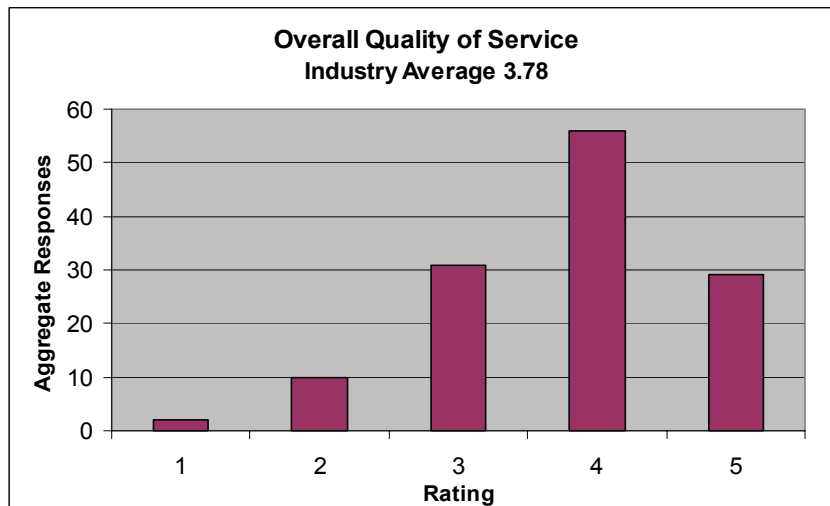
While the overall response rate to the survey was good, there were some instances where the rate was low. In these cases, particular care must be taken in interpreting the results.

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 or trends is provided. For the majority of these questions, respondents were asked to rate their satisfaction with the services they receive, where 1 indicates “Very dissatisfied” and 5 indicates “Very satisfied”.

Question #1

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



Overall, shippers seem reasonably satisfied with the services provided by pipeline companies. Sixty-six percent (66%) of the respondents gave their pipeline a rating of satisfied (4) or very satisfied (5).

Question #2

What are the things that this pipeline does well?

This question did not have a rating scale, but provided an opportunity for shippers to include comments pertaining to their specific pipeline. Some common themes included: good customer service; provides reliable service; very responsive to queries; and good communication.

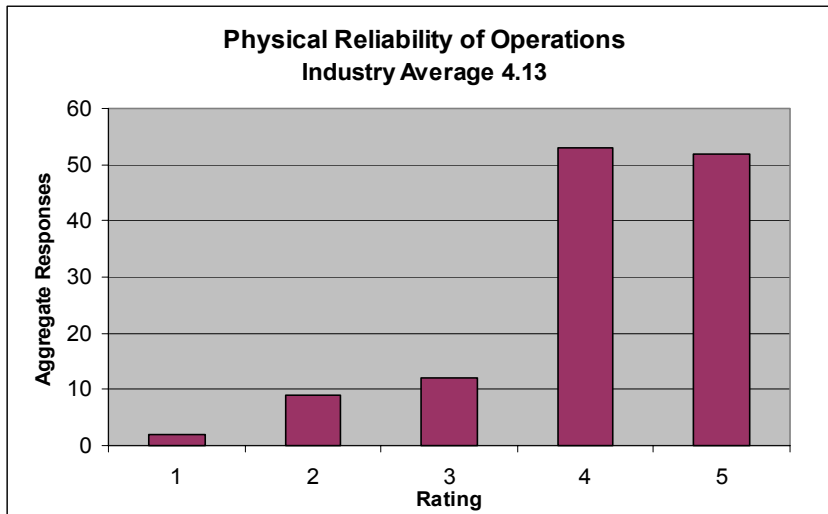
Question #3

What are the things that this pipeline could do better?

As in Question #2, shippers gave very pipeline-specific responses to this question. Some recurring comments were: improve predictability and reliability on oil pipelines; focus more on customer/market needs; and control linepack better.

Question #4

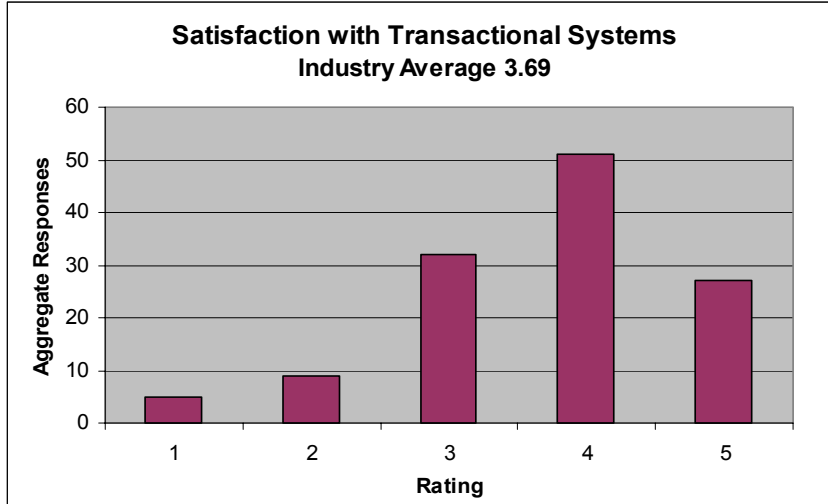
How satisfied are you with the physical reliability of the pipeline company's operations?



The industry average score of 4.13 on this question was the highest rating for any question. Eighty-two percent (82%) of shippers gave their pipelines a rating of satisfied (4) or very satisfied (5). Shippers on several different companies commented that their pipeline provides reliable service.

Question #5

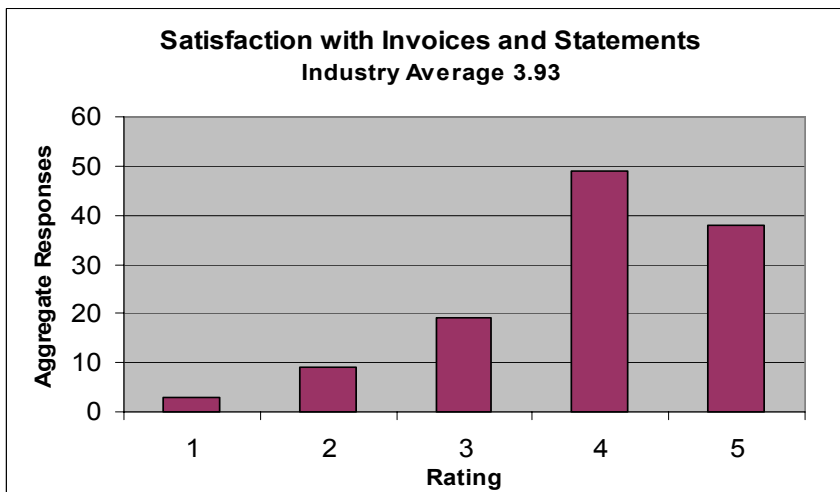
How satisfied are you with the quality, flexibility and reliability of the pipeline company's transactional systems (nominations, bulletin boards, reporting, contracting, etc)?



Over 62% of shippers gave their pipeline a score of '4' or '5' on this question. Some areas for improvement would be to increase functionality and to make systems easier to access.

Question #6

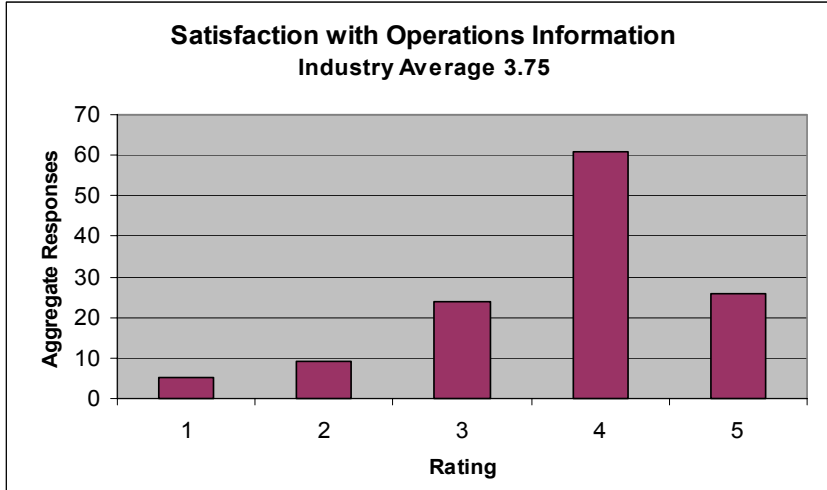
How satisfied are you with the timeliness and accuracy of the pipeline company's invoices and statements?



The pipeline companies achieved their second highest average score on this question. Seventy-four percent (74%) of shippers gave a score of either '4' or '5'. Where low scores were given, the main issue was inaccurate statements that take too long to correct.

Question #7

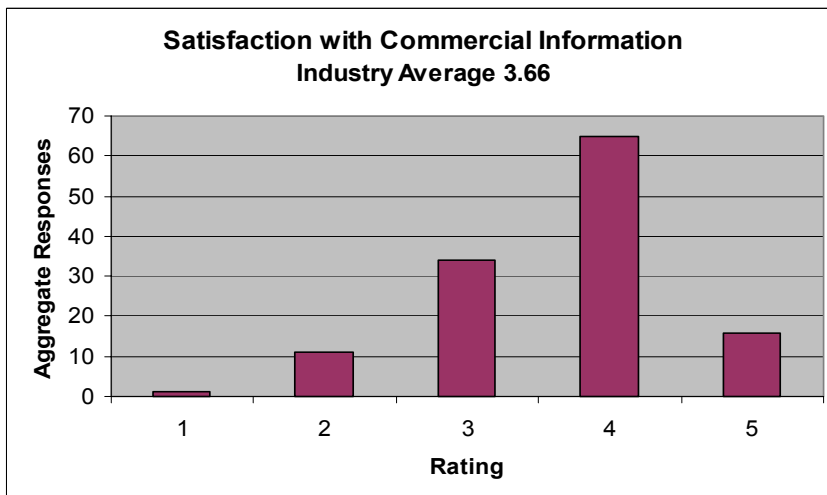
How satisfied are you with the timeliness and usefulness of operations information (outages, available capacity, scheduled maintenance, flows, etc) provided by the pipeline company?



Seventy percent (70%) of shippers gave a satisfaction rating of '4' or '5'. The pipelines rated fairly high on this question. One area for improvement would be more timely notification of planned outages.

Question #8

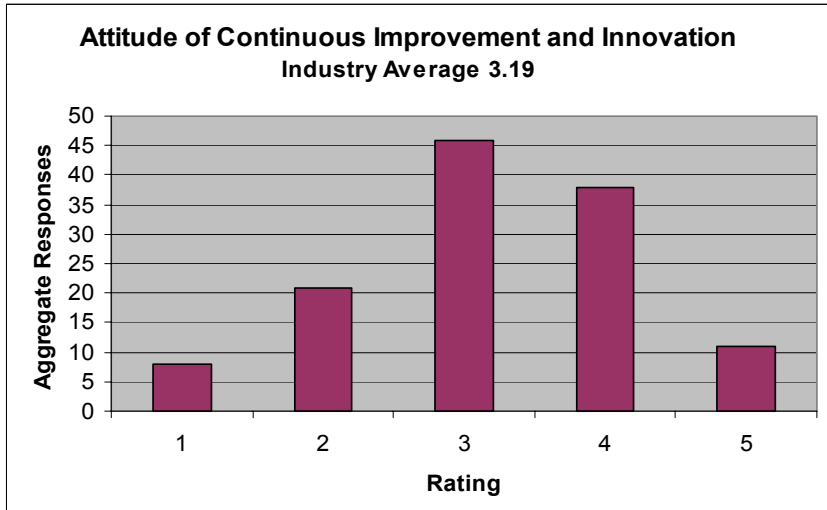
How satisfied are you with the timeliness and usefulness of commercial information (tolls, service changes, new services, contract information, etc) provided by the pipeline company?



Almost 64% of shippers gave a rating of either satisfied (4) or very satisfied (5). One area for improvement would be to make commercial information easier to access.

Question #9

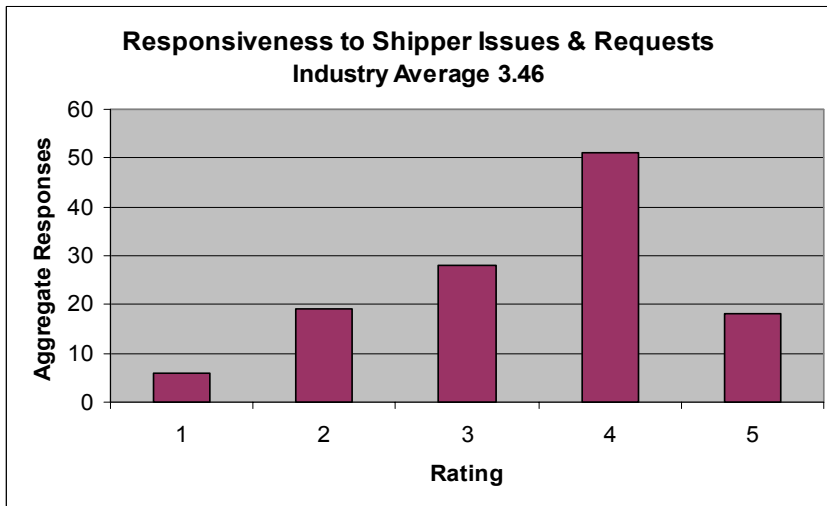
How satisfied are you with the degree to which the pipeline company demonstrates an attitude of continuous improvement and innovation?



The industry average score on this question was the second lowest overall. Only 40% of shippers gave a score of '4' or '5', while 23% gave a rating of dissatisfied (2) or very dissatisfied (1). Shippers on several pipelines mentioned that the pipeline was trying to improve but results are slow to materialize.

Question #10

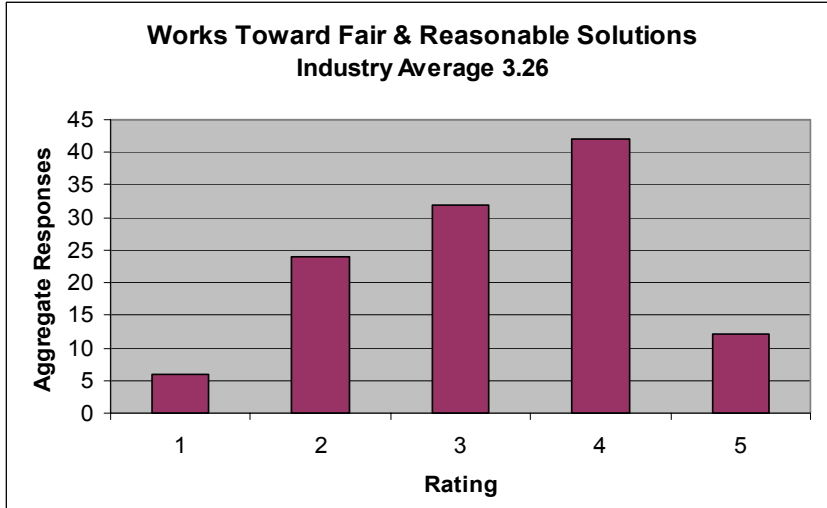
How satisfied are you with the accessibility and responsiveness of the pipeline company to shipper issues and requests?



Almost 57% of shippers gave a rating of '4' or '5'. Shippers on several pipelines noted that the response time to their issues and requests were slow.

Question #11

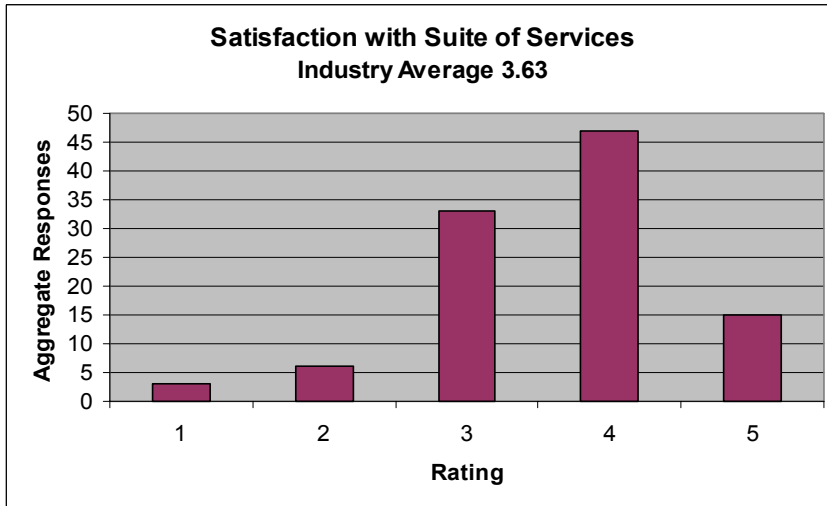
How satisfied are you that the pipeline company works towards fair and reasonable solutions when resolving issues?



The average score of 3.26 on this question was third lowest overall. Almost 26% of shippers gave a rating of either dissatisfied or very dissatisfied.

Question #12

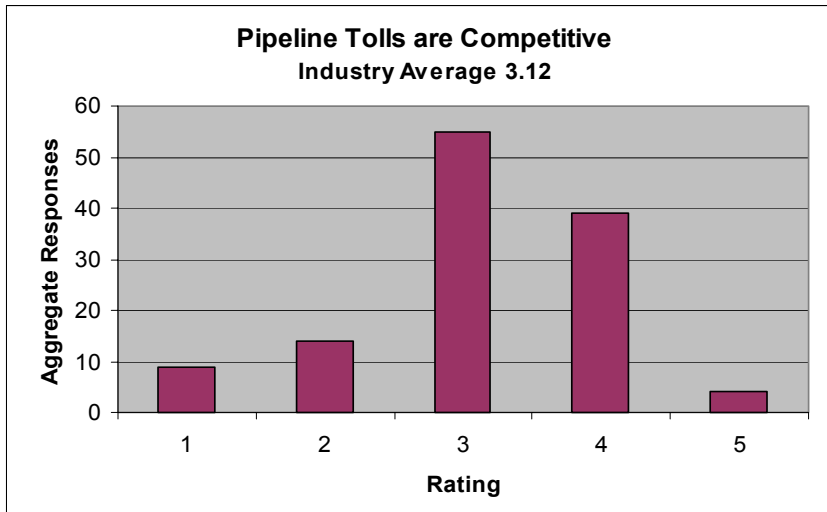
How satisfied are you with the suite of service options (FT, IT, backhaul, etc) offered by the pipeline company?



Almost 60% of shippers gave their pipeline a rating of either '4' or '5' on this question. A few mentioned that they would like to see more services added to the suite of services.

Question #13

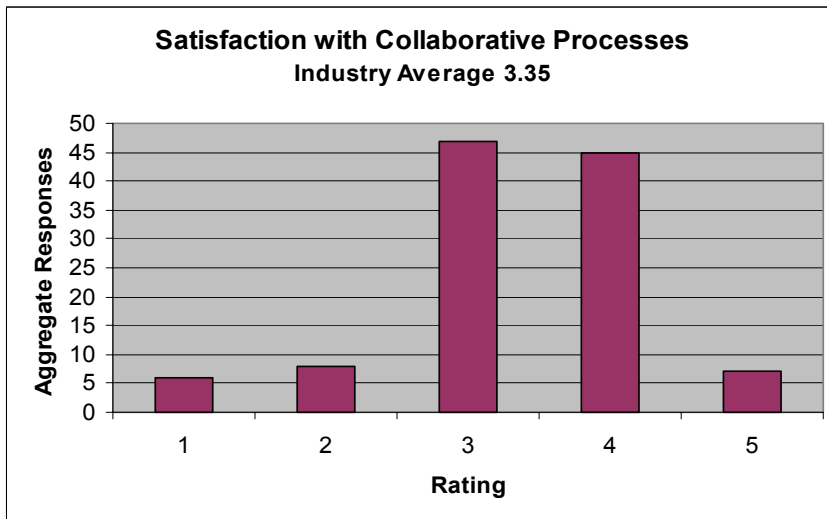
How satisfied are you that this pipeline company's transportation tolls are competitive?



This question yielded the lowest industry average score overall. Shippers on several pipelines mentioned that the tolls they were paying were either not competitive or there was no real competition for them to be able to judge.

Question #14

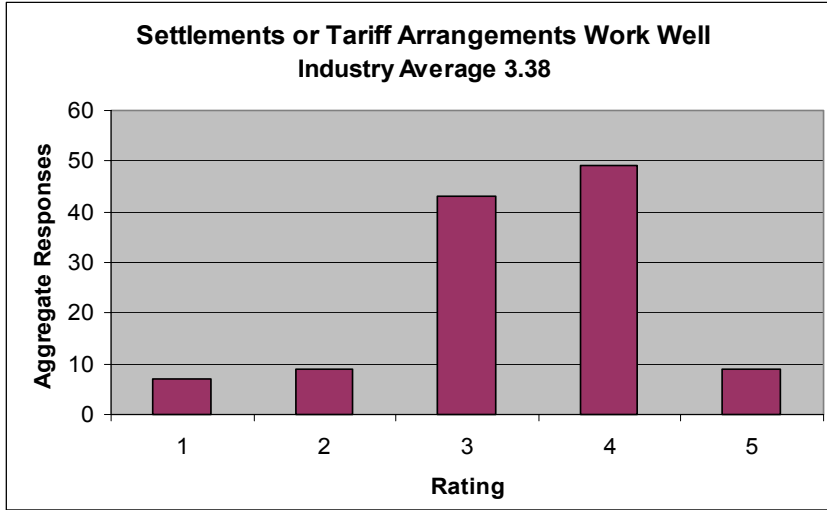
How satisfied are you with the collaborative processes (negotiations or task force meetings) utilized by this pipeline company?



Only 46% of shippers gave a rating of satisfied or very satisfied on this question. Some recurring comments included: “the task force works well”, “more leadership is required from the pipeline”, and “there is a lack of trust in the negotiations”.

Question #15

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

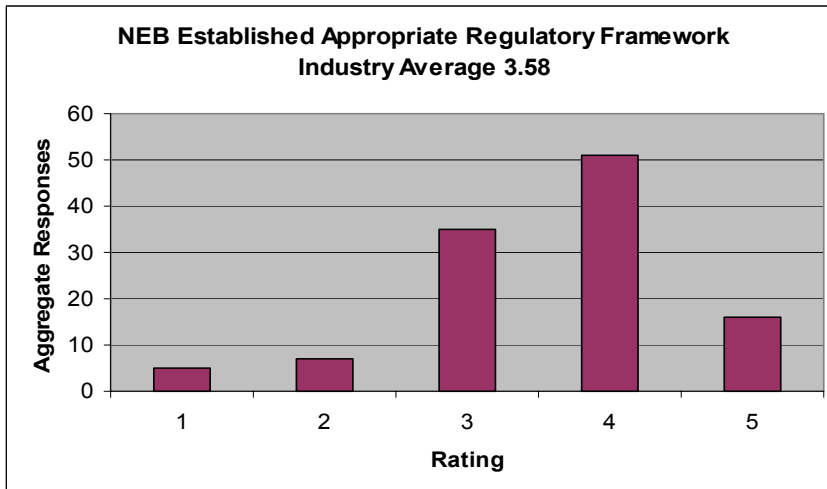


Almost 50% of shippers indicated that they were satisfied or very satisfied with their settlement agreement or tariff arrangements.

3. Feedback on the Board's Performance

Question #16

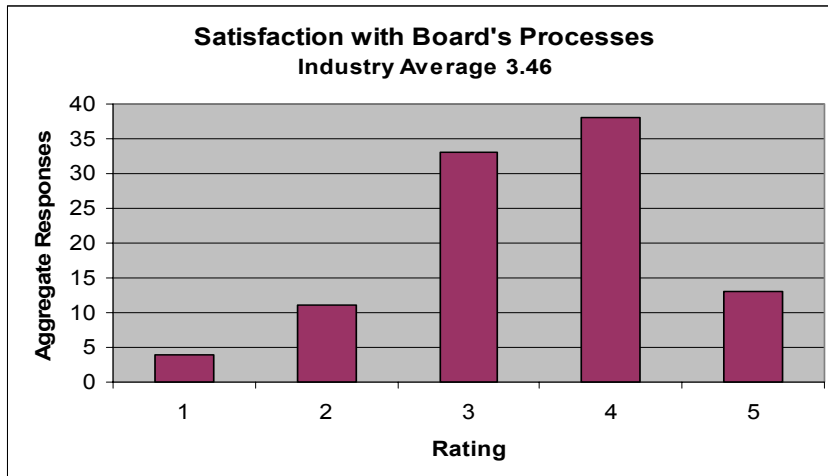
How satisfied are you that the NEB has established an appropriate regulatory framework in which negotiated settlements for tolls and tariffs can be reached?



Almost 59% of shippers gave a rating of satisfied or very satisfied on this question.

Question #17

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



Approximately 52% of shippers indicated that they were satisfied or very satisfied with the Board's processes to resolve disputes. Some noteworthy comments to this question were: (1) recent decisions appear to favour the pipeline despite opposition from intervenors; (2) the process is very long and expensive; and (3) some shippers are very reluctant to approach the Board since in most cases they have no other shipping options and must continue to deal with the pipeline.

Question #18

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 related to the Board's processes and some related to specific issues. The comments that stood out are listed below:

- Have process take less time
- Write consistent, well-explained decisions with competitive market focus
- Strive to have final tolls in place before start of test year
- The Board should take a more active role in questioning tolls and tariffs, whether opposed by intervenors or not
- Crack down on affiliate abuse by the pipeline; other regulators have dealt with self-dealing swiftly

Question #19

Additional comments:

Shippers provided a broad range of general comments in response to the question.

4. Conclusions

Feedback on Pipeline Services

Overall, shippers appear reasonably satisfied with the services provided by pipeline companies (as evidenced by a score of 3.78 out of 5 on question 1).

The three areas where shippers believe pipelines are doing very well are: (1) physical reliability of operations; (2) timeliness and accuracy of invoices and statements; and (3) timeliness and usefulness of operations information.

The three areas where shippers believe that pipelines could improve service the most are: (1) make tolls more competitive; (2) exhibit an attitude of continuous improvement and innovation; and (3) work towards fair and reasonable solutions when resolving issues.

This is the first Pipeline Services Survey the Board has conducted. The Board intends to conduct the survey annually and this survey will serve as a baseline from which performance can be monitored over time. The Board does not contemplate taking 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. The Board will also benefit from feedback on its own processes.

Feedback on the Board

The responses provided by shippers concerning the Board indicated reasonable satisfaction with the Board's performance in creating an appropriate regulatory framework and with the Board's processes to settle disputes. As there were only limited explanatory comments from shippers, it is difficult to identify themes. The Board notes the specific suggestions for improving the Board's processes listed under question #18. The Board appreciates the feedback received and takes these suggestions seriously. As part of its follow-up to this survey, the Board intends to meet with pipelines and shippers over the next few months to discuss the results of the survey, including feedback on the Board. Further, the Board will be consulting with parties on actions that could be taken to ensure that tolls are in place on a timely basis. Following discussions and consultation, the Board will take steps as appropriate to improve its processes and performance.