

The Regulatory Process

The Federal Energy Regulatory Commission, or FERC, plays a key role in the development of new U.S. pipeline projects. Under direction from the U.S. Congress, FERC regulates the interstate transmission of natural gas. FERC is charged with determining whether proposed projects are needed and in the public interest, and ultimately authorizing projects. Their efforts continue by monitoring compliance through construction and operational commissioning.

To determine public convenience and necessity, FERC conducts a comprehensive environmental review of proposed projects, in accordance with the National Environmental Policy Act (NEPA). FERC works closely with federal, state, and local agencies such as the U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, state departments of environmental protection, and other state and local agencies. Other stakeholders, including project neighbors and landowners, are also invited to participate in the FERC process by attending meetings and providing comments or concerns at particular times in the process.

Pipeline companies (Applicants) seeking project authorization must file an Application for a Certificate of Public Convenience and Necessity (Certificate Application) with FERC. The Application describes the purpose and commercial need for the project, the transportation rate to be charged to customers, proposed project facilities, and how the company will comply with all applicable regulatory requirements. Applicants must evaluate project alternatives, identify a preferred route, and complete a thorough environmental analysis, including consultation with appropriate regulatory agencies, data reviews and field surveys. Information obtained through this review is

compiled into a document known as the “Environmental Report,” which the Applicant prepares as part of the Certificate Application. The Environmental Report also details all other federal, state and local permits required for the project, as well as agencies consulted in preparation of the Environmental Report.

FERC will then review the project, evaluating the need, proposed facility locations, and overall impact of project construction and operation and will summarize its findings in either an Environmental Assessment or an Environmental Impact Statement, depending on NEPA guidelines. If FERC determines that the project is necessary and appropriate, it will issue a Certificate authorizing construction and operation of the new interstate natural gas facilities.

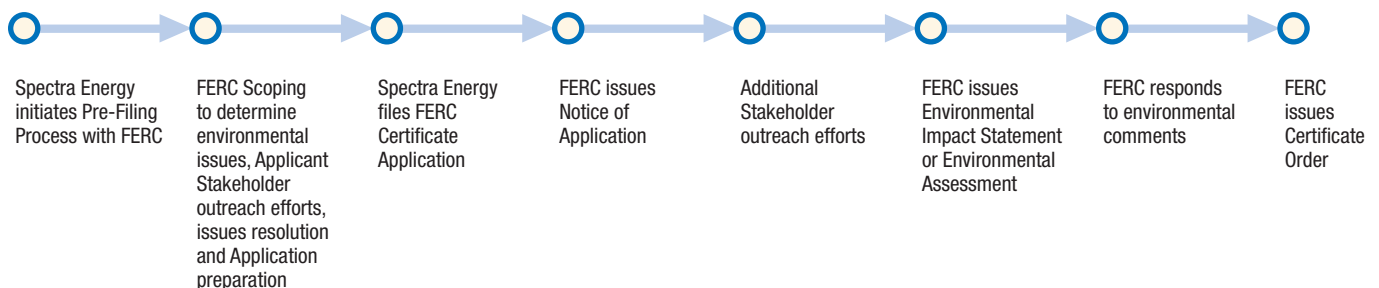
FERC Pre-Filing Process

FERC has established a collaborative pre-application process that gives landowners, government agencies and other interested stakeholders the opportunity to review project information and an anticipated schedule, and to identify issues or concerns before a Certificate Application is filed with FERC or other permit applications are made. This phase of project development is referred to as the Pre-Filing Process.

Applicants seeking to use the Pre-Filing Process must request authorization from FERC. Once authorization is granted, FERC will issue a Pre-Filing docket number by which all related public documents can be identified and accessed via the e-Library on FERC’s Web site (www.ferc.gov) under the tab “Documents and Filings.”

(continued)

Process for Natural Gas Certificates for Major Projects



Throughout the process, the Applicant and FERC will actively seek input from interested stakeholders through public outreach efforts that include written communications and public meetings (a meeting notice will be sent to stakeholders and/or placed in local publications). Stakeholders are encouraged to participate and share any questions or concerns so they can be addressed prior to submittal of the Certificate Application. Additionally, FERC reviews drafts of the Applicant's Environmental Report during this stage of the project. The Certificate Application, once filed, identifies a specific route and/or set of facilities and locations for which the Applicant is requesting authorization.

NEPA requires FERC to evaluate environmental impacts that could result from the construction and operation of the proposed facilities. At the beginning of the Pre-Filing Process, FERC issues a Notice of Intent, or NOI, to prepare an Environmental Assessment or Environmental Impact Statement (environmental document) for the proposed project. With the Notice of Intent, FERC initiates a scoping period in which stakeholders and agencies are encouraged to submit comments regarding the potential environmental impacts that should be considered. FERC will evaluate comments and address any issues during its environmental review. Comments will be incorporated into FERC's environmental document.

Project Application

Once the Pre-Filing Process is complete, the Applicant files a Certificate Application for the project. Additionally, permit applications are submitted to other federal, state, and local agencies. The permit proceedings conducted by these agencies often provide additional opportunity for public involvement.

Once the Application has been filed, FERC will issue a new docket number (CP__ - _____). As with the Pre-Filing Process, all public documents associated with the Certificate Application and filed with or issued by FERC are accessible via the e-Library on FERC's Web site (www.ferc.gov). Additionally, copies of the Application and the environmental report will be made available at public locations within each county impacted by the project so that all stakeholders will have the opportunity to review and comment on the Application. Notices of the Application filing and the locations to view the documents are sent to all identified stakeholders. The stakeholders outreach efforts continue through this stage of the project.

Once FERC accepts the Application, it will issue a notice of Application, and within 90 days will indicate when it expects to issue the environmental document which summarizes potential environmental impacts associated with the project. During this review period, FERC will identify any additional or clarifying information that may be needed from the Applicant and will complete its environmental document in accordance with NEPA.

Following issuance of the environmental document by FERC, stakeholders will have an opportunity to provide additional comments regarding the project. FERC will review any comments received and respond to them in either a final environmental document or, provided FERC agrees that the project is in the interest of public convenience and necessity, the agency may address comments directly in its Certificate authorization.

Project Authorization

Once FERC issues a Certificate of Public Convenience and Necessity, the Applicant must:

- Accept the Certificate within 30 days;
- File an affirmative statement indicating commitment to provide environmental training to all individuals working on the project; and
- File one or more Implementation Plan(s) indicating how the project will comply with Certificate conditions.

Project construction cannot begin until authorization is received from FERC. Agency staff will conduct periodic site visits throughout construction to ensure ongoing compliance, including a visit as construction nears completion to review restoration efforts and identify any additional needed measures. Finally, Applicants must receive FERC approval to commence service. Additional monitoring of the right-of-way will continue after the pipeline is placed into service to ensure restoration efforts are successful.

Our Commitment

Spectra Energy is committed to informing and consulting with all affected stakeholders throughout project development and construction.

The Pre-Filing Process provides stakeholders with a number of opportunities to raise concerns and questions with FERC, including multiple agency and public meetings. This will enable incorporation of identified issues and concerns into our FERC Certificate Application and other permit applications, and will allow FERC to incorporate these issues or concerns into their review of the project and their NEPA environmental document.

We encourage all interested persons to participate in the Pre-Filing Process and look forward to working with you.

Additional Information

Additional information about FERC Pre-Filing and Certificate Application approval processes is available at (www.ferc.gov) under the tab marked "For Citizens."