Spectra Energy Partners, LP
Form 424B2
June 08, 2011

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The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the attached prospectus are not an offer to sell nor do they seek to offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

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Subject to Completion
Preliminary Prospectus Supplement dated June 8, 2011

PROSPECTUS SUPPLEMENT
(To prospectus dated May 18, 2009)

6,250,000 Common Units
Representing Limited Partner Interests

We are selling 6,250,000 common units representing limited partner interests in Spectra Energy Partners, LP. Our common units are traded on the New York Stock Exchange under the symbol SEP. The last reported sales price of our common units on the New York Stock Exchange on June 7, 2011 was $31.69 per common unit.

As a result of certain FERC rate-making policies, we require an owner of our common units to be an Eligible Holder. Eligible Holders are individuals or entities subject to United States federal income taxation on our income or entities not subject to such taxation so long as all of the entity s owners are subject to such taxation.

Investing in our common units involves risks. Please read Risk Factors beginning on page S-14 of this prospectus supplement.

	Per Common Unit	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds to Spectra Energy Partners, LP (before expenses)	$	$

We have granted the underwriters a 30-day option to purchase up to an additional 937,500 common units from us on the same terms and conditions as set forth above if the underwriters sell more than 6,250,000 common units in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units on or about , 2011.

Joint Book-Running Managers

BofA Merrill Lynch

Barclays Capital

Citi

Wells Fargo Securities

The date of this prospectus supplement is , 2011.

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Spectra Energy Partners, LP Assets

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PROSPECTUS SUPPLEMENT

PROSPECTUS

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common units. The second part is the accompanying base prospectus, which gives more general information, some of which may not apply to this offering of common units. Generally, when we refer only to the prospectus, we are referring to both parts combined. If the information about the common unit offering varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so

modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Please read Information Incorporated by Reference on page S-26 of this prospectus supplement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying base prospectus and any free writing prospectus prepared by or on behalf of us relating to this offering of common units. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are offering to sell the common units, and seeking offers to buy the common units, only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus or any free writing prospectus is accurate as of any date other than the dates shown in these documents or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying base prospectus. It does not contain all of the information that you should consider before making an investment decision. You should read this entire prospectus supplement, the accompanying base prospectus and the documents incorporated herein by reference for a more complete understanding of our business and this offering of common units, as well as material tax and other considerations that may be important to you in making your investment decision. Please read Risk Factors beginning on page S-14 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2011 for information regarding risks you should consider before investing in our common units. Unless the context otherwise indicates, the information included in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units.

Throughout this prospectus supplement, when we use the terms we, us, our or the partnership, we are referring either to Spectra Energy Partners, LP in its individual capacity or to Spectra Energy Partners, LP and its operating subsidiaries collectively, as the context requires. References in this prospectus supplement to our general partner refer to Spectra Energy Partners (DE) GP, LP and/or Spectra Energy Partners GP, LLC, the general partner of Spectra Energy Partners (DE) GP, LP, as appropriate.

Spectra Energy Partners, LP

Spectra Energy Partners, LP, through our subsidiaries and equity affiliates, is engaged in the transportation and gathering of natural gas through interstate pipeline systems with over 3,100 miles of pipelines that serve the southeastern quadrant of the United States and the storage of natural gas in underground facilities with aggregate working gas storage capacity of approximately 49 billion cubic feet (Bcf) that are located in southeast Texas, south central Louisiana and southwest Virginia. We are a Delaware master limited partnership (MLP) formed on March 19, 2007.

We transport, gather and store natural gas for a broad mix of customers, including local gas distribution companies (LDCs), municipal utilities, interstate and intrastate pipelines, direct industrial users, electric power generators, marketers and producers, and exploration and production companies. In addition to serving the directly connected southeastern quadrant of the United States, our pipeline, storage and gathering systems have access to customers in the mid-Atlantic, northeastern and midwestern regions of the United States through numerous interconnections with major pipelines. Our rates are regulated under the Federal Energy Regulatory Commission s (FERC s) rate-making policies with the exception of Market Hub Partners Holding s (Market Hub s) intrastate storage operations and our gathering facilities.

Our operations and activities are managed by our general partner, Spectra Energy Partners (DE) GP, LP, which in turn is managed by its general partner, Spectra Energy Partners GP, LLC. Spectra Energy Partners GP, LLC is wholly owned by a subsidiary of Spectra Energy Corp (Spectra Energy). Spectra Energy is a separate, publicly traded entity which trades on the NYSE under the symbol SE. As of December 31, 2010, Spectra Energy and its subsidiaries collectively owned 69% of us and the remaining 31% was publicly owned.

Our Assets

Our primary assets include the following:

East Tennessee. We own and operate 100% of the 1,510-mile FERC regulated East Tennessee Natural Gas LLC (East Tennessee) interstate natural gas system, which extends from central Tennessee eastward into southwest Virginia and northern North Carolina and southward into northern Georgia. East Tennessee supports the energy demands of the southeast and mid-Atlantic regions of the United States through connections to 31 receipt points and 179 delivery points and has market delivery capability of approximately 1.5 billion cubic feet per day (Bcf/d) of natural gas. East Tennessee also owns and operates a LNG storage facility in Kingsport, Tennessee with a working gas storage capacity of 1.1 Bcf and regasification capability of 150 million cubic feet per day (MMcf/d).

Saltville. In 2008, we acquired the Saltville Gas Storage Company L.L.C. (Saltville) assets from Spectra Energy in exchange for a cash payment and additional common units in us. These facilities include 5.5 Bcf of total storage capacity and interconnect with the East Tennessee Natural Gas System in southwest Virginia. Saltville offers high deliverability salt cavern and reservoir natural gas storage capabilities and is strategically located near markets in Tennessee, Virginia and North Carolina.

Ozark. We own and operate 100% of the 565-mile Ozark Gas Transmission, LLC (Ozark Gas Transmission) interstate natural gas transportation system, which extends from southeastern Oklahoma through Arkansas to southeastern Missouri. This system has connections to 53 receipt points and 28 delivery points and market delivery capability of approximately 0.6 Bcf/d of natural gas. We also own and operate 100% of the 365-mile state regulated Ozark Gas Gathering, LLC (Ozark Gas Gathering) system that accesses the Fayetteville Shale and Arkoma natural gas production that feeds into Ozark Gas Transmission system.

Gulfstream. Following the acquisition of an additional 24.5% interest from a subsidiary of Spectra Energy in the fourth quarter 2010, we own a 49% interest in the 745-mile Gulfstream Natural Gas System, LLC (Gulfstream) interstate natural gas transportation system which extends from Pascagoula, Mississippi and Mobile, Alabama across the Gulf of Mexico and into Florida. The Gulfstream pipeline currently includes approximately 295 miles of onshore pipeline in Florida, 15 miles of onshore pipeline in Alabama and Mississippi, and 435 miles of offshore pipeline in the Gulf of Mexico. Facilities also include gas treatment facilities and a compressor station in Coden, Alabama. Gulfstream supports the south and central Florida markets through its connection to eight receipt points and 23 delivery points and has market delivery capability of 1.29 Bcf/d of natural gas. Spectra Energy and affiliates of The Williams Companies, Inc. (Williams) own the remaining 1.0% and 50% interests in Gulfstream, respectively, and jointly operate the system.

Market Hub. We own a 50% interest in Market Hub, which owns and operates two high-deliverability salt cavern natural gas storage facilities the Egan facility and the Moss Bluff facility. These storage facilities are capable of being fully or partially filled and depleted, or cycled, multiple times per year. Market Hub s storage facilities offer access to traditional Gulf of Mexico natural gas supplies, onshore Texas and Louisiana supplies, mid-continent production, non-conventional (shale and tight-sands) onshore production, and imports of LNG to the Gulf Coast. Spectra Energy owns the remaining 50% interest in Market Hub and operates the system.

Our principal executive offices are located at 5400 Westheimer Court, Houston, Texas 77056, and our telephone number is 713-627-5400.

Business Strategies

Our primary business objective is to grow unitholder value over time by executing the following strategies:

Optimize existing assets and achieve additional operating efficiencies. We intend to enhance the profitability of our existing assets by undertaking additional initiatives to enhance utilization, improve operating efficiencies and develop rate and contract structures that create value for our customers.

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Deliver on organic growth opportunities. We continually evaluate organic expansion opportunities in existing and new markets that could allow us to increase value and cash distributions to our investors.

Opportunistically pursue acquisitions. We may expand our existing natural gas transportation and storage businesses by pursuing acquisitions that add value and fit our fee-based business model. We would pursue acquisitions in areas where our assets currently operate that provide the opportunity for operational efficiencies or higher capacity utilization of existing assets, as well as acquisitions in complementary fee-based operations or new geographic areas of operation in order to grow the scale of our business. Our recently announced Big Sandy Acquisition is an example of such an opportunity. Please read Recent Developments Big Sandy Acquisition.

While we have set forth our business strategies above, our business involves numerous risks and uncertainties which may prevent us from executing these strategies. These risks include difficulties in completing existing expansion or organic growth projects or identifying economically attractive new expansion and organic growth opportunities, adverse impacts of regulations affecting our assets, difficulties in securing additional contracts for capacity on our systems, the loss of certain key customers, and the potential inability to identify or consummate accretive acquisitions. For a more complete description of the risks associated with an investment in us, please read Risk Factors.

Recent Developments

June 2011 Notes Offering

On June 6, 2011, we commenced and priced at par an offering of $250.0 million in aggregate principal amount of our 2.95% Senior Notes due 2016 (2016 notes) and $250.0 million in aggregate principal amount of our 4.60% Senior Notes due 2021 (2021 notes). We expect to receive aggregate net proceeds of approximately $495.5 million, after deducting underwriting discounts and estimated offering expenses. We intend to use the net proceeds of our notes offering to repay all of the outstanding borrowings under our term loan, repay all but approximately $40.0 million of the funds borrowed under our credit facility and the balance for general partnership purposes. The completion of this offering is not conditioned upon our pending notes offering or vice versa.

Big Sandy Acquisition

On May 11, 2011, we entered into an agreement to acquire all of the ownership interests in Big Sandy Pipeline, LLC (Big Sandy) from Equitrans, L.P. for approximately $390 million, subject to customary closing adjustments. Big Sandy s primary asset is an approximately 70-mile FERC-regulated natural gas pipeline system in eastern Kentucky with capacity of 171,000 dekatherms per day and firm, long-term transportation agreements. The Big Sandy natural gas pipeline system connects Appalachian Basin and Huron Shale natural gas supplies to Mid-Atlantic and Northeast markets. Pursuant to the provisions of the purchase agreement, EQT Corporation will be the main shipper on the Big Sandy natural gas pipeline.

We currently expect the acquisition to close in the third quarter of 2011, subject to Hart-Scott-Rodino approval and other customary closing conditions. We can provide no assurance that the acquisition will be completed, as certain of those closing conditions are out of our control. We expect that the proceeds from this offering will be used to partially fund the consideration for our Big Sandy acquisition. However, this offering is not conditioned upon the completion of the acquisition.

Our Relationship with Spectra Energy

One of our principal competitive strengths is our relationship with Spectra Energy, which owns our general partner and a significant limited partner interest in us. Spectra Energy, through its subsidiaries and

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equity affiliates (including us and our subsidiaries), owns and operates a large and diversified portfolio of complementary natural gas-related energy assets and is one of North America s leading natural gas infrastructure companies. Spectra Energy operates in three key areas of the natural gas industry: gathering and processing, transmission and storage, and distribution. Based in Houston, Texas, Spectra Energy provides transportation and storage of natural gas to customers in various regions of the northeastern and southeastern United States, the Maritime Provinces in Canada and the Pacific Northwest in the United States and Canada, and in the province of Ontario, Canada. Spectra Energy also provides natural gas sales and distribution services to retail customers in Ontario, and natural gas gathering and processing services to customers in western Canada. Spectra Energy s natural gas pipeline systems consist of over 19,000 miles of transmission pipelines. Spectra Energy s storage facilities provide approximately 305 Bcf of storage capacity in the United States and Canada. In addition, Spectra Energy holds a 50% ownership interest in DCP Midstream, LLC, one of the largest natural gas gatherers and processors in the United States, based in Denver, Colorado. As of March 31, 2011, DCP Midstream, LLC owned the general partner and a 26% limited partner interest in DCP Midstream Partners, LP, which is a midstream master limited partnership.

Ownership of Spectra Energy Partners, LP

The chart below depicts our organization and ownership structure as of the date of this prospectus supplement after giving effect to this offering, but without giving effect to the underwriters exercise of the overallotment option.

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THE OFFERING

Common units offered by us	6,250,000 common units. 7,187,500 common units if the underwriters exercise in full their option to purchase an additional 937,500 common units.
Common units outstanding before this offering	89,150,429 common units.
Common units outstanding after this offering	95,400,429 common units, or 96,337,929 common units if the underwriters exercise in full their option to purchase an additional 937,500 common units.
Use of proceeds	The net proceeds from this offering will be approximately $ million, including our general partner s proportionate capital contribution, or approximately $ million if the underwriters exercise their option to purchase additional common units in full, in each case, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the majority of the net proceeds of this offering, including the net proceeds from any exercise of the underwriters over-allotment option, to fund a portion of the purchase price for the Big Sandy acquisition, with the balance utilized for general partnership purposes. In the event the Big Sandy acquisition is not completed, we will use the net proceeds, as well as the net proceeds from any exercise of the underwriters overallotment option, for general partnership purposes. Please see Use of Proceeds.
Cash distributions	Our partnership agreement requires us to distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner. We refer to this cash as available cash, and we define its meaning in our partnership agreement. Our partnership agreement requires that we make distributions of available cash from operating surplus for any quarter after the subordination period in the following manner: first, 98% to all unitholders, pro rata, and 2% to the general partner, until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and thereafter, in the manner described in General Partner Interest and Incentive Distribution Rights below. If cash distributions to our unitholders exceed $0.345 per common unit in any quarter, our general partner will receive, in addition to distributions on its 2% general partner interest, increasing percentages, up to 50%, of the

cash we distribute in excess of that amount. We refer to these distributions as incentive distributions.

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	On May 13, 2011, we paid a quarterly cash distribution for the quarter ended March 31, 2011 of $0.46 per unit to unitholders of record at the close of business on May 3, 2011. This represents an increase of 2.2% over the distribution for the quarter ended December 31, 2010 of $0.45 per unit, and a 9.5% increase over the distribution for the quarter ended March 31, 2010.
Eligible Holders and redemption	We have the right, which we may assign to any of our affiliates, but not the obligation, to redeem all of the common units of any holder that is not an Eligible Holder or that has failed to certify or has falsely certified that such holder is an Eligible Holder. Eligible Holders are: individuals or entities subject to United States federal income taxation on the income generated by us; or entities not subject to United States federal taxation on the income generated by us, so long as all of the entity s owners are subject to such taxation. The purchase price for any such redemption by us or our assignee would be equal to the lower of the holder s purchase price and the then-current market price of the units. The redemption price will be paid in cash or by delivery of a promissory note, as determined by our general partner. Please read Description of the Common Units Transfer of Common Units and The Partnership Agreement Non-Taxpaying Assignees; Redemption in our registration statement on Form 8-A and incorporated by reference into this prospectus supplement.
Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through the record date for distributions for the period ending December 31, 2013, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 20% or less of the cash distributed to you with respect to that period. For example, if you receive an annual distribution of $1.84 per unit, we estimate that your average allocable federal taxable income per year will be less than $0.37 per unit. Please read Material Tax Considerations.
Material tax consequences	For a discussion of other material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read Material Tax Consequences in the accompanying base prospectus.
New York Stock Exchange symbol	SEP
Risk factors	You should read Risk Factors beginning on page S-14 of this prospectus supplement and found in the documents incorporated herein by reference, as well as the other cautionary statements throughout this prospectus

supplement, to ensure you understand the risks associated with an investment in our common units.

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SUMMARY HISTORICAL FINANCIAL AND OPERATING DATA

The following table sets forth our summary historical financial and operating data as of and for the dates and periods indicated and certain financial information for Gulfstream and Market Hub. Our summary historical financial data as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 are derived from our audited financial statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2010 incorporated by reference into this prospectus supplement. Our summary historical financial data as of March 31, 2010 and 2011 and for the three month periods ended March 31, 2010 and 2011 are derived from our unaudited financial statements.

	Three Months Ended March 31,		Years Ended December 31,		
	2011	2010	2010	2009	2008
	(in millions, except per-unit amount and operating data)				
Statement of Operations Data:					
Total operating revenues	$51.2	$50.5	$197.7	$178.9	$124.9
Operating, maintenance, and other expenses	18.3	18.1	80.6	67.6	46.7
Depreciation and amortization	7.8	7.4	29.4	28.5	26.3
Operating income	25.1	25.0	87.7	82.8	51.9
Equity in earnings of unconsolidated affiliates	27.8	18.4	75.1	70.7	61.4
Other income and expenses, net	0.5		0.8	0.1	0.9
Interest income	0.1		0.1	0.2	3.5
Interest expense	4.2	4.0	16.2	16.7	17.8
Income tax expense (benefit)	0.4	0.3	(0.4)	1.2	(1.4)
Net income	$48.9	$39.1	$147.9	$135.9	$101.3
Net income per limited partner unit basic and diluted	$0.50	$0.46	$1.70	$1.71	$1.40
Balance Sheet Data (at period end):					
Total assets	$2,205.7		$2,222.5	$1,812.5	$1,601.5
Property, plant and equipment, net	951.0		941.5	945.3	815.2
Investment in unconsolidated affiliates	737.5		728.6	536.3	573.3
Long-term debt	632.2		655.8	390.0	390.0
Total partners capital	1,500.9		1,494.4	1,348.5	1,118.4
Other Financial Data:					
Spectra Energy Partners					
Net cash provided by operating activities	$57.6	$51.8	$184.8	$159.7	$139.2
Adjusted EBITDA	32.9	32.4	117.1	111.3	78.2
Net cash paid for interest expense	1.9	1.7	15.7	16.2	14.3
Maintenance capital expenditures	2.6	1.0	14.8	16.3	11.3
Cash available for distribution (a)	69.7	55.7	174.5	158.1	120.6
Gulfstream Spectra Energy Partners share (b)					

Adjusted EBITDA	29.3	14.4	63.0	53.5	42.9
Cash available for distribution	29.1	14.4	43.0	38.2	30.7
Market Hub 50.0%					
Adjusted EBITDA	12.4	11.7	46.7	46.5	39.0
Cash available for distribution	12.2	11.6	45.6	40.8	36.0

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Years Ended December 31, 2010	Years Ended December 31, 2009	Years Ended December 31, 2008
	(in millions, except per-unit amount and operating data)				
Operating Data:					
East Tennessee 100% basis					
Transportation capacity (Bcf/d)	1.544	1.545	1.545	1.536	1.370
Contracted firm capacity (Bcf/d)	1.453	1.448	1.448	1.428	1.311
Transported volumes (Bcf)	78.8	76.3	263.0	243.2	227.9
Ozark 100% basis					
Transportation capacity (Bcf/d)	0.574	0.543	0.543	0.500	(c)
Contracted firm capacity (Bcf/d)	0.553	0.543	0.543	0.480	(c)
Transported volumes (Bcf)	24.1	36.1	162.0	193.0	(c)
Gulfstream 100% basis					
Transportation capacity (Bcf/d)	1.270	1.263	1.263	1.258	1.114
Contracted firm capacity (Bcf/d)	1.270	1.263			