Ohio Pipeline Energy Network (OPEN)

Linking emerging natural gas supplies from the Utica Shale region to the largest gas markets from the Northeast to the Gulf Coast region along Spectra Energy’s Texas Eastern footprint.

Open Season Notice
April 27, 2012 – May 18, 2012
Ohio Pipeline Energy Network (OPEN)
The OPEN project offers an exceptional opportunity for linking emerging natural gas supplies from the Utica Shale region to the largest gas markets from the Northeast, to the Midwest and the Gulf Coast region along Spectra Energy’s Texas Eastern footprint.

Spectra Energy’s Texas Eastern Transmission, LP (“Texas Eastern”), a leading provider of natural gas transportation services to the Northeast, Midwest and Southeast markets, recognizes the potential for emerging Utica natural gas supplies to move to markets along its pipeline system. By introducing the OPEN project, Texas Eastern will provide the best means to bring newly emerging natural gas supplies to markets. Texas Eastern marketing activities have led to the identification of American Electric Power’s subsidiary Ohio Power Company as an anchor shipper for the OPEN project. With this Open Season, Texas Eastern invites other parties interested in obtaining firm OPEN capacity to submit a Service Request Form. The service commencement date for this project is targeted for as early as December 1, 2014.

Project Background
The rapidly emerging Appalachian production area, including the Utica Shale play, has created new opportunities to increase supply diversity for growing domestic natural gas markets. The Utica shale is proving to hold impressive quantities of natural gas, oil and natural gas liquids.

Texas Eastern is uniquely positioned over the Appalachian production area. Over the past several years, Texas Eastern has been developing and constructing well-timed, cost effective pipeline expansions that have and will connect significant sources of supply to the region. These expansions offer growing markets increased supply diversity, enhanced ability to better manage price volatility and improved supply security and reliability. The Texas Eastern system offers attractive market options for these newly developing supply sources, including access to conventional Northeast market growth; increasing natural gas power generation and interconnects with downstream pipelines that provide direct access to additional markets; and emerging LNG liquefaction, Gas-to-Liquids, industrial load and other market opportunities in the Southeast and Gulf Coast.

Connecting supplies to markets has been instrumental to Texas Eastern’s success for many years. Texas Eastern has the proven ability and experience to develop and execute the OPEN project as it has developed and executed numerous production and market driven projects in the past.

Project Description
OPEN provides shippers with the opportunity to design transportation services from proposed new receipt points in numerous Ohio counties, including but not limited to: Monroe, Belmont, Harrison, Noble, Carroll and Columbiana, as well as a limited ability to add additional primary receipt point rights in the Uniontown area , to delivery points across the Texas Eastern market delivery and access area (including but not limited to: Gas City, IN, Lebanon, OH and Kosciusko, MS, with limited delivery further south to points in ELA and WLA, including the Southeast Supply Header interconnect). The expansion contemplates an overall project capacity of 700,000 Dth/d, inclusive of the commitment by the anchor shipper. Bidders in the Open Season can qualify as an “anchor shipper” for the project by submitting a bid for a minimum of either 100,000 Dth/d, if the contract term is 20 years or longer, or 125,000 Dth/d, if the contract term is 15 years or longer. Anchor shippers may be entitled to certain rate and rate-related incentives, including, among other incentives, lower rates than non-anchor shippers and certain most favored nations rights. Anchor shippers may also be entitled to other incentives, such as priority rights to obtain unsubscribed project capacity or to relinquish capacity if the project is over-subscribed prior to the service commencement date for OPEN.

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 have executed binding Precedent Agreements. Shippers will have the ability to choose to pay Texas Eastern’s applicable recourse rates for service on the OPEN project or to...

If nominations submitted in response to this Open Season result in the execution of binding Precedent Agreements in excess of 700,000 Dth/d, Texas Eastern will consider a larger expansion or implement a procedure that allocates the available capacity on a not unduly discriminatory basis as described more fully below. If nominations submitted in response to this Open Season result in less than 700,000 Dth/d of binding Precedent Agreements (when added to the anchor shipper’s volume), Texas Eastern will offer the excess capacity to all shippers that executed binding Precedent Agreements, including anchor shippers, on a not unduly discriminatory basis.

OPEN is intended to meet the initial supply growth of Utica producers in the 2014 timeframe. The vast existing Texas Eastern infrastructure coupled with necessary expansion facilities allows shippers to address their growth needs and diversify their supply and markets while enjoying the reliable, flexible service shippers value.

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 have executed binding Precedent Agreements. Shippers will have the ability to choose to pay Texas Eastern’s applicable recourse rates for service on the OPEN project or to...
pay a mutually agreeable negotiated rate for such service. In addition to the transportation rates, any shipper who transports gas will be subject to incremental fuel charges that will ultimately be determined by the scope and final facilities required to satisfy the firm service requirements of those shippers who have executed binding Precedent Agreements. Initial indicative fuel rates will be determined after the close of this Open Season.

Nomination Process
During the Open Season period (9:00 a.m., EST, April 27, 2012 to 5:00 p.m., EST, May 18, 2012) interested parties must submit a Service Request Form, which specifies the Maximum Daily Quantity (MDQ), contract term (15-year minimum required), proposed receipt points and proposed 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 or faxed, to Spectra Energy’s offices at:
5400 Westheimer Court
Houston, TX 77056
Attention: Mr. Elie G. Atme
Fax: 713-627-4727 Email: egatme@spectraenergy.com

Texas Eastern reserves the right to reject any Service Request Form that is not received by 5:00 p.m. EST, on May 18, 2012.

Contracting for Service
Upon the close of the Open Season, Texas Eastern will evaluate all valid requests for service as set forth in the Service Request Forms to determine if the proposed OPEN project is economically justified. Texas Eastern will also evaluate the availability of necessary materials, equipment and third-party services at the time to confirm that Texas Eastern can complete the facilities necessary to satisfy all valid requests submitted in this Open Season by the timing contemplated for OPEN. If Texas Eastern elects to proceed with the project, Texas Eastern representatives will contact all parties who have submitted valid requests in order to finalize the terms on which service will be provided. Any party who is awarded OPEN capacity must enter into a binding Precedent Agreement. Texas Eastern reserves the right to reject any party’s valid request for service in the event a duly authorized representative of such party has not executed a binding Precedent Agreement on or before 30 days following the end of the Open Season.

Capacity Allocation Process
In the event that Texas Eastern has received executed binding Precedent Agreements for a quantity of the OPEN Project capacity that exceeds the quantity of pipeline, point or segment capacity that Texas Eastern is willing to propose for the project, and Texas Eastern determines not to expand the applicable pipeline, point or segment capacity, then Texas Eastern 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, Texas Eastern will pro rate such capacity on a not unduly discriminatory basis taking into account the quantities subscribed under each such binding Precedent Agreement and the quantities associated with the primary points and primary firm paths under each such agreement, and other factors on a not unduly discriminatory basis but deeming the economic value of each such agreement to Texas Eastern to be equal. If, after allocating capacity to anchor shippers, Texas Eastern is able to accommodate some but not all of the pipeline, point or segment capacity nominated by other (non-anchor) shippers, Texas Eastern will allocate such capacity on a net present value basis among such other shippers based on rate, contract term and MDQ nominated, with Texas Eastern having the discretion to grant capacity to any bid or combination of bids that provides the highest net present value.

Limitations and Reservations
Texas Eastern reserves the right to decline to proceed with the OPEN project or any portion of the project, including all or any portion of the project for which Texas Eastern has requested nominations as part of this Open Season. Texas Eastern also reserves the right to proceed with one or more projects that will be defined through the contracting process and reserves the right to negotiate with only those parties that submit bids with this Open Season. Without limiting the foregoing, Texas Eastern may, but is 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. Texas Eastern reserves the right to request a nominating party to modify its proposed receipt or delivery point(s), to the extent that Texas Eastern determines that the nominated point(s) will unduly increase the cost of the overall project or otherwise adversely affect the scope of the project in light of the other nominations received prior to or as part of the open season. Texas Eastern also reserves the right to reject requests for service in the event requesting parties are unable to meet applicable creditworthiness requirements. No request for service shall be binding on Texas Eastern unless and until duly authorized representatives of both a requesting party and Texas Eastern have executed binding Precedent Agreements.

Communications
Interested parties may contact their Spectra Energy account manager or Mr. Elie G. Atme at 713-627-4603 or Mrs. Erin Petkovich at 713-627-6371 to discuss any questions or to seek additional information about this Open Season.

Spectra Energy Corp (NYSE: SE), a FORTUNE 500 company, is one of North America’s premier natural gas infrastructure companies serving three key links in the natural gas value chain: gathering and processing, transmission and storage, and distribution. For more than a century, Spectra Energy and its predecessor companies have developed critically important pipelines and related infrastructure connecting natural gas supply sources to premium markets. Based in Houston, Texas, the company’s operations in the United States and Canada include more than 19,000 miles of transmission pipeline, approximately 305 billion cubic feet of storage, as well as natural gas gathering and processing, natural gas liquids and local distribution operations. The company also has a 50 percent ownership in DCP Midstream, one of the largest natural gas gatherers and processors in the United States. Spectra Energy is a member of the Dow Jones Sustainability World and North America Indexes and the U.S. S&P 500 Carbon Disclosure Project’s Carbon Disclosure Leadership Index. For more information, visit www.spectraenergy.com.
OPEN Project
Service Request Form

Shipper Information
Company ____________________________________________________________
Contact ____________________________________________________________
Title ________________________________________________________________
Address _____________________________________________________________
Telephone ___________________________ Fax ____________________________
Email ________________________________________________________________

Contract Requirements

Maximum Daily Transportation Quantity (dekatherms): _______________________

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Service Commencement Date: _________________________________

Contract Term: (15-yr minimum) ______________________________

Signature of Requester/Customer: ____________________________ Date: ____________

Please email, send or fax completed nomination forms to:
Elie Atme
Director, Business Development 713-627-4603 phone
Spectra Energy Transmission 713-627-4727 fax
5400 Westheimer Court egatme@spectraenergy.com
Houston, TX 77056

Terms and conditions related to contracting for service as part of the OPEN project and the limitations and reservations that are applicable to the OPEN project Open Season are set forth in the OPEN Project Open Season Notice and are incorporated herein as if copied and set forth herein.

[1] The sum of multiple nominated delivery point quantities may not exceed the Maximum Daily Quantity.