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February 10, 2014

New England States Committee on Electricity
4 Bellows Road
Westborough, MA 01581
Via Email and Online Posting: NewEnglandGasElectric@onlinefilefolder.com,
http://www.nescoe.com/Gas-Elec_Info_Exchange.html

Re: NESCOE January 27, 2014 Request for Additional Data or Analysis in Connection with Adequacy of Increased Pipeline Capacity

Spectra Energy Partners, LP and Spectra Energy Corp ("Spectra Energy") have a long-standing presence in New England as major transporters of natural gas through Spectra Energy's Algonquin Gas Transmission, LLC ("Algonquin") and Maritimes & Northeast Pipeline, L.L.C. ("Maritimes") systems. Algonquin and Maritimes serve approximately 60% of the gas-fired electric generation in ISO New England Inc's ("ISO-NE") service territory. Spectra Energy appreciates the efforts of the New England States Committee on Electricity ("NESCOE") and the New England Governors to facilitate the construction of and payment for additional natural gas pipeline infrastructure to relieve New England's electric reliability issues, decrease prices, and reduce daily price volatility. Spectra Energy stands ready to work with NESCOE to develop natural gas pipeline expansion projects based on the conclusions the region reaches on the amount and location of natural gas pipeline capacity necessary now and in the future to support these important goals.

Spectra Energy provides this letter in response to NESCOE's request on January 27, 2014 to the New England Gas-Electric Focus Group, of which Spectra Energy is a member, to provide additional data or analysis relative to whether the level of increased pipeline capacity of 1000 MMcf/day above 2013 levels (600 MMcf/day beyond what projects have already been announced) may be adequate to alleviate New England's challenges. Additionally, Spectra Energy has joined the joint comments of the New England Natural Gas Industry submitted under separate cover. As NESCOE, the New England Governors, and the electric market consider this important question, Spectra Energy suggests the following factors be considered:

I. How much current or future capacity will be committed to the electric industry?

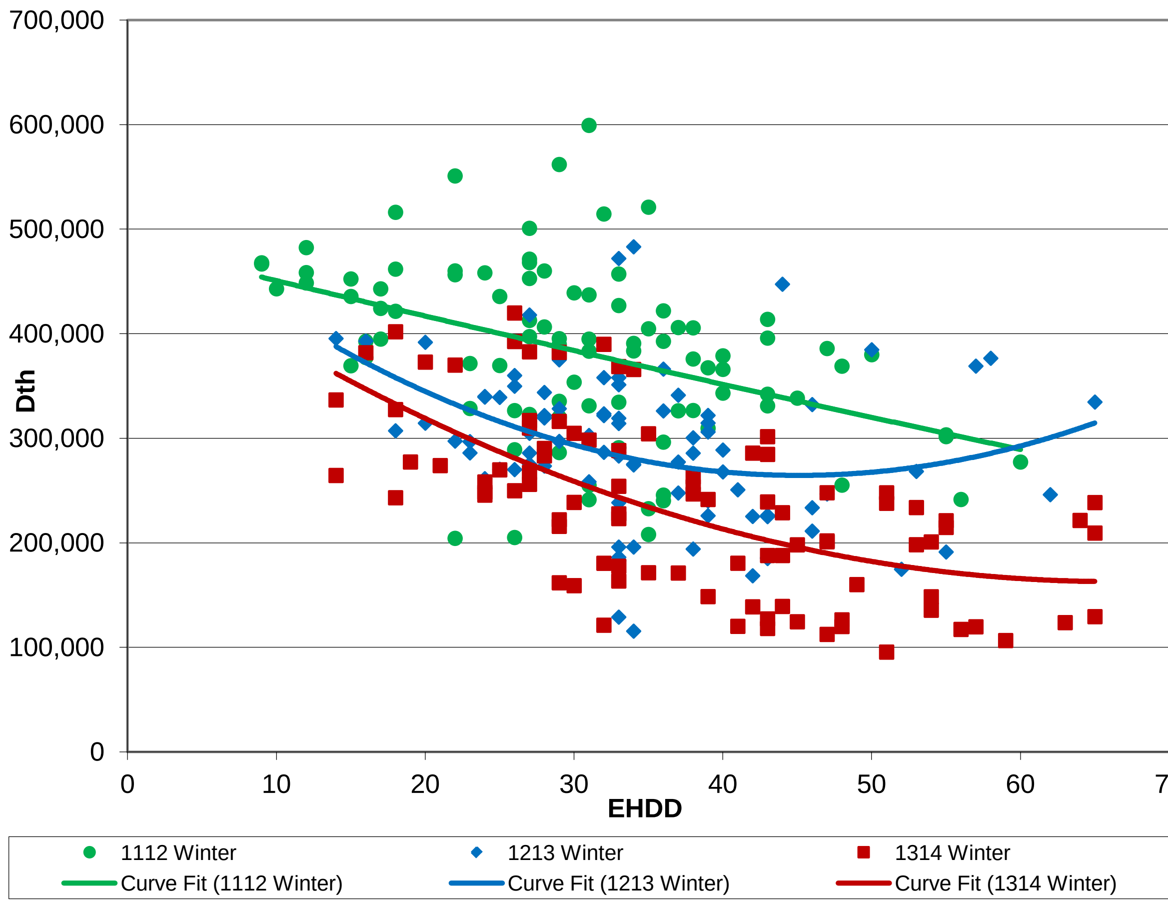
As NESCOE is aware, Algonquin currently has planned the Algonquin Incremental Market Expansion Project ("AIM"), now in the permitting phase with a proposed in-service date of November 1, 2016.[1] Market commitments for AIM resulted in an expansion size of 342,000 dekatherms of natural gas per day ("Dth/day"). The market commitments for AIM were all local gas distribution companies ("LDCs") with initial electric generator interest waning to zero due to a lack of incentives in the competitive wholesale electricity markets to support long-term firm

[1] Given the importance of this expansion to the region, Algonquin urges all parties to support the timely permitting of AIM and the issuance of all appropriate authorizations to ensure this 2016 in-service date.

infrastructure development. Algonquin submits the AIM project will generate a beneficial impact on the region's energy costs. However, its impact on electric reliability is a different question. If LDCs remain the only parties contracting for and supporting additional natural gas pipeline infrastructure developments tailored to support their own LDC customer needs, New England will continue to experience electric reliability concerns and natural gas price volatility in peak times when pipeline capacity is utilized by firm customers and is not available on an interruptible or secondary basis to electric generation.

The data on the graph below for November through January for the last three winters show that as the temperatures decline (the EHDD on the x axis gets higher), gas-fired generator usage drops significantly, i.e. from a high of 600 MDth/day to a low of 100 MDth/d. While this may be in part due to the Winter Reliability out-of-market solution from ISO-NE implemented this 2013-2014 winter or other ISO-NE dispatch and market decisions in previous winters, it is likely also due to LDC peak usage on these days leaving less natural gas pipeline capacity available to the capacity release market and the price volatility posed by the lack of natural gas pipeline infrastructure. Spectra Energy has also observed, as demonstrated on this same chart, that year on year comparisons have shown a decline in overall winter gas usage by the power sector on Algonquin. Spectra Energy notes these data are reflective of only existing levels of gas-fired generation on Algonquin and natural gas market dynamics at play during these periods.

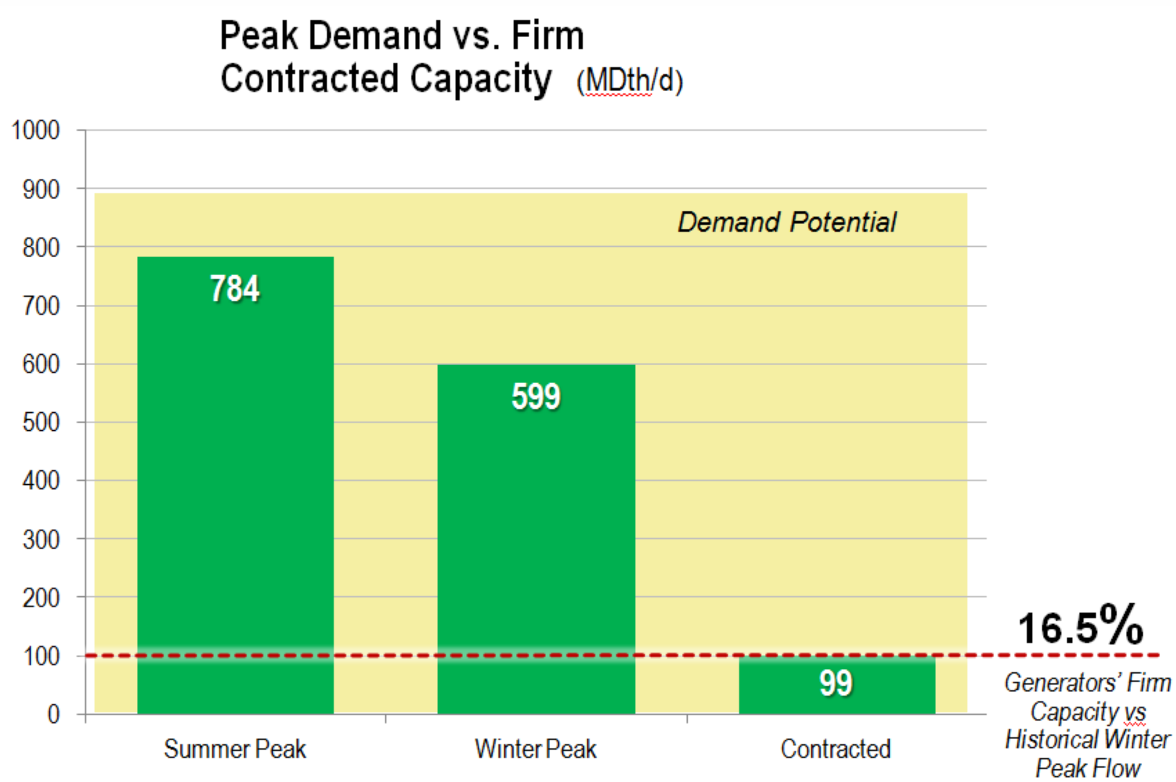
Algonquin Power Loads vs. EHDD Nov- Jan



Perhaps as pertinent to the capacity question is the location of this supply. Obviously existing power generation is located along existing transmission infrastructure. It makes sense then that capacity additions reflect the generation fleet that ISO-NE will be relying on. Intuitively this should conclude in a plan to expand existing infrastructure to those existing delivery points. NESCOE, the New England Governors, and the electric industry need to also consider future demand. However, as discussed further in section III below, incremental expansion of existing pipelines would allow the electric industry to right-size projects over time based on actual trends in the market.

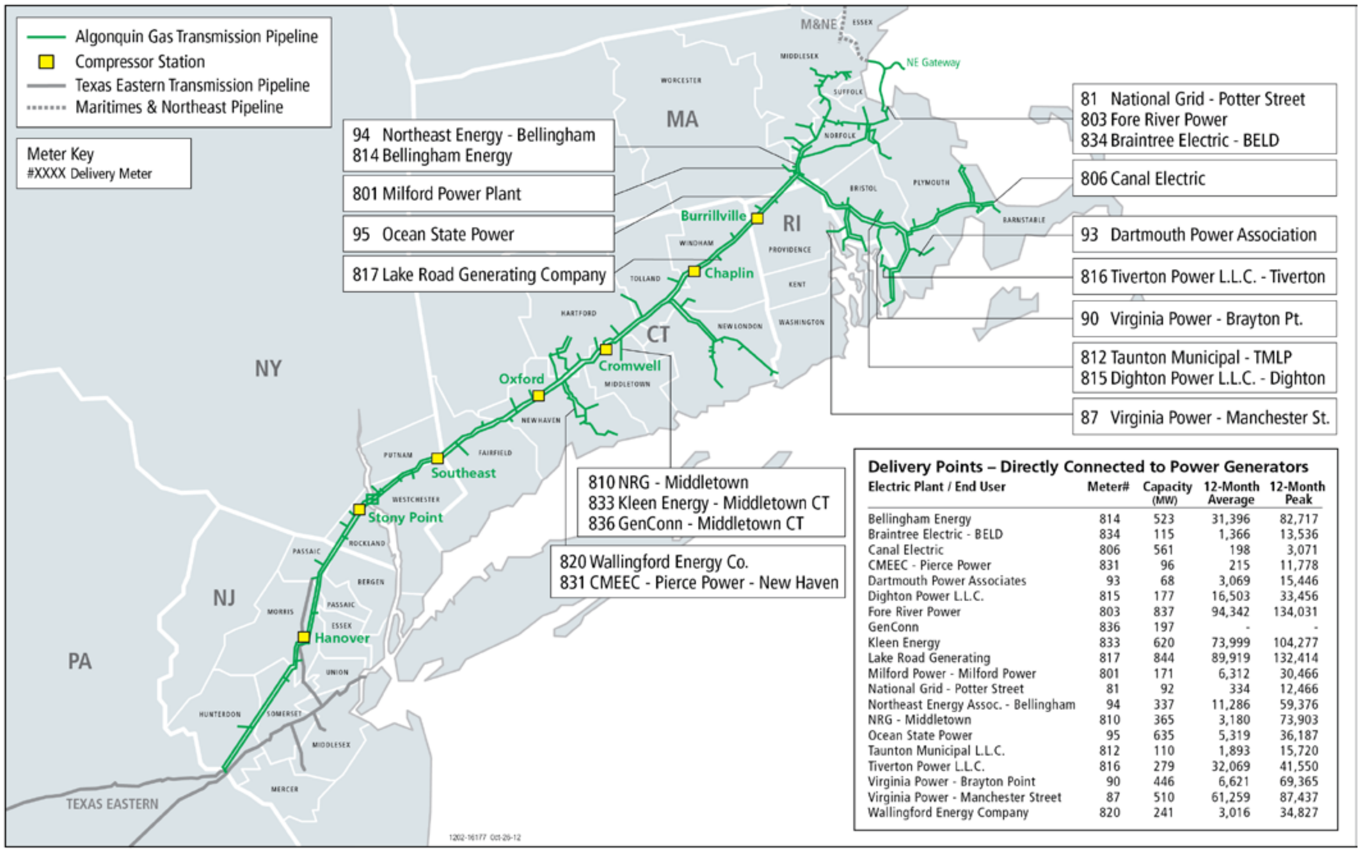
II. What percentage of firm capacity needs to be dedicated to the reliability of electric service?

As the graph below shows, only 16.5% of directly-connected generator load on Algonquin holds firm pipeline capacity versus historical winter peak day load. Spectra Energy anticipates that natural gas pipeline expansions will result in basis differential decreases and thus natural gas will play a bigger role in the generation mix going forward. The electric industry needs to determine the percentage of electric generation that should hold or have access to firm pipeline capacity. This percentage and data on peak demand should then help inform the amount of additional pipeline capacity needed. The industry may conclude that contracting for 100% of the firm capacity is not efficient. A key question is to what extent the ISO-NE reliability plan is predicated on specific gas-fired generating plants. As a starting point an expansion on Algonguin to serve the existing Algonquin power generation fleet may be the type of electric dedicated pipeline capacity that NESCOE is seeking.



III. What type of expansion makes the most sense for the region?

Spectra Energy notes that gas flow on Algonquin from the west end points of receipt to points on the east end of Algonquin is at capacity. The AIM project will increase the throughput of Stony Point by approximately 24% and future expansions of the Algonquin pipeline could further increase throughput at Stony Point, providing gas-fired generators along the Algonquin system direct access to low cost gas and making a significant impact to the basis, a stated desire of NESCOE and the New England Governors.



Electric Plant / End User	Meter#	Capacity (MW)	12-Month Average	12-Month Peak
Bellingham Energy	814	523	31,396	82,717
Braintree Electric - BELD	834	115	1,366	13,536
Canal Electric	806	561	198	3,071
CMEEC - Pierce Power	831	96	215	11,778
Dartmouth Power Associates	93	68	3,069	15,446
Dighton Power L.L.C.	815	177	16,503	33,456
Fore River Power	803	837	94,342	134,031
GenConn	836	197	-	-
Kleen Energy	833	620	73,999	104,277
Lake Road Generating	817	844	89,919	132,414
Milford Power - Milford Power	801	171	6,312	30,466
National Grid - Potter Street	81	92	334	12,466
Northeast Energy Assoc. - Bellingham	94	337	11,286	59,376
NRG - Middletown	810	365	3,180	73,903
Ocean State Power	95	635	5,319	36,187
Taunton Municipal L.L.C.	812	110	1,893	15,720
Tiverton Power L.L.C.	816	279	32,069	41,550
Virginia Power - Brayton Point	90	446	6,621	69,365
Virginia Power - Manchester Street	87	510	61,259	87,437
Wallingford Energy Company	820	241	3,016	34,827

Algonquin Gas Transmission Company: Suite 300 – 890 Winter Street, Waltham, MA, 02451. Algonquin does not guarantee the accuracy of this map nor the title delineation thereon, nor does Algonquin assume any responsibility or liability for any reliance thereon.

Algonquin Directly Connected Power Generators and Compressor Station Locations (Oct. 2012)

Spectra Energy believes that additional pipeline expansions along existing rights-of-way where the power load is located is the best solution for the region as it considers choices for additional pipeline infrastructure. New pipeline capacity needs to connect to power generation locations or it will not help. Expansion of existing pipelines does more than just increase capacity into the region, it could provide gas-fired generators with a firm path between abundant supplies of natural gas and individual power plants on days when fuel supply certainty is required. Moreover, expansions of existing pipelines minimize environmental impact during construction by utilizing existing or adjacent rights-of-way, and enable the maximum use of the capacity release market because of the supply liquidity and secondary access to all delivery points. Further, incremental expansion of existing pipelines enables the region to right-size development over time based on observations of actual market activity and near-time market projections.

As Spectra Energy indicated in its letter to NESCOE dated October 17, 2013,[2] additional expansion of the Algonquin pipeline is feasible beyond AIM if additional market support materializes. In point of fact, just last week Spectra Energy announced its Atlantic Bridge project, a proposed expansion of the Algonquin and Maritimes systems for additional natural gas service by 2017 to connect abundant North American natural gas supplies with markets in the New England states and Maritime provinces. Currently, Unitil Corporation, a natural gas distribution company, has committed to participate as an anchor shipper in the open season for the project for at least 100,000 Dth/day. Because Atlantic Bridge is an expansion of an existing pipeline, it has the ability to be scaled from 100,000 Dth/d to 600,000 Dth/day, depending upon additional market commitments across the region. As noted in the open season for Atlantic Bridge, to the extent current initiatives pursued by the New England Governors and NESCOE result in service requests for the expansion of Algonquin and Maritimes that are distinct from the Atlantic Bridge project open season, Algonquin and Maritimes will consider such requests either as part of the Atlantic Bridge Project or as part of a future expansion (open season press release and full open season notice attached).

To meet an in-service target of 2017/2018, time is of the essence in mobilizing decisionmakers to get infrastructure constructed as soon as possible, and we applaud NESCOE for initiating what will hopefully move us toward a quick resolution for the region. Spectra Energy stands ready to work with NESCOE in its efforts.

Sincerely,

/s/ Richard J. Kruse
Richard J. Kruse
Vice President, Regulatory

[2] Spectra Energy comments on Black & Veatch Phase III Study entitled *Natural Gas Infrastructure and Electric Generation: Proposed Solutions for New England.*

Date: February 5, 2014

Spectra Energy to Expand Pipeline Systems in New England

Atlantic Bridge Project Responds to Need for Additional Natural Gas Supply

HOUSTON – Spectra Energy (NYSE: SE) and Spectra Energy Partners (NYSE:SEP) today announce the Atlantic Bridge project, a proposed expansion of its Algonquin Gas Transmission and Maritimes & Northeast Pipeline systems, to connect abundant North American natural gas supplies with markets in the New England states and Maritime provinces. Algonquin and Maritimes & Northeast recently executed an agreement with Unitil Corporation to participate as an anchor shipper in the project. Unitil is a natural gas distribution company that serves parts of Massachusetts and New Hampshire and is the largest distributor in Maine. Building on that agreement, today's announcement coincides with the beginning of an open season to invite other customers to join the Atlantic Bridge project for additional natural gas service by 2017. The expansion will increase pipeline capacity by 100,000 to in excess of 600,000 dekatherms of natural gas per day, depending upon additional market commitments across the region.

"Spectra Energy's pipeline systems are strategically positioned to answer New England's need for additional domestic, clean-burning natural gas." said Bill Yardley, Spectra Energy's president of U. S. Transmission and Storage. "We are able to expand our existing facilities, mostly within their current footprint, and be operational by 2017. The additional supply will keep prices lower overall, while also dampening future gas and electricity price volatility, generating savings for homeowners, manufacturers and businesses."

A majority of the Atlantic Bridge project's construction is expected to occur within existing rights-of-way and at company-owned facilities, thus having minimal effect on landowners, communities and the environment.

The Atlantic Bridge project has a target in-service date of November 2017, and has the flexibility to consider further commitments for 2018 depending on shipper requests. With efforts currently underway by the six New England states to bring additional natural gas into the region, Spectra Energy looks forward to developing solutions with those parties for expansions of Algonquin or Maritimes & Northeast systems as part of the Atlantic Bridge project or part of a future expansion.

The present open season closes on March 31, 2014. Interested parties may contact their Algonquin or Maritimes account manager or Greg Crisp at (713) 627-4611 to discuss any questions or to seek additional information.

Spectra Energy Corp (NYSE: SE), a FORTUNE 500 company, is one of North America's leading pipeline and midstream companies. Based in Houston, Texas, the company's operations in the United States and Canada include more than 22,000 miles of natural gas, natural gas liquids, and crude oil pipelines; approximately 305 billion cubic feet (Bcf) of natural gas storage; 4.8 million barrels of crude oil storage; as well as natural gas gathering, processing, and local distribution operations. Spectra Energy is the general partner of Spectra Energy Partners (NYSE: SEP), one of the largest pipeline master limited partnerships in the United States and owner of the natural gas, liquids, and crude oil assets in Spectra Energy's U.S. portfolio. Spectra Energy also has a 50 percent ownership in DCP Midstream, the largest producer of natural gas liquids and the largest natural gas processor in the United States. Spectra Energy has served North American customers and communities for more than a century. The company's longstanding values are recognized through its inclusion in the Dow Jones Sustainability World and North America Indexes and the CDP Global 500 and S&P 500 Climate Disclosure and Performance Leadership Indexes. For more information, visit www.spectraenergy.com and www.spectraenergypartners.com.

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(713) 627-4964
(713) 627-4747 (24-hour media line)

Analyst Contact: Roni Cappadonna
(713) 627-4778

Spectra Energy

Atlantic Bridge Project

Securing the energy future of the New England States and the Maritime Provinces by providing a direct connection to clean and abundant regional supplies of natural gas

Open Season Notice for Firm Service

February 5, 2014 – March 31, 2014

Atlantic Bridge Project

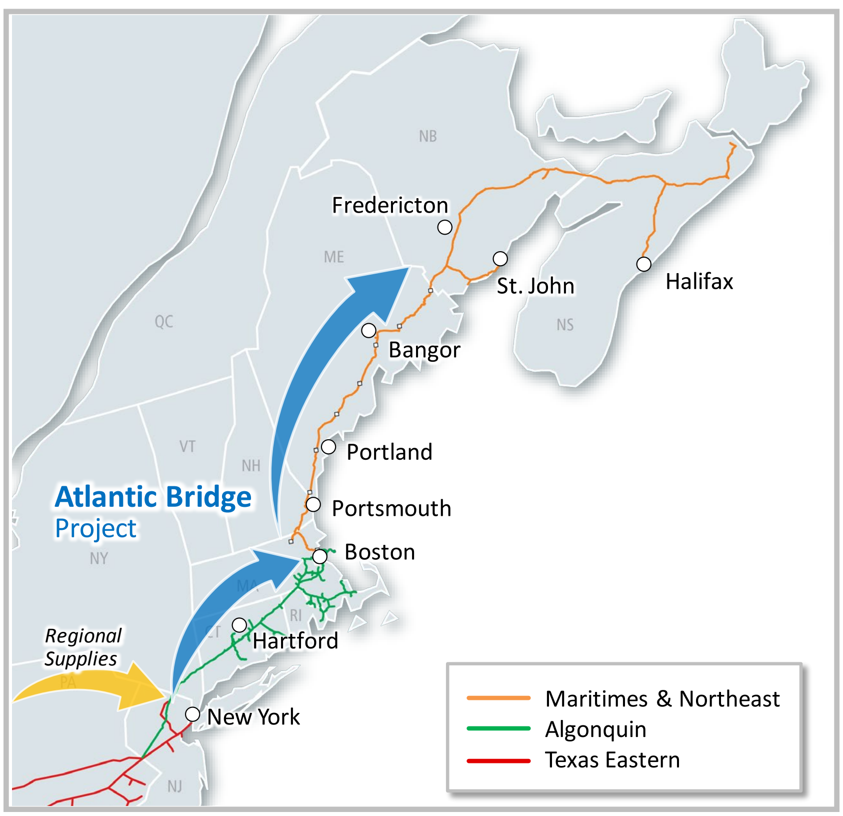
Securing the energy future of the New England States and the Maritime Provinces by providing a direct connection to clean and abundant regional supplies of natural gas

Spectra Energy's Algonquin Gas Transmission, LLC ("Algonquin"), together with Maritimes & Northeast Pipeline, L.L.C. and Maritimes & Northeast Pipeline Limited Partnership (collectively, "Maritimes"), leading providers of natural gas transportation to the New England States and the Maritime Provinces, recently executed an agreement with Unitil Corporation. The agreement provides for Unitil to participate as an Anchor Shipper in this Open Season for an expansion of the Algonquin and Maritimes systems with a proposed in-service date of November 2017. Through this Open Season, Algonquin and Maritimes invite parties interested in being a part of the Atlantic Bridge Project to submit a Service Request Form.

Project Background

Natural gas demand in the New England States and the Maritime Provinces is growing. Through discussions with the regional markets, Algonquin and Maritimes have identified a need for additional pipeline capacity to address demand created by growth in various markets largely led by energy conversions to natural gas. An addition of infrastructure would provide much needed supply diversity and reliability and would also help to stabilize natural gas prices in the region.

The regional need for more pipeline infrastructure is well documented. Beginning in the summer of 2013 with Maine's Omnibus Energy Bill, the need for additional natural gas capacity and lower energy costs was acknowledged. The New England Governors and Eastern Canadian Premiers stated their concerns and desire to work on regional cooperation for strategic investments in energy infrastructure. This commitment has also spurred an initiative led by the New England States Committee on Electricity (NESCOE) to secure additional pipeline capacity for the region.



Natural gas production in the Marcellus and Utica regions is currently at approximately 14 Bcf/d, and Algonquin is well connected to this supply through approximately 3 Bcf/d of existing pipeline interconnections on pipelines with a capacity in excess of 10 Bcf/d. Algonquin and Maritimes are uniquely positioned to deliver these supplies of natural gas to end use markets through their extensive existing city gate footprint and connections to a significant percentage of the ISO New England (ISO-NE) power generation fleet. The Atlantic Bridge Project would provide greater access for these abundant supplies from regional production to flow into the New England States and Maritime Provinces.

Algonquin and Maritimes have the proven ability and experience to execute the Atlantic Bridge Project. Further, with most of the construction expected to occur within existing rights-of-way and at company-owned facilities, Algonquin and Maritimes can develop the Project with minimal impacts to landowners, local communities and the environment. The Atlantic Bridge Project will provide the New England States and the Maritime Provinces with an opportunity to secure a cost effective, regionally produced, environmentally responsible source of clean-burning natural gas to support the current and future demand for energy.

Project Service

The Atlantic Bridge Project will provide shippers with an opportunity to obtain firm transportation service from receipt points, such as the interconnection with the Millennium Pipeline system at Ramapo, NY and as far upstream as the interconnection with the Texas Eastern Transmission pipeline system at Lambertville, NJ, to existing and new delivery points on the Algonquin and Maritimes pipeline systems. The Project is scalable, with expansion capacity ranging from 100,000 Dth/d to 600,000 Dth/d or more, depending on market commitments. In addition, Algonquin and Maritimes may consider offering service enhancements or flexibility based on requests made by interested shippers on the Service Request Form. Algonquin and Maritimes anticipate that the Atlantic Bridge Project will have a target in-service date of November 2017. Algonquin and Maritimes also are willing to consider in-service dates later than 2017. To the extent current initiatives pursued by the New England Governors and NESCOE result in service requests for the expansion of Algonquin and Maritimes that are distinct from this Project Open Season, Algonquin and Maritimes reserve the right to accept such requests either as part of the Atlantic Bridge Project or as part of a future expansion.

Anchor Shipper Status

A bidder in the Open Season can qualify as an "Anchor Shipper" for the Project by submitting a valid request for service of 100,000 Dth/d or more for at least the minimum contract term of 15 years.

Multiple affiliates of a single entity that collectively submit requests for service in the aggregate totaling at least 100,000 Dth/d will, upon request, all be considered Anchor Shippers. Algonquin and Maritimes are willing to consider offering Anchor Shippers appropriate rate, rate-related and other incentives, including but not limited to lower rates than non-anchor shippers, and certain most favored nations rights.

Project Rates

Rates will be determined at the conclusion of the Open Season and are dependent upon the scope and final facilities required to satisfy the firm service requests for shippers who are awarded capacity and who execute binding precedent agreements. Shippers will have the option of paying the applicable recourse rates of Algonquin and Maritimes, respectively, for service on the Atlantic Bridge Project facilities or negotiated rates for such service, if available, plus any applicable fuel and applicable charges and surcharges.

Nomination Process

During the Open Season period (9:00 a.m., EST, Wednesday, February 5, 2014, to 5:00 p.m., EST, on Monday, March 31, 2014), interested parties must submit a Service Request Form, which specifies the Maximum Daily Transportation Quantity (MDTQ), contract term (15-year minimum required), and desired primary receipt and delivery points. The Service Request Form is included in this package. The completed Service Request Form must be executed by a duly authorized representative and mailed, faxed, or emailed in pdf format to Algonquin and Maritimes' offices at:

> 890 Winter Street, Suite 300, Waltham, MA 02451
> Attn: Greg Crisp, Director, Business Development
> gncrisp@spectraenergy.com
> Fax No. (617) 560 – 1581

Algonquin and Maritimes reserve the right to reject any Service Request Form that is not received by 5:00 p.m. EST, on Monday, March 31, 2014.

Contracting for Service

After the Open Season concludes, Algonquin and Maritimes will evaluate all valid requests for service as set forth in the Service Request Forms to determine if the proposed Project is economically viable. Once Algonquin and Maritimes have determined the scope of the Atlantic Bridge Project, their representatives will contact all parties who submitted valid requests and were awarded capacity for the Project in order to detail preliminary Project rates for the nominated transportation services and to commence negotiations.

Capacity Allocation Process

In the event Algonquin and Maritimes receive valid requests for service that exceed the quantity of pipeline, point or segment capacity that Algonquin and Maritimes are willing to propose for the Atlantic Bridge Project, then Algonquin or Maritimes will allocate such capacity on a not unduly discriminatory basis first to qualifying Anchor Shippers executing binding precedent agreements and next to other shippers that have executed binding precedent agreements. With respect to Anchor Shippers, Algonquin and Maritimes will pro rate such capacity taking into account the quantities subscribed under each such binding precedent agreement, the quantities associated with the primary points and primary firm paths under each such agreement, and other factors as appropriate, all on a not unduly discriminatory basis, but deeming the economic value of each such agreement to Algonquin and Maritimes to be equal. If, after allocating capacity to Anchor Shippers, Algonquin and Maritimes are able to accommodate some but not all of the pipeline, point or segment capacity nominated by other (non-anchor) shippers, Algonquin and Maritimes will allocate such capacity on a net present value basis among such other shippers based on rate, contract term and MDTQ nominated, with Algonquin and Maritimes having the discretion to grant capacity to any bid or combination of bids, including across the two pipeline systems, that provides the highest net present value. A shipper's status as an Anchor Shipper, and the Anchor Shipper's attendant rights, will continue to apply even if the shipper's aggregate capacity (including the capacity of its affiliates if requested) falls below the minimum quantity required to qualify as an Anchor Shipper due to any pro rata allocation resulting from the Open Season.

Limitations and Reservations

Algonquin and Maritimes reserve the right, in their sole discretion, to decline to proceed with the Atlantic Bridge Project. Algonquin and Maritimes also reserve the right to proceed with one or more projects, or to develop alternative projects, as deemed appropriate. Algonquin and Maritimes also may request a nominating party to modify its proposed point(s), to the extent Algonquin and Maritimes determine that the nominated point(s) will unduly increase the cost of the overall Project or otherwise adversely affect the scope of the Project.

Without limiting the foregoing, Algonquin and Maritimes may, but are not required to, reject any request for service in which the Service Request Form is incomplete, is inconsistent with the terms and conditions outlined in this Open Season Notice, contains additional or modified terms, or is otherwise deficient in any respect. Algonquin and Maritimes also may reject requests for service in the event requesting parties are unable to meet the pipelines' creditworthiness requirements. No request for service shall be binding on Algonquin or Maritimes unless and until duly authorized representatives of a requesting party and Algonquin and/or Maritimes have executed a binding precedent agreement.

Reverse Open Season

A reverse open season will also be held prior to the submission of a FERC pre-filing request whereby existing shippers will be afforded an opportunity to turn back existing capacity that will reduce the scope of the Project facilities, in accordance with the terms set forth in the reverse open season notice.

Communications

At any time during the Open Season, interested parties are encouraged to contact their Algonquin or Maritimes account manager or Greg Crisp at (713) 627-4611 to discuss any questions or to seek additional information.

Spectra Energy Corp (NYSE: SE), a FORTUNE 500 company, is one of North America's leading pipeline and midstream companies. Based in Houston, Texas, the company's operations in the United States and Canada include more than 22,000 miles of natural gas, natural gas liquids, and crude oil pipelines; approximately 305 billion cubic feet (Bcf) of natural gas storage; 4.8 million barrels of crude oil storage; as well as natural gas gathering, processing, and local distribution operations. Spectra Energy is the general partner of Spectra Energy Partners (NYSE: SEP), one of the largest pipeline master limited partnerships in the United States and owner of the natural gas, liquids, and crude oil assets in Spectra Energy's U.S. portfolio. Spectra Energy also has a 50 percent ownership in DCP Midstream, the largest producer of natural gas liquids and the largest natural gas processor in the United States. Spectra Energy has served North American customers and communities for more than a century. The company's longstanding values are recognized through its inclusion in the Dow Jones Sustainability World and North America Indexes and the CDP Global 500 and S&P 500 Climate Disclosure and Performance Leadership Indexes. For more information, visitwww.spectraenergy.com andwww.spectraenergypartners.com.

Atlantic Bridge Project
Service Request Form

Shipper Information

Company ______________________________

Contact ______________________________

Title ______________________________

Address ______________________________

Telephone ______________________ Fax ______________________

Email ______________________________

Contract Requirements

Maximum Daily Transportation Quantity (dekatherms): ______________________

Receipt Point(s) [1]	Quantity (Dth/d)	Delivery Point(s) [2]	Quantity (Dth/d)

Service Commencement Date: ______________________

Contract Term: (15-year minimum required) ______________________

Other: ______________________

Please specify other service enhancements or flexibility that may be of interest. This information will not affect the validity of the service request. The incorporation of any such service enhancement or flexibility into this Project will be at the sole discretion of Algonquin and/or Maritimes and, further, will be dependent upon Project economics, timing, and requests for service received during this Open Season.

Signature of Requester/Customer: ______________________ Date: ______________

Please mail, fax or email a pdf of the completed Service Request Form to:

Greg Crisp, Director, Business Development
gncrisp@spectraenergy.com
890 Winter Street
Suite 300
Waltham, MA 02451
617-560-1581 *fax*
713-627- 4611 *office*

[1] *The sum of multiple Maximum Daily Receipt Obligation quantities may not exceed the Maximum Daily Transportation Quantity.*

[2] *The sum of multiple Maximum Daily Delivery Obligation quantities may not exceed the Maximum Daily Transportation Quantity.*