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November 4, 2011

J. A. (Andy) Drake, P.E.
Vice President
Asset Integrity

Mr. Wayne Lemoi
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration
233 Peachtree Street
Suite 600
Atlanta, Georgia 30303

RE: Texas Eastern Transmission, L.P.
Notice of Probable Violation
CPF 2-2011-1009

Mr. Lemoi:

This letter is written in response to the Notice of Probable Violation and Proposed Civil Penalty CPF 2-2011-1009 ("NOPV") dated October 7, 2011.

From May 9 through July 29, 2011, representatives of the Pipeline and Hazardous Materials Safety Administration ("PHMSA") inspected the Texas Eastern Transmission, L.P. ("TETLP") facilities and records in Alabama, Mississippi, Tennessee and Kentucky. As a result of this inspection, PHMSA issued a NOPV to TETLP. The NOPV specified one (1) probable violation relating to the timeframe for implementing remediation measures to correct deficiencies in cathodic protection ("CP") levels identified during external corrosion control testing at two (2) test stations. As noted in the NOPV, the low CP levels had first been identified in 2009 but had not yet been remediated at the time of the PHMSA inspection.

TETLP has reviewed the issues relating to this finding. After the low CP levels had been identified in 2009, additional testing was conducted to verify the CP levels and identify necessary remediation measures. At the time of the inspection, remediation projects for these locations had been approved, funded and were in the planning phase, but the measures had not yet been implemented. While the regulations do not define "prompt" remediation for inadequate CP levels, TETLP's expectation is that remediation should be performed more quickly than occurred for these locations. Thus, TETLP will not contest the probable violation and has paid the civil penalty of \$19,000 via wire transfer as specified in the instructions attached to the NOPV.

It appears this issue was caused partially by an inappropriate connection to the annual budget cycle to obtain funding for the required remediation measures. While the annual budget process

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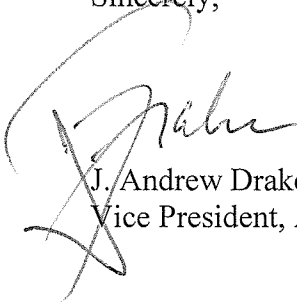
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is appropriate for most projects, there are some issues, such as the one identified in this NOPV, that must be completed in a shorter timeframe than the annual budget process allows.

TETLP is committed to responding to all significant issues in a timely fashion. As a result of this issue identified during this inspection, the Group Vice President of Transmission issued a letter to all field employees re-emphasizing TETLP's expectation and commitment to take prompt action to address immediate or critical issues, including approval of necessary funding outside of the normal budget process. A copy of this letter was provided to you via e-mail on June 27, 2011.

Please feel free to contact Rick Kivela at (713) 627-6388 if you have any questions or wish to review this issue in more detail.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Andrew Drake". The signature is written in a cursive style and is positioned above the typed name.

J. Andrew Drake, P.E.

Vice President, Asset Integrity