Texas Eastern Appalachia to Market Expansion Project (TEAM 2014)

Moving emerging natural gas supplies from the Appalachian region to diverse market destinations along the existing Texas Eastern footprint from the Northeast to the Midwest, and Gulf Coast.

Binding Open Season Notice
January 17, 2012 – February 17, 2012
Texas Eastern Appalachia to Market Expansion Project (TEAM 2014)

Texas Eastern’s Appalachia to Market Expansion Project 2014 offers the unique opportunity for moving emerging natural gas supplies from the Appalachian region to diverse markets across the Texas Eastern system including premium Northeast markets, as well as markets in the Midwest, and Gulf Coast.

Spectra Energy’s Texas Eastern Transmission, LP (“Texas Eastern” or “TETLP”), a leading provider of natural gas transportation services for over 60 years, recognized the potential for emerging Appalachian natural gas supplies to move further east, west, and southwest on its pipeline system. TEAM 2014 is a project that will provide an efficient means to transport these supplies to Northeast, Midwest, and Gulf Coast markets. Texas Eastern has secured Precedent Agreements with two anchor shippers that provide the economic base to move forward with the project. With this Binding Open Season which shall run from January 17, 2012 to February 17, 2012, Texas Eastern invites all parties who are interested in obtaining firm TEAM 2014 capacity to submit a Binding Service Request Form. The service commencement date for this project is targeted for November 1, 2014.

Project Background
The rapidly expanding Appalachian production area, including the Marcellus Shale play, has created opportunities to increase supply diversity for growing domestic natural gas markets. The formation spans the regions of West Virginia, Eastern Ohio, Western and Northern Pennsylvania, and Southern New York. With the successful development of the Northeast Pennsylvania sector of the Marcellus play over the past few years, Texas Eastern is now witnessing a similar development curve from emerging Appalachian production in the Southwestern Pennsylvania and West Virginia area around its pipeline and anticipates the positive potential benefits these supplies will bring to its customers on its system and the Northeast, Midwest, and Gulf Coast markets in general.

Texas Eastern’s existing facilities are uniquely positioned over the Appalachian production area while also providing significant access to major Northeast, Midwest, and Gulf Coast markets. 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 markets and liquid trading points along the Texas Eastern system. 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 export, Gas-to-Liquids, and other market opportunities in the Southeast and Gulf Coast.

Connecting new supply 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 TEAM 2014 as it has developed and executed numerous production-driven projects in the past. Texas Eastern intends to expand existing infrastructure and utilize existing rights of way, where possible, for TEAM 2014 in order to manage construction costs and minimize the impact on landowners and the environment.

Project Description
TEAM 2014 provides shippers with the opportunity to design transportation services from multiple existing and proposed new receipt points on the Texas Eastern system within the Appalachian production region in West Virginia and southwestern Pennsylvania that span portions of Texas Eastern’s Zones M2 and M3 to delivery points across the Texas Eastern system, including but not limited to Marietta, Pa. (head of the Marietta Extension to an interconnect with Transco near its Station 195); Lambertville, N.J.; Staten Island, N.Y.; Lebanon, Ohio; the interconnect with Transco near its Station 195; and other pipeline interconnects and markets in Zones M3, M2, M1, ELA, and WLA.

The proposed expansion contemplates an overall potential project capacity of up to 1,400,000 Dth/d inclusive of the two anchor shipper commitments. Texas Eastern is proposing this Binding Open Season in order to invite all parties who are interested in obtaining capacity created by
the TEAM 2014 Expansion Project to submit a request for service pursuant to the terms of this open season notice. Texas Eastern will also consider requests for delivery to off system points.

Texas Eastern has designed the project to accommodate a primary firm path for all project shippers to be split, with 50% of the firm path to extend to the East, and 50% of the firm path to extend to the West and South from the Appalachian supply region. Inclusive of the anchor shipper commitments, the project currently contemplates up to 450,000 Dth/d of available firm transport to the interconnect with Algonquin near Lambertville, N.J., with limited deliverability available downstream, up to 250,000 Dth/d to Marietta and on the Marietta Extension, and up to 700,000 Dth/d of firm path to the west and southwest to various markets and interconnects along the Texas Eastern system in Zones M2, M1 with limited delivery downstream to ELA and WLA.

If nominations submitted in response to this Binding Open Season will result in the execution of binding Precedent Agreements in excess of 1,400,000 Dth/d or in excess of the project capacity available in any particular firm path or any particular point, Texas Eastern will 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 Binding Open Season result in less than the proposed capacity designed for the project, Texas Eastern may offer the excess capacity to all shippers that executed binding Precedent Agreements, including the anchor shipper on a not unduly discriminatory basis. The project does not require the 1,400,000 Dth/d of volume to proceed, rather it may proceed solely with the anchor shipper commitment or additional volumes up to 1,400,000 Dth/d.

Anchor Shipper Status

To qualify as an anchor shipper for the TEAM 2014 Expansion Project, a shipper must execute a Precedent Agreement acceptable to Texas Eastern that:

- Commits to an MDQ of at least 300,000 Dth/d;
- Reflect a primary term that extends at least ten (10) years following the service commencement date of the project; and
- Is executed by a duly authorized officer of the shipper no later than thirty (30) days following the end of the Binding Open Season, unless Texas Eastern agrees, in its sole discretion, to extend such deadline.

Shippers qualifying for anchor shipper status may be entitled to certain rate and rate-related incentives and priority to project capacity that is not subscribed during this Binding Open Season or that was subscribed but then became available to Texas Eastern prior to the service commencement date for the project. An anchor shipper may also be entitled to a one-time option to extend its primary term for an additional five years. An anchor shipper will receive priority to project capacity as described more fully below in the Capacity Allocation Process.

**Project Rates**

Rates will be determined at the conclusion of the Binding Open Season and are dependent upon the scope and facilities required to satisfy the project for 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 TEAM 2014 facilities or to pay a mutually agreeable negotiated rate for such service. The indicative negotiated rates for the project assuming a project capacity of up to 1,400,000 Dth/d pursuant to the limitation and restrictions described herein are $0.45-0.50 per Dth/d on a 100% load factor basis, respectively. In addition to the transportation rates, any shipper who transports gas will be subject to 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 Binding Open Season.

**Binding Nomination Process**

During the Binding Open Season period interested parties must submit a Binding Service Request Form, which specifies the Maximum Daily Quantity (MDQ), contract term (15-year preferred; 10-year minimum), receipt and delivery points (both existing and proposed), with the proposed MDQ split 50/50, with 50 percent of the firm path extending to delivery points on the Texas Eastern system to the east and 50 percent of the firm path extending to delivery points on the Texas Eastern system to the west and to the south from the Appalachian supply region. The Binding Service Request Form is included in this package. The completed Binding Service Request Form must be executed by a duly authorized representative and mailed or faxed, to Texas Eastern’s offices at:

5400 Westheimer Ct.
Houston, TX 77056
Attention: Bobby Huffman
Email: RLHuffman@spectraenergy.com
Fax: (713) 627-4727

Texas Eastern reserves the right to reject any Binding Service Request Form that is not received by 5:00 p.m. EST, on Friday, February 17, 2012.

**Contracting for Service**

Upon the close of the Binding Open Season, Texas Eastern will evaluate all valid requests for service as set forth in the Binding Service Request Forms to determine if the proposed TEAM 2014 Expansion 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 Binding Open Season by the timing contemplated for the TEAM 2014 Expansion Project. 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 TEAM 2014 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 Binding Open Season.

Capacity Allocation Process
In the event that Texas Eastern has received executed binding Precedent Agreements for a quantity of the TEAM 2014 Expansion Project capacity that exceeds the quantity of pipeline, point or segment capacity that Texas Eastern is willing to propose for the project, Texas Eastern will allocate such capacity first to anchor shippers executing binding Precedent Agreements that qualify as anchor shippers under this Binding Open Season and next to other shippers that have executed binding Precedent Agreements for the project. In the event that anchor shippers have executed binding Precedent Agreements for a quantity of capacity that exceeds the quantity of pipeline, point or segment capacity proposed for the project, Texas Eastern will pro rate such capacity among the anchor shippers 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, but deeming the economic value of each such agreement to Pipeline to be equal. Any reduction in MDQ among anchor shippers will maintain the even split between the eastward primary firm path and the westward/southward primary firm path. 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 executing binding Precedent Agreements, Texas Eastern will allocate such pipeline, point or segment 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, in its sole discretion, to decline to proceed with the TEAM 2014 Expansion 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 Binding Open Season. Texas Eastern also reserves the right to reject any and all bids that do not satisfy the requirements set forth in this Binding Open Season Notice. Without limiting the foregoing, Texas Eastern may, but is not required to, reject any request for service in which the Binding Service Request Form is incomplete, is inconsistent with the terms and conditions outlined in this Binding 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 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 Binding 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 Texas Eastern account manager or Bob Riga at 617-560-1436 or Bobby Huffman at 713-627-5259 to discuss any questions or to seek additional information about this Binding 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 approximately 19,100 miles of transmission pipeline, more than 305 billion cubic feet of storage, as well as natural gas gathering and processing, natural gas liquids operations and local distribution assets. 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.
Texas Eastern Appalachia to Market Expansion Project (TEAM 2014)

Binding Open Season for 2014 Firm Transportation Capacity

Binding Service Request Form
Texas Eastern Transmission, LP

Shipper Information

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<th>Company</th>
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Maximum Daily Quantity __________________________

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Contract Term: __________________________ (15-year preferred, 10-year minimum)

Signature of Requester/Customer and Date: __________________________

By completing this Binding Service Request Form, subject to Texas Eastern’s acceptance of shipper’s request for service and shipper’s receipt of notification from Texas Eastern of quantities of capacity allocated to shipper, shipper hereby agrees to enter into negotiations with the objective to enter into a binding Precedent Agreement with Texas Eastern. If shipper does not enter into a binding Precedent Agreement, Texas Eastern reserves the right to reject shipper’s request for service as set forth in this Binding Service Request Form.

If you have any questions, please contact your Texas Eastern account manager or the contact listed below. In addition, please send your completed Binding Service Request Form to:

Texas Eastern Transmission 713-627-4727 fax
Attention: Bobby Huffman R LHuffman@spectraenergy.com
5400 Westheimer Court
Houston, TX 77056

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