

ALGONQUIN GAS TRANSMISSION, LLC
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February 18, 2010

Byron Coy, P.E.
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
Mountain View Ofc. Park
820 Bear Tavern Road Suite 306
West Trenton, NJ 08628

**Re: Algonquin Gas Transmission, LLC
Notice of Probable Violation
CPF 1-2010-1001**

Dear Mr. Coy:

On October 23, 2008, a representative from the Pipeline and Hazardous Materials Safety Administration ("PHMSA") conducted an investigation pertaining to an outage that occurred on October 23, 2008 at a Meter and Regulating Station #33 ("M&R 33") owned and operated by Algonquin Gas Transmission, LLC ("AGT").

As a result of the investigation, PHMSA issued a Notice of Probable Violation ("NOPV") to AGT on January 21, 2010. The NOPV specified seven (7) probable violations relating to AGT's failure to follow AGT's Standard Operating Procedure ("SOP") 5-3010, "Purging", and proposed a civil penalty of \$69,000.

AGT has reviewed the seven (7) probable violations specified by PHMSA in the NOPV, and does not contest these findings of violation.

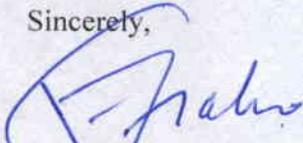
AGT is a unit of Spectra Energy Transmission ("SET"). SET has developed and implemented a set of common Standard Operating Procedures ("SOPs") that are utilized by all of SET's U.S. based business units, including AGT. To address the issues identified during PHMSA's investigation of this event, SET is taking the following actions:

1. SET has reviewed SOP 5-3010 and has identified wording in several sections that will be revised to improve clarity. Improved clarity of the requirements will make it easier for all personnel to understand and follow the procedure. We intend to have these clarified revisions to SOP 5-3010 implemented by May 1, 2010.
2. SET is conducting enhanced training on the requirements of the purging procedure for appropriate operating personnel across all U.S. based business units, including AGT. The training will include the changes to SOP 5-3010 and a discussion of the events and actions that led to this outage. The training will be designed to prevent reoccurrence of

this type of event. All appropriate AGT operating personnel are scheduled to participate in this enhanced training by September 1, 2010.

Please feel free to call Rick Kivela at (713) 627-6388 if you have any questions or would like to discuss these issues in more detail.

Sincerely,



J. Andrew Drake
Vice President, Transmission Services

cc: Stephen Gliebe, P.E. (PHMSA)