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PRESENTATION

Operator

Good morning. My name is Christa and I will be your conference operator today. At this time I would like to welcome everyone to the Spectra Energy and Spectra Energy Partners third-quarter earnings conference call.

Now I would like to turn the call over to your Chief Communications Officer, Julie Dill. Please go ahead.

Julie Dill - *Spectra Energy Corp - Chief Communications Officer*

Thank you, Christa, and good morning, everyone. Appreciate you joining us today for our review of Spectra Energy's and Spectra Energy Partners' 2016 third-quarter results. With me today are Greg Ebel, President and CEO of both Spectra Energy and Spectra Energy Partners; Pat Reddy, Chief Financial Officer of both Companies; and Bill Yardley, President of our U.S. Transmission business.

You'll hear from both Greg and Pat this morning as they go through our results for the quarter and provide updates on our growth projects and the proposed merger with Enbridge. And Bill is here to help field questions related to U.S. transmission. As always, there will be plenty of time for your questions.

Our Safe Harbor statements are contained within our presentation materials and available on our website. These statements are important and integral to all our remarks, so I would ask that you refer to them as you review our material. Also contained in our presentation materials are certain non-GAAP measures that we reconcile to the most likely comparable GAAP measures, and those reconciliations are also available on our website.

With that, let me turn things over to Greg.

Greg Ebel - *Spectra Energy Corp - Chairman, President, CEO*

Well, thanks very much, Julie, and good morning, everybody. Before we have Pat go through our financial results for the quarter, I wanted to give you a quick update on the status of our proposed merger with Enbridge.

This is, as you know, a transformational combination that will deliver tangible benefits to all Spectra Energy's stakeholders. By merging our best-in-class natural gas and liquids assets, we'll become the largest energy infrastructure company in North America. And with that come some very clear and specific benefits for Spectra Energy's shareholders.

First, it delivers an upfront premium; and through the share exchange it allows for participation in what we expect will be meaningful value uplift on a combined basis. Second, the transaction is expected to be completed on a tax-deferred basis.

Next, and more importantly, it provides for an expected annualized 15% dividend increase in year one. And then it's expected to increase and extend future annual dividend growth from Spectra Energy's current rate of about 8% per year to a range of 10% to 12% annually through at least 2024, with greatly enhanced dividend coverage also expected over this time frame.

No other company in our industry has that kind of high-return, low-risk model. It diversifies our asset base and creates significant financial flexibility that allows us to continue to compete for and win the most significant, attractive growth projects.

We've said on many occasions that we would like to grow our liquids footprint, and this transaction does that on an accelerated basis, adding what is clearly North America's premier, most critical liquids pipeline network. It also allows for continued development and execution of Spectra Energy's existing attractive US expansion program within a more robust entity.

And upon closing of the proposed merger, SEP will maintain its low-risk stable cash flow model with no commodity exposure and limited volume risk. And that has served investors so well since its inception and will do so going forward. Lastly, it results in potential meaningful cost synergies and continues our current favorable cash tax outlook.

This combination is expected to create a true global energy infrastructure leader offering the best total return opportunity in our sector. That return is supported by the multiple platforms for organic growth that the new Enbridge will have.

First, we are bringing together the best natural gas and liquids pipeline businesses, both of which are known for their growth over time. Between the two Companies, we have the two best natural gas distribution companies in Canada; and we believe having these entities under the same ownership will generate tremendous stakeholder benefits.

Spectra Energy's well-positioned Western Canadian midstream business, along with Enbridge's Alliance and Aux Sable assets will provide customers with integrated gas and NGL solutions. And in the US midstream space, DCP is the leading natural gas processor and producer of natural gas liquids.

Finally, on the renewable front, Spectra Energy's connection to growing markets could lead to greater opportunities for the new Enbridge to provide renewable infrastructure for our customers.

We're making good progress towards a targeted closing in the first quarter of 2017. We and Enbridge have filed our preliminary proxy and registration statements, and we've made all of our other required regulatory filings: Hart-Scott-Rodino and CFIUS in the US and Competition Act and Transportation Act filings in Canada.

We expect a shareholder vote either late this year or early next, and we've started planning for day one by working with teams from both Companies to ensure we have a seamless transition. While we're busy with the transaction, we remain focused on delivering on the commitments we laid out to investors at the beginning of this year.

So with that, let me turn things over to Pat to walk you through our fine results that we've delivered on your behalf again this quarter.

Pat Reddy - Spectra Energy Corp - CFO

Well, thanks, Greg, and good morning, everyone. As you've seen in our news releases, Spectra Energy and Spectra Energy Partners delivered solid, ongoing earnings and cash for the quarter. These results reflect the strength of our diverse portfolio and are well in line with our full-year expectations.

Before I get into the details of the ongoing results, I want to discuss some special items we recorded in the quarter. The first item relates to the continued inspection and repair efforts associated with the Texas Eastern pipeline incident that occurred earlier this year in Pennsylvania.

SEP recorded a special item of \$38 million in the quarter. Year-to-date related expenses have totaled \$54 million, including \$44 million at SEP and \$10 million at SE Other.

In total, we expect to incur special item costs in the range of \$75 million to \$100 million related to these activities. Most of these costs are anticipated to be incurred in 2016.

The next two special items, totaling \$16 million, adversely affected EBITDA in our Western Canada Business segment. \$13 million is attributable to revenue credits and property repairs resulting from significant flooding earlier in the year that affected our Grizzly Valley operations in British Columbia. We're continuing to work with our third-party insurance providers to further refine the full impact of the floods.

We also recorded a \$3 million charge for employee and overhead reductions that resulted from the sale of Empress. There was one other special item related to this sales: a \$27 million tax benefit that did not affect EBITDA or cash but did affect net income.

Field Services recorded three special items related to employee and overhead cost reductions, an asset impairment and a gain on the sale of an asset netting to a negative \$3 million. Lastly, Spectra Energy Other included a \$19 million charge for transaction costs related to the proposed merger with Enbridge.

Adjusting for these special items, we delivered solid ongoing EBITDA results thanks to the strong fundamentals that support our base business.

Let's take a look at our ongoing EBITDA results by segment as compared to last year. For the quarter, Spectra Energy's ongoing EBITDA was \$692 million, compared with \$634 million in the prior-year quarter. Spectra Energy Partners standalone ongoing EBITDA was \$469 million, compared with \$467 million in the same quarter last year.

Turning to the drivers of Spectra Energy's results by segment, let's start with Spectra Energy Partners, which is composed of our U.S. Transmission and Liquids businesses and is shown in the upper left-hand corner of slide 7. U.S. Transmission delivered ongoing EBITDA of \$430 million, compared with \$401 million in the prior-year quarter.

Quarterly results reflect increased earnings from expansion projects placed into service during the second half of 2015 as well as those that began contributing to EBITDA during the third quarter of this year. Segment results also included AFUDC from our Sabal Trail, AIM, and NEXUS projects.

Our Liquids business reported third-quarter EBITDA of \$60 million, compared with \$79 million in 2015. This decrease is due almost entirely to the absence of equity earnings from our interests in the Sand Hills and Southern Hills NGL pipelines, which Spectra Energy Partners owned until October of last year.

SEP paid General Partner and Limited Partner distributions to Spectra Energy for the quarter of \$72 million and \$153 million, respectively. Year-to-date, SEP has paid GP and LP distributions of \$200 million and \$444 million, respectively.

Let's turn now to our Canadian Business segments, which are shown on the right side of the slide. Distribution reported third-quarter EBITDA of \$77 million, compared with \$70 million in 2015. The increase was mainly due to incremental earnings from the 2015 Dawn-Parkway expansion project and higher storage margins.

Western Canada recorded ongoing EBITDA for the quarter of \$109 million, compared with \$117 million last year. Results for the quarter largely reflect lower Gathering and Processing revenues.

The reduction in G&P revenues will be more than offset by a combination of cost savings and earnings from the cost of service pipeline projects expected to come online in 2017 and fully contribute in 2018. Greg will talk more about those projects shortly.

Moving to Field Services, our 50% share of DCP's ongoing earnings was a positive \$15 million in the quarter, a significant improvement over the \$29 million loss recorded last year. These considerably improved results are primarily attributable to strong execution by DCP, which has resulted in favorable contract realignment results, continued cost-reduction initiatives, and incremental earnings from expansions. The increase in earnings was partially offset by volume declines in lower-margin regions.

So, all in all, Spectra Energy's ongoing EBITDA for the quarter was fully in line with our expectations, and our achievement during the quarter highlights the value of our attractive footprint, strong business model, and stable cash flows. Importantly, we continue to demonstrate robust cash generation for our investors.

So let's take a look at our DCF schedules, beginning with SEP. SEP's standalone ongoing distributable cash flow for the quarter was \$313 million, compared with \$270 million last year. The higher DCF is primarily attributable to lower maintenance capital at U.S. Transmission related to higher one-time costs in 2015, partially offset by the absence of Sand Hills and Southern Hills contributions in 2016.

For the full year, we expect maintenance CapEx to be consistent with the guidance we rolled out in February. AFUDC was higher this quarter compared to last year as a result of increased spending on expansion projects. As a reminder, although AFUDC is noncash and excluded from SEP's DCF calculations, it adds to future cash flows once projects are placed into service. As you know, \$1.5 billion of the projects being delivered into service this year are SEP projects.

For the full year, we anticipate SEP's coverage to be 1.2 times, consistent with our 2016 forecast. And earlier this morning, SEP announced a quarterly distribution increase of \$0.0125 per unit, raising the total quarterly distribution to more than \$0.67 per LP unit.

This latest increase is a milestone for SEP, as it marks nine consecutive years of providing investors with quarterly distribution growth. This achievement further cements our reputation for delivering on our financial commitments and illustrates the benefits of having a low-risk business model with stable cash flows.

Let's turn now to Spectra Energy's distributable cash flow. Ongoing DCF was \$280 million for the quarter, compared with \$223 million last year. The higher quarterly DCF is attributable to the same SEP drivers previously mentioned, as well as lower interest expense primarily due to the reversal of an interest accrual related to the release of tax reserves.

For the full year, we expect coverage to be 1.2 times, consistent with the forecast we provided at the beginning of the year. As we approach the end of the year, we're feeling very good about how the businesses continue to perform and remain focused on delivering the operational, financial, and project commitments we made to our investors.

Because of our structure, we have a number of financing vehicles that have allowed us to obtain the lowest-cost funding for our 2016 expansion needs. This provides a significant benefit when considering the scale of our expansion program.

We have total available liquidity across the entire Spectra Energy enterprise of \$5.2 billion as of September 30. Available liquidity also includes the \$2 billion credit facility executed at Spectra Energy Capital in September. This facility provides us with ample flexibility to finance our ongoing commitments between now and the time we close the proposed merger with Enbridge.

Fixed-income investors recognize the value of SEP's premier assets, low-risk business model, and stable cash flows. In October, we completed an \$800 million debt issuance with a weighted average interest rate of a little more than 3.5% for 10- and 30-year terms. In fact, the rate on the 10-year notes was the lowest 10-year coupon SEP has ever priced, and we also achieved the tightest pricing in the midstream sector year-to-date.

This year we successfully utilized multiple equity currencies to deliver the greatest value to all of our investors. Let me recap some of our recent equity financing activities.

As of today's call, SEP has raised about \$990 million in 2016 through a combination of its ATM and other LP and GP issuances. At West Coast we raised CAD300 million in a preferred share issuance during the third quarter.

We are disciplined and balanced in our financial management, and we'll continue using our competitive cost of capital across our various financing entities. As you've heard and as we've demonstrated, we have the financial strength and flexibility to sustain growth, supported by investment-grade balance sheets, excellent liquidity, and multiple attractive currencies.

So with that, let me turn things back over to Greg, who will speak to the impressive slate of projects we have in execution and development.

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

Thanks very much, Pat. Well, it's been a very busy but exceptionally productive quarter for us.

During the third quarter we delivered strong earnings and cash generation results. Our performance year-to-date is tracking very well with the targets we set out at the beginning of the year, underscoring the strength of our overall portfolio.

We reduced our commodity exposure with the sale of Empress NGL business in August. As Pat just mentioned, we further enhanced our competitive position as a result of the successful execution of our capital market strategy. Importantly, we have plenty of flexibility to finance any expansion needs occurring prior to the close of our proposed merger with Enbridge.

We achieved a renewal rate of more than 98% of contracted revenues on our US natural gas pipeline system once again. This affirms the value of our underlying base business and the advantage of having pipe in the ground.

And I'm pleased to report that we are ready to meet our customer obligations in time for winter heating season on our Texas Eastern pipeline system after the incident we had in Pennsylvania earlier this year. I want to give a quick shout-out to our dedicated men and women who worked so hard and responded so well to make this possible.

I'm especially proud of how DCP has executed on its turnaround plan. The business results have substantially improved over the course of the year, and DCP is now reporting positive results to its parents, which positions DCP well going forward. They have already achieved their \$0.35 NGL cash breakeven target.

Lastly, our expansion plans continue to move forward, so let me update you on the progress that we've made on our secured projects in execution. Let's start with the projects we put into service this year.

As we mentioned during our last call, the Ozark conversion went into service on time and began flowing product in July. During the third quarter, the Loudon project commenced service as scheduled.

Two other projects came into service in October. The first phase of our Gulf Markets project came online about a month ahead of schedule, and our Express Enhancement project was completed a full two months earlier than planned. In addition the Salem Lateral, Burlington-Oakville, and the 2016 Dawn-Parkway projects went into service this week; and AIM will be fully available in the coming weeks.

We are placing close to \$2 billion of projects in service this year, both oil and natural gas projects that cover a vast geography, from the Appalachian Valley to the Northeast United States, and from Ontario to the foothills of Montana. In the current environment, that's an accomplishment we're especially pleased with and one we believe is unrivaled in our space.

We have a track record of delivering our portfolio of projects on time and on budget, and we continue to build on that reputation with the slate of projects we are putting into service this year. We look forward to continuing that track record as we deliver the \$8 billion of projects remaining in execution.

You've seen this slide before, but we've updated it to show the projects we have scheduled to come into service in 2017 and beyond. All of these projects are advancing as planned and achieving important milestones.

I'm not going to go through them all but let me highlight the progress we've made since our last call. We began construction on the Sabal Trail project and expect it to be in service during the first half of 2017.

We continue to advance the NEXUS project and added another contracted customer, Columbia Gas, to the project. We remain on track for an in-service date in the fourth quarter of 2017.

We received the environmental assessment for Access South, Adair Southwest, and the Lebanon Extension. And this milestone keeps us on track for service on those projects to commence in the second half of 2017.

The RAM and Jackfish Lake projects commenced construction in Western Canada during the third quarter, and High Pine received NEB approval in August. With this approval, the construction schedule on High Pine has shifted slightly, so the in-service date will now be the second half of 2017.

Valley Crossing has begun filing its regulatory applications and has initiated the acquisition of right of way. And all is proceeding well at Union Gas as they continue making good progress on the multiphase Dawn-Parkway expansion projects.

These are great strides forward. However, as you've heard me say before, regulatory approval and permitting, particularly at the state level, is the single biggest challenge our industry faces. Our team is committed to the projects we're advancing, projects that make it possible for customers to have access to affordable energy.

I have great confidence in our project execution model and in the people who are working hard to deliver on our growth promises. You can trust that we'll continue to advocate for infrastructure we believe will benefit the general public and the stakeholders we serve.

In addition to our slate of projects in execution, we're pursuing a portfolio of development opportunities that will lead to growth beyond 2018, and we're working diligently on those. Producers are increasingly seeking to move product out of the Montney region to high-demand centers; and in response we launched an open season in September for transportation service on our T-North system in British Columbia. The open season just closed in late October so we're currently evaluating the positive expressions of interest we received.

Two other open seasons were launched in late October: one on our Express system for transportation service from Hardisty to various delivery points along the pipe; and another on our Platte system for service from Wood River to Patoka. These open seasons will conclude in the early part of December, and we're pleased with the initial level of interest expressed to date.

Development work continues in New England with our Access Northeast project, designed to physically and contractually serve the needs of New England power generators. As planned, the project would meet peak power needs by bringing significant additional natural gas transmission capacity into the region, utilizing new tariff services specifically for electric generators.

The project would improve reliability and save customers an average of \$1 billion a year in energy costs during a normal winter. Over the last couple of months, the project has encountered some difficulties; and we, along with our partners Eversource and National Grid, are disappointed with the actions taken by certain of New

England's states. While Access Northeast received strong support from New England governors along with our other stakeholders, recent rulings have put a roadblock in place to lower energy costs and alleviate price pressure on New England customers.

The Independent System Operator in New England, who is responsible for operating the electric grid, recently characterized New England's power generation situation as precarious during the winter months and stated that beyond 2019 it may be unsustainable during extreme cold conditions without immediate action to rectify the region's energy infrastructure.

So Spectra Energy remains committed to serving New England consumers, achieving regional consensus on how to pay for this critically needed project, and being part of the solution. For the most part, we can add the needed natural gas capacity using our existing right-of-way. So whether we work to deliver this infrastructure to electric distribution companies or through more conventional means with gas LDCs, we remain committed to finding a solution for more reliable and affordable energy to benefit consumers and meet each state's energy and environmental goals and policies.

You've heard today about the great quarter we delivered, and we're looking forward to a good full year of results. But we've never been content with just a single quarter or a standalone year. We take a long-horizon view of customer needs, market dynamics, opportunities, and challenges. We plan and strategize and act and build for the future.

The work we've done over the last 10 years has not only shaped Spectra Energy into a respected and valued energy partner, provider, and investment; it has also helped define the energy future of those we serve. We have dramatically expanded our geographic footprint, which enables us to serve the growing demand for energy efficiently and cost effectively.

We've got pipe in the ground, and we connect infrastructure to communities who need the products and the tremendous potential that we deliver. We have significantly diversified our asset portfolio, adding liquids and storage and crude oil to our mix; and that has helped us successfully manage through markets and economic cycles that have sorely tested others.

And because we're greater than the sum of our parts, we've been able to deliver attractive, sustainable investor value. We've been vigilant about maintaining and enhancing our financial strength and flexibility so that we can invest and grow and access capital markets at competitive rates.

And we've focused unrelentingly on executing with excellence, delivering projects into service on time, on budget, and to exacting design, safety, and operational standards. Energy is quality-of-life essential, and everyone deserves the right to reliable, affordable energy. Those have been our areas of focus for the quarter, the year, and the decade; and they bring us to the exciting point we're at today.

Now, the proposed Enbridge merger positions us exceptionally well for the future and prepares us to deliver even better results and a better future for all of our stakeholders. So with that, let me turn things back over to Julie to take your questions.

Julie Dill - Spectra Energy Corp - Chief Communications Officer

Thank you, Greg. We'll open the lines for your questions, but you'll understand that we are limited in what we can say about the proposed Enbridge merger. We can address information that is public related to timing, our process, and progress to date; but we cannot speak to future plans or expectations during this call.

So with that, Christa, would you please provide instructions on how folks can ask questions?

QUESTION AND ANSWER

Operator

(Operator Instructions) Darren Horowitz, Raymond James.

Darren Horowitz - Raymond James & Associates, Inc. - Analyst

Morning, guys. Greg, if I could, either for you or Bill -- and I know it's frustrating, and we appreciate that. But can you give us an updated timeline of expectations on Access Northeast? I think the last time we left this, we had hoped to be through the Massachusetts Supreme Judicial Court; that should've been underway. And then, of course, on to the Connecticut request for proposals.

I think that that had pointed at least hopefully to getting a FERC decision -- outside of the state issues, maybe a FERC decision around the Algonquin tariff soon. So I'm just curious where we stand now and where we're going to go.

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

Yes, I'll let Bill respond to that. Obviously, he's spending a lot of time on this issue in order to serve those consumers. And you're right, it's not where we thought we would be. But that being said, I know Bill is good at Plans A, B, C, D, and E; so maybe we can just turn it to Bill.

Bill Yardley - Spectra Energy Corp - President U.S. Transmission and Storage

Yes, Darren, so you know the frustration we've got here. I think Greg outlined pretty well the need and the resolve, really, of the partnership to get something done.

We have shifted our focus a bit, and said: Okay, so there are some electric distribution companies that will still stick with us and can legally stick with us; but at the same time, there's a lot of unmet local distribution company load.

I think just to highlight something here, it supports the incremental build, the along-the-system build with Dawn, putting AIM into service now, Atlantic Bridge next year. And this is a project that can be morphed into something that meets both electric and LDC needs.

Now, from a timeline perspective, obviously we're kind of back to the drawing board on going back to the local distribution companies, so that's going to take a little bit more time. Probably makes this into a 2019 effort when we reformulate it.

There's one other avenue which -- there's probably a couple other avenues. But the other logical one is to do something legislatively. The Massachusetts legislature does reconvene early next year, and we may contemplate trying to throw something in there.

Because overall -- and this is part of the frustration -- we're supportive of this; the overall governors in the region are supportive of it. There have just been some adverse rulings that have set us back a bit.

Darren Horowitz - Raymond James & Associates, Inc. - Analyst

Yes, yes. I appreciate the update. Then if I could shift to NEXUS. Where do you guys stand out from a capacity commitment perspective?

And from an interconnect perspective, I know that -- I think that had grown from 1.4 to almost 1.8 Bcf a day. Has anything changed there?

Bill Yardley - Spectra Energy Corp - President U.S. Transmission and Storage

Yes, that's about right. We're a little over 60% subscribed now with the new Columbia Gas contract, and I think that Columbia Gas contract reaffirms -- it was one of the interconnects we talked about -- that 1.8 Bcf, we're still around that same number. One piece of good news I'd say is that a lot of the producers are taking note of that, and they are re-engaging and trying to figure out how they can serve some of that load in Ohio.

Darren Horowitz - Raymond James & Associates, Inc. - Analyst

Okay. Go ahead, Bill; sorry.

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

I think the other thing is -- just the other thing, Darren, is just the Michigan Attorney General being supportive of DTE's contracts as well. That's been an important development.

Darren Horowitz - Raymond James & Associates, Inc. - Analyst

So with all that being said, Greg, when you guys think about marketed pipe out in the northwest side of that basin, and more and more companies taking notice of what Columbia did and what's happened, has anything changed in terms of the magnitude or timing of supply push out of that side of the basin into the markets that are willing to accept it?

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

No, I wouldn't say so. and remember, there's not any difference on the supply-push side, although as you know there's a great desire to get as much supply to market as possible. This is still very much a demand-pull type, which is unique from a lot of others, right?

So I think just as we've seen in the last 18 months that has not changed: demand-pull, people getting access to relatively cheap source of energy -- except for those people in New England. That's the real driver out of the whole Marcellus and Utica region.

Bill, I don't know if you'd add to that?

Bill Yardley - Spectra Energy Corp - President U.S. Transmission and Storage

Yes, just the only thing I'd add is that it probably gives us more confidence, the interest we're seeing from the producers and some of the -- if we do have open capacity when we go into service late 2017, filling that up at some rate. Because the production is there and the interest is there, I think we're feeling pretty good about that.

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

You know, the other thing, Darren, that you've probably noted was DTE; I don't know if you cover them. But DTE bought some gathering assets and gas assets in the region. It's those types of, shall we say, interconnections between the various partners in this project with the demand side I also think gives us a lot more confidence.

So as we've said from the get-go, this project will be great to get into service late next year.

Darren Horowitz - Raymond James & Associates, Inc. - Analyst

Thank you very much, guys. I appreciate it.

Operator

Brian Gamble, Simmons & Company.

Brian Gamble - Piper Jaffray & Co./Simmons - Analyst

Good morning, team. Maybe another follow-up on Access. Bill, if you do shift more to the LDC focus, obviously you have to start over in some respects. Does it eliminate some of the parties that are causing you headache now? Or do they still have an avenue into that type of trajectory from a project standpoint?

Bill Yardley - Spectra Energy Corp - President U.S. Transmission and Storage

Yes, I think the trick here, as we add LDCs in certain states, is to make sure that we're balancing the equation so that every state feels as though they are paying their fair share. I think that's important to the governors; that's important to the project.

So there's a bit of a balancing act. I hoped that the partnership would have come out with a specific project at this point; but as you can probably appreciate, it's going to take a little time to work our way through that.

Brian Gamble - Piper Jaffray & Co./Simmons - Analyst

Great. I guess further on that, if we do make that shift, what are the first couple steppingstones that we would be looking to hit on that path?

Bill Yardley - Spectra Energy Corp - President U.S. Transmission and Storage

Yes, I would say either later this year or early next year you could see an announcement of some kind as to what contracts we're either negotiating or have negotiated. The discussions have been good. I think overall everyone knows that there's a need that needs to be met.

There have been some projects into the area that haven't materialized, and that's left behind some residual demand. That's the other good part of this is that, once we do have a project, having demand-pull generally helps in the atmosphere that we're in with protests or those that don't want us to succeed.

So I'd say early next year, maybe late this year you can look for some sort of direction towards contracting.

Brian Gamble - Piper Jaffray & Co./Simmons - Analyst

Great. Then maybe a follow-up on the C-Corp combination, and I'll try to stick to Julie's fairway here with the question. I guess in regards to looking at the combination from an HSR approval standpoint in the US and a Canadian Competition Bureau approval in Canada, has there been anything that has changed from an asset overlap standpoint that needs to be addressed to get those approvals to completion? I guess anything new, or anything that they had previously thought was going to be an issue that now is an issue that we need to have dealt with before that gets concluded?

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

No. I would say -- well, first of all, we've only put our filings in, and the initial 30-day window for feedback doesn't end until today or tomorrow. So from our perspective, nothing's changed.

But obviously we haven't heard back from the regulatory authorities. So when we do, then we'll look at that. But as we said from the get-go, there's very little overlap from assets and we're not aware of anything that would have changed either from our perspective or Enbridge's perspective.

Brian Gamble - Piper Jaffray & Co./Simmons - Analyst

Great. I didn't mean to imply that there was. I just wanted to make sure we were still on a path.

Seems rather conclusive to me, but you never know what regulators are going to say, right?

Greg Ebel - Spectra Energy Corp - President U.S. Transmission and Storage

Indeed.

Brian Gamble - Piper Jaffray & Co./Simmons - Analyst

Well, I appreciate the color, guys. That's all I had.

Operator

Jean Ann Salisbury, Bernstein.

Jean Ann Salisbury - Bernstein - Analyst

Hi, guys. Just a couple on your projects. On NEXUS, have a good sense of the FERC approval timeline and process. But can you just remind us of the process and timing of the state-issued permits that you need, and maybe any potential issues that you foresee here?

Bill Yardley - Spectra Energy Corp - President U.S. Transmission and Storage

So, most of this will be wrapped up by the end of this year. Once we get the FERC certificate late in -- late this year is what we're expecting, maybe early next year -- first quarter, I believe, certain state permits will necessarily follow that. So the hope is to get a Notice to Proceed by mid-first-quarter and have all permits done by then.

We have to get certain construction moving in March to get through the bat tree clearance, which we don't have a lot of, but we've got some that we want to get done before April 1. And then we're on to the rest of the construction.

So I would say FERC and state permits all coming in roughly the same time, in that January/February time frame.

Jean Ann Salisbury - Bernstein - Analyst

Got it. And on the construction before April 1, if, for whatever reason, it ends up taking a few more weeks, then how much does that push back the timing?

Bill Yardley - Spectra Energy Corp - President U.S. Transmission and Storage

Yes, luckily we don't have a ton of tree clearing where the bat habitats are. But if we, for whatever reason, can't get it finished, we'd probably come back in the October time frame or whenever we're allowed back in. And then it would be in service shortly after that.

Jean Ann Salisbury - Bernstein - Analyst

Okay, thanks. Then as a follow-up, if Dakota Access comes online next year it seems like it could create significant volume pressure on Platte. Is that fair? And is that in your outlook?

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

Yes, we've obviously given that thought. As you know, we're also out -- as we mentioned on the call -- out on an open season on Platte. And we think that that's a way to fill in part of that, should that occur.

Of course, Platte is a relatively small element of the overall Express Platte entity. I think about 80% come from the Express side, which are under long-term contracts. I think they average around nine years.

But, yes, any new pipe in any region always has some risk to it, I guess. But I think we've taken that into account, A; and B, we'll see how this open season goes. That's a good opportunity to fill in or expand as the case may be, depending on the results from that open season.

Jean Ann Salisbury - Bernstein - Analyst

Cool. Thank you. That's all for me.

Operator

Brandon Blossman, Tudor, Pickering, Holt & Company.

Brandon Blossman - Tudor, Pickering, Holt & Co. Securities - Analyst

Good morning, everyone. Let's see; a couple quick ones.

Valley Crossing financing: Has a decision been made there as to what entity will raise capital for that?

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

Well, at this point in time, we'll raise the capital at Spectra Energy. Several reasons for that. One, it just hasn't got too far along at this point in time. But, two, as you might recall, with the extension of bonus depreciation, the tax benefits for us to do that at the corporate level at this point in time make all the sense in the world. That being said, I wouldn't be surprised that over time you would find itself down into the MLP; and I think that would be positive for investors, assuming that investors are looking for continued growth at SEP, which I hope they are.

So at this point in time, we'll finance it at the corporate level. But again, don't be surprised to see it move over time once it's completed.

Brandon Blossman - Tudor, Pickering, Holt & Co. Securities - Analyst

All right; perfect. Makes sense and very helpful.

Sabal Trail construction starting here; it sounds like on time. Is that correct?

Then a follow-up on that. Is there any concern or interaction with just being able to get that gas off of Transco?

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

Yes, construction is proceeding nicely, as we would expect, both from clearing, multiple spreads, etc. So see no issues at this time on that front; and as far as we are aware don't see any issues with Transco's element of that, if you will, the upstream element of that.

As you know, they are building along and making changes along existing right-of-way and assets. So full steam ahead.

Brandon Blossman - Tudor, Pickering, Holt & Co. Securities - Analyst

All right, great. That's all I need. Thank you very much.

Operator

Nick Raza, Citi.

Nick Raza - Citigroup - Analyst

Thank you. Good morning, guys. Just a quick couple of questions, follow-up questions on NEXUS. Specifically, there was a notice from the FWS or the U.S. Fishery and Wildlife Service saying that they would provide a biological opinion by March of 2017. Does that in any way impact the timeline of the final EIS issuance?

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

No. That's not that unusual. And again, that report won't hold up the actual FERC certificate, either.

I saw the posting as well. We're aware of it. We did get a few questions on that, but not that unusual, A; and will not hold up the FERC certificate.

Nick Raza - Citigroup - Analyst

Great, great. Then, if for instance or for any reason the certificate is delayed by say a month or two, and you have to move the construction timeline a little bit as well, is there an issue that we should be worried about? Like the construction moving into winter and you having difficulties just digging up the ground, etc.

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

No. We're used to working in -- as you can imagine, with our assets all over North America -- rain, fog, sleet, snow. We work through it.

So it's not a construction issue at all. It's just making sure you can get the clearings done in advance; and then you can build all year round from a weather perspective. It's really just about making sure you've got the permits and you're hitting the windows, for example, on the bat issue.

Nick Raza - Citigroup - Analyst

Fair enough. Then I guess the last question that I'll ask is relating to the concern that the Dawn market could just be flooded with a lot of gas once Rover and NEXUS come online; and obviously TransCanada announced that they are trying to incentivize more volumes on their mainline. Any thoughts on that?

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

Well, on the former question, I'd say there's always -- that's one of the great challenges with pipelines. People build pipelines to go to markets where they can get a better price for their product; and inevitably when you build the pipeline it does -- it can reduce the basis and lower that price. But I think producers take that into account, A.

B, remember there's the other end of the pipe, the demand side of the pipe. And those folks like that, and obviously that's good for additional demand, so it does settle out.

On the TransCanada front, I really don't have too much comment about that. I guess we'll have to see. Still believe that we are very competitive.

They'll have to obviously get contracts from producers. I don't think they'll get contracts from people in the East demand side, since they already hold contracts.

So we'll just have to see how that shakes out, but really don't see that as a competitive threat to NEXUS.

Nick Raza - Citigroup - Analyst

Fair enough. That's all I had, guys. Thanks.

Operator

Kristina Kazarian, Deutsche Bank.

Kristina Kazarian - Deutsche Bank - Analyst

Morning, guys. A quick question on AIM. I know the release talked about how we're still expecting in service on time. Can you just give me an update, though, and remind me where I stand around -- I think that was on hold around the Hudson River portion, and if there is any update I should be thinking about there.

Bill Yardley - Spectra Energy Corp - President U.S. Transmission and Storage

Sure, it's Bill. So yes, so we're in service with about a little over 70% of the capacity today, and we expect the drill to be completed in the coming weeks. And we'll be in full service mid-December, end of the year.

Kristina Kazarian - Deutsche Bank - Analyst

Okay, thanks. Then just a bigger -- taking it to a bigger-picture topic as well, I know you guys talked about a lot of projects and increased regulatory challenges that we see in the press. Can you guys just touch on general thoughts on maybe big-picture how you guys are going to handle these issues as they seem to be coming up more and more often on a go-forward basis?

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

Yes. You know, I'll tell you this: This is a competitive advantage for us, and I'm not sure I'm keen on disclosing our entire playbook, but I think we've got a long history of being on the ground early and being on the ground for decades. Which, even if we may not have something going on in a region at the time, really leads to an advantage down the road when you do have projects. That's one.

Two, as you well know and I think you've seen some others follow us in this regard, the partnerships have been extremely valuable to us, whether it's the partnerships with the NextEras and Dukes of the world in the southeast, or whether it's the Eversource and Grids and ConEd, etc. There's have been extremely helpful, obviously; DTE and Enbridge distribution on the NEXUS front, as well as our Union folks.

And then the other thing that I think is really important that we're looking at and I would say spending more time with the powers that be in understanding is just the demand-pull side of this. And how much that industry, consumers, poverty groups are interested in lowering the cost of energy for people who, through no fault of their own, find themselves disadvantaged in the region for economic growth and well-being because of infrastructure. I think that story is starting to gain traction.

At 2% or less growth in the United States on a GDP front, you've got to find some way to provide a little relief to consumers. So I think that story is fronting with our partners and the long-term involvement there.

That's going to continue. We work that harder and harder every year, Kristina, and I think we will continue to do so. And that creates a lot of success for us.

Kristina Kazarian - Deutsche Bank - Analyst

Perfect. Thanks, guys.

Operator

There are no further questions at this time. I will turn the call back over to the presenters.

Julie Dill - Spectra Energy Corp - Chief Communications Officer

Thank you, Krista, and thanks, everyone, for joining us today on the call. As always, if you have any additional questions, please feel free to give Roni Cappadonna or me a call.

Have a great and safe day. Thanks.

Greg Ebel - Spectra Energy Corp - Chairman, President, CEO

Thank you.

Operator

This concludes today's conference call. You may go ahead now and disconnect.