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J. A. (Andy) Drake, P.E.
Vice President
Transmission Services

May 25, 2011

Mr. Byron Coy
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
820 Bear Tavern Road
Suite 103
West Trenton, NJ 08628

RE: CPF 1-2011-1004M
Notice of Amendment
Spectra Energy

Dear Mr. Coy,

Between August 31 and October 21, 2011, representatives the Pipeline and Hazardous Materials Safety Administration (PHMSA) conducted an inspection of Spectra Energy's (Spectra) Integrity Management Program (IMP). During this inspection, PHMSA identified two (2) apparent inadequacies in Spectra's IMP, and issued a Notice of Amendment on April 21, 2011. This letter is our initial response to the NOA.

1. Preventive and Mitigative Measures

PHMSA Finding

Spectra's IMP did not define a systematic, documented decision-making process to determine which preventive and mitigative measures are to be implemented for specific High Consequence Area (HCA) segments.

Based on Spectra's *Integrity Program Manual Chapter 16, Rev. 2, 7/28/2010*, Spectra did not describe a process for preventive and mitigative (P&M) measures to address the threats identified in a specific HCA segment by the risk analysis. In addition, Spectra's *Integrity Program Manual Chapter 16, Rev. 2, 7/28/2010* did not include the implementation of the considered measures, basis for decisions, and schedule for the implementation of the measures for specified HCA segments; also a means of documenting.

Spectra Response

As discussed during the inspection, Spectra has taken a system-wide approach to P&M measures and has implemented additional P&M measures to the entire pipeline system or portions of the system, as deemed necessary, both inside and outside of HCAs. We firmly believe this is a proper, diligent approach to improving safety of the entire pipeline. The additional P&M measures implemented over the pipeline system are specified throughout our SOPs, but are not summarized in a single document.

Spectra recognizes that 49 CFR Subpart O requires operators to implement additional P&M measures in HCA segments as needed to address the applicable threats. We believe we have done that through our systematic approach to providing additional protection to the entire pipeline system. However, we also recognize that our procedures can be enhanced to more clearly define a systematic process for reviewing additional P&M measures implemented within HCA segments to address the requirements of Subpart O. We also recognize the need for better documentation for the review of P&M measures for HCA segments. Therefore, we are not contesting this finding. We are in the process of revising our procedures to address this issue.

The revisions needed to address this issue are complex and extensive, with review of multiple procedures needed to assure that the issues are completely addressed without conflicts between individual procedures. As a result, we have not been able to complete the revisions within the 30 day timeframe stated in the NOA. Spectra respectfully requests additional time to fully address the issues noted in the NOA, and proposes to provide revised procedures to PHMSA by August 1, 2011.

2. Quality Assurance

PHMSA Finding

Spectra's IMP did not ensure that the "should" statements from industry standards that are invoked by Subpart O were addressed in its *Integrity Program Manual Chapter 16, Rev. 2, 7/28/2010*, nor does it identify how alternative implementation methods or a basis for not implementing the "should" statements are to be documented.

Spectra Response

Spectra believes it has properly addressed the "should" statements in our IMP and related Standard Operating Procedures (SOPs). This issue was discussed thoroughly during the inspection. Spectra does agree that the IMP can be revised to more clearly specify how "should" statements are to be addressed, and how alternate

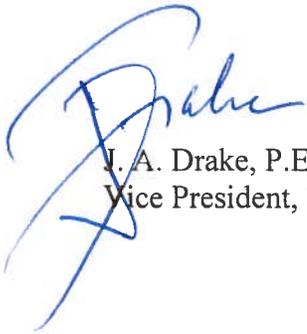
implementation methods or a basis for not implementing "should" statements will be documented. Therefore, we are not contesting this finding. We are in the process of revising our procedures to address this issue.

The revisions needed to address this issue are complex, and will likely require modifications to a number of procedures to fully address the issue. As a result, we have not been able to complete the revisions within the 30 day timeframe stated in the NOA. Spectra respectfully requests an extension of the 30 day timeframe to fully address the issues noted in the NOA, and proposes to provide revised procedures to PHMSA by July 1, 2011.

As noted above, Spectra is not contesting the issues noted in the NOA. However, Spectra does request additional time to fully address the issues identified during the inspection, and proposes the timeframes specified above to complete revisions to applicable procedures. We will provide the revised procedures to PHMSA when completed. We appreciate PHMSA's consideration of this matter.

Please call Rick Kivela at (713) 627-6388 if you have any questions or comments.

Sincerely,



J. A. Drake, P.E.
Vice President, Transmission Services