

SPECTRA ENERGY CORP AND AFFILIATES
ESTIMATED U.S. FEDERAL TAXABLE INCOME
DECEMBER 31, 2007

U.S. PRE TAX INCOME ON CONTINUING OPERATIONS	926,011,993
U.S. PRE TAX INCOME ON DISCONTINUED OPERATIONS	<u>17,023,123</u>
U.S. PRE TAX INCOME	943,035,116

PERMANENT ADJUSTMENTS:

COLI Policy Gains/Death Benefits	-1,793,756
PanEnergy COLI Interest	1,500,000
Dues	192,148
Tax Exempt Interest	-4,077,780
Lobbying	2,894,162
Meals & Entertainment	5,066,835
Fed Sub Prescription Drug FAS106	-1,749,946
Penalties	-1,135,684
Non-Deductible A&G for 965	1,719,011
Manufacturing Deduction	-32,689,174
AFUDC Equity	637,098
ESOP Dividend Distribution	-5,263,299
Non-Qualified Stock Option Exerc	-10,110,367
STOCK AWARD VESTED EQUITY	<u>-44,762,586</u>
	-89,573,338

INCOME ADJUSTED FOR PERMANENT ITEMS	853,461,778
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TEMPORARY ADJUSTMENTS:

Bad Debts - Tax over Book	6,799,233
Long Term Interest Payable - UTP	4,814,474
Equity in Partnerships	-592,089,023
Partnership Income K-1	697,583,354
AFUDC Interest	-12,963,813
Repair Allowance	-25,000,000
Book Depreciation/Amortization	154,497,934
Book Gain/Loss on Property	7,866,918
Tax Depreciation - Capitalized Int	-1,390,177
Tax Depreciation/Amortization	-261,428,384
Tax Gains/Losses	-17,887,872
Software - Tax deduct	-14,891,892
AFUDC Gross-up	-6,598,961
FAS 106 & 112 Employee Benefits	-736,027
FERC Expenses	-263,377
Mark to Market	5,409,160
Loss on Reacquired Debt-Amort	3,314,848
Goodwill Amortization	18,920,373
Fuel Tracker	3,399,159
Deferred Charges	212,816
PCB Recoveries	207,377
HEDGING	1,646,576
Accrued Vacation	4,330,766
Accrued Liabilities	-8,928
Deferred Compensation	2,468,519
Other Tax Reserves	-6,469,349
Prepaid Insurance	-3,948
Insurance Reserves	17,806,447
20% Unearned Premiums	21,333
Reverse Book provisions	-6,613,482
PCB Liabilities	-2,309,372
Regulatory Refund	-1,605,679
WORKERS COMP RESERVE	-2,212
Purchased capacity cost	-106,427,665
Non-qualified Pension - Accrual	6,432,609
Advanced Rents	1,256,724
PHANTOM STK AWARDS-ADDBACK BOOK	15,700,557
Decommissioning Liability	5,668
Asset Retirement Costs - ARO	<u>783</u>
	-103,994,533

U.S. FEDERAL TAXABLE INCOME	<u>749,467,245</u>
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2007** or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-33007

SPECTRA ENERGY CORP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-5413139
(I.R.S. Employer Identification No.)

5400 Westheimer Court, Houston, Texas
(Address of principal executive offices)

77056
(Zip Code)

713-627-5400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.001	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Estimated aggregate market value of the common equity held by nonaffiliates of the registrant at June 30, 2007:
\$16,400,000,000.

Number of shares of Common Stock, \$0.001 par value, outstanding at February 19, 2008: 632,536,965

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the 2008 Annual Meeting of Shareholders are incorporated by reference in Part III.

SPECTRA ENERGY CORP
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per-share amounts)

	Years Ended December 31,		
	2007	2006	2005
Operating Revenues			
Transportation, storage and processing of natural gas	\$2,238	\$2,126	\$2,052
Distribution of natural gas	1,664	1,623	1,553
Sales of natural gas and natural gas liquids	601	531	5,547
Other	239	252	302
Total operating revenues	4,742	4,532	9,454
Operating Expenses			
Natural gas and petroleum products purchased	1,416	1,435	5,821
Operating, maintenance and other	1,161	1,202	1,338
Depreciation and amortization	525	489	611
Property and other taxes	209	208	228
Impairments and other charges	2	—	125
Total operating expenses	3,313	3,334	8,123
Gains on Sales of Other Assets and Other, net	13	47	522
Operating Income	1,442	1,245	1,853
Other Income and Expenses			
Equity in earnings of unconsolidated affiliates	596	609	355
Gains (losses) on sales and impairments of equity method investments	—	(3)	1,245
Gain on sale of subsidiary stock	—	15	—
Other income and expenses, net	53	115	68
Total other income and expenses	649	736	1,668
Interest Expense	633	605	675
Minority Interest Expense	71	45	511
Earnings From Continuing Operations Before Income Taxes	1,387	1,331	2,335
Income Tax Expense From Continuing Operations	443	395	926
Income From Continuing Operations	944	936	1,409
Income (Loss) From Discontinued Operations, net of tax	13	308	(731)
Income Before Cumulative Effect of Change in Accounting Principle	957	1,244	678
Cumulative Effect of Change in Accounting Principle, net of tax and minority interest	—	—	(4)
Net Income	\$ 957	\$1,244	\$ 674
Common Stock Data			
Weighted-average shares outstanding			
Basic	632	n/a(a)	n/a(a)
Diluted	635	n/a	n/a
Earnings per share from continuing operations			
Basic and Diluted	\$ 1.49	n/a	n/a
Earnings per share-total			
Basic and Diluted	\$ 1.51	n/a	n/a
Dividends per share	\$ 0.88	n/a	n/a

(a) not applicable

See Notes to Consolidated Financial Statements

8. Income Taxes

The following details the components of income tax expense:

	2007	2006	2005
	(in millions)		
Current income taxes			
Federal	\$316	\$270	\$ 869
State	21	(35)	80
Foreign	32	129	42
Total current income taxes	<u>369</u>	<u>364</u>	<u>991</u>
Deferred income taxes			
Federal	(15)	83	(82)
State	4	(22)	(15)
Foreign	85	(30)	32
Total deferred income taxes	<u>74</u>	<u>31</u>	<u>(65)</u>
Income tax expense from continuing operations	443	395	926
Income tax expense from discontinued operations	7	61	104
Income tax benefit from cumulative effect of change in accounting principle	—	—	(1)
Total income tax expense	<u>\$450</u>	<u>\$456</u>	<u>\$1,029</u>

Earnings from Continuing Operations before Income Taxes

	2007	2006	2005
	(in millions)		
Domestic	\$ 926	\$ 945	\$2,031
Foreign	461	386	304
Total earnings from continuing operations before income taxes	<u>\$1,387</u>	<u>\$1,331</u>	<u>\$2,335</u>

Reconciliation of Income Tax Expense at the U.S. Federal Statutory Tax Rate to the Actual Tax Expense from Continuing Operations

	2007	2006	2005
	(in millions)		
Income tax expense, computed at the statutory rate of 35%	\$ 485	\$ 466	\$ 817
State income tax, net of federal income tax effect(a)	16	(37)	42
Tax differential on foreign earnings	(44)	(36)	(32)
Pass-through of income tax expense(b)	—	26	81
Impairment of Bolivian investment(c)	—	(25)	—
U.S. tax on repatriation of foreign earnings	—	—	34
Domestic production activities deduction	(11)	—	—
Other items, net	(3)	1	(16)
Total income tax expense from continuing operations	<u>\$ 443</u>	<u>\$ 395</u>	<u>\$ 926</u>
Effective tax rate	<u>31.9%</u>	<u>29.7%</u>	<u>39.7%</u>

- (a) In 2006, a state income tax benefit of approximately \$30 million was recognized due to a reduction in the unitary state tax rate as a result of Duke Energy's merger with Cinergy.
- (b) Prior to April 2006, the effective date of the tax sharing agreement with Duke Energy, tax expenses and benefits were passed through to Duke Energy.
- (c) In 2006, a tax benefit was recognized for an impairment of an investment in Bolivia due to a change in tax status, which is included in continuing operations.

Net Deferred Income Tax Liability Components

	December 31,	
	2007	2006
	(in millions)	
Deferred credits and other liabilities	\$ 212	\$ 133
Federal effects of uncertain tax benefits	16	—
Other	16	17
Total deferred income tax assets	244	150
Valuation allowance	(15)	(13)
Net deferred income tax assets	229	137
Investments and other assets	(1,039)	(1,387)
Accelerated depreciation rates	(1,400)	(636)
Regulatory assets and deferred debits	(645)	(1,033)
Total deferred income tax liabilities	(3,084)	(3,056)
Total net deferred income tax liabilities	<u>\$(2,855)</u>	<u>\$(2,919)</u>

The above deferred tax amounts have been classified in the Consolidated Balance Sheets as follows:

	December 31,	
	2007	2006
	(in millions)	
Other current assets	\$ 46	\$ 96
Other investments and other assets	—	5
Other current liabilities	(18)	(40)
Deferred credits and other liabilities	(2,883)	(2,980)
Total net deferred income tax liabilities	<u>\$(2,855)</u>	<u>\$(2,919)</u>

At December 31, 2007, Spectra Energy had unused state net operating loss carryforwards of approximately \$198 million that expire beginning in 2015. The tax benefits associated with the state net operating losses of approximately \$12 million are expected to be fully recoverable within the applicable statutory expiration periods.

At December 31 2007, Spectra Energy had foreign net operating loss carryovers of approximately \$38 million and foreign capital loss carryovers of approximately \$109 million that expire at various times beginning in 2009. Spectra Energy has established a valuation allowance of \$15 million at December 31, 2007 and \$13 million at December 31, 2006 against its deferred tax asset related to the foreign capital loss carryovers.

Spectra Energy adopted the provisions of FIN 48 on January 1, 2007. As a result of the implementation of FIN 48, Spectra Energy recognized an increase of \$26 million in the liability for uncertain tax benefits, which was accounted for as a cumulative effect decrease to the January 1, 2007 balance of retained earnings. As of the date of adoption and after the impact of recognizing the increase in the liability noted above, Spectra Energy's unrecognized tax benefits totaled \$75 million. Of this, \$59 million would reduce the annual effective income tax rate if recognized.

In conjunction with the adoption of FIN 48, Spectra Energy accrued \$13 million for the payment of cumulative interest and penalties at January 1, 2007. Spectra Energy recorded a net increase of \$6 million in cumulative interest and penalties during 2007.

Reconciliation of Gross Unrecognized Income Tax Benefits

	(in millions)
Balance at January 1, 2007	\$75
Increases related to prior year tax positions	3
Decreases related to prior year tax positions	(5)
Increases related to current year tax positions	16
Decreases related to settlements with taxing authorities	(2)
Reductions due to lapse of statute of limitations	(6)
Foreign currency translation	5
Balance at December 31, 2007	<u>\$86</u>

Spectra Energy recorded a net increase of \$11 million in gross uncertain tax benefits during 2007. Of this, \$3 million increased income tax expense and the remainder was attributable to uncertain tax benefits associated with deferred tax liabilities and goodwill.

Prior to January 1, 2007, Spectra Energy was included in the consolidated federal income tax return and certain combined and unitary state tax returns of Duke Energy. In connection with the spin-off, Spectra Energy indemnified Duke Energy for Spectra Energy's share of taxes on such returns. Accordingly, obligations of \$42 million for uncertain federal and state income tax positions for periods in which Spectra Energy was included in a Duke Energy consolidated, combined or unitary filing have been recorded as guarantee obligations within Regulatory and Other Deferred Credits and Other Liabilities on the Consolidated Balance Sheet as of December 31, 2007. Spectra Energy has no liability to Duke Energy for federal income tax liabilities prior to 1999 and for state income tax liabilities prior to 1997 as those tax years have been closed.

Spectra Energy also files numerous returns in Canada where it is directly liable to the tax jurisdictions for tax assessments. Spectra Energy is no longer open to Canadian tax issues prior to 2001 since those tax years have been closed. The Canadian tax authorities are currently performing audit examinations of certain Canadian income tax returns for tax years ranging from 2002 through 2004. To date, there are no proposed adjustments that will have a material effect on Spectra Energy's consolidated results of operations or financial position.

Although uncertain, Spectra Energy believes it is reasonably possible that prior to December 31, 2008 the total amount of unrecognized tax benefits could decrease by approximately \$17 million. The anticipated changes in unrecognized tax benefits relate to anticipated audit settlements focused primarily on classification of certain tax attributes, transfer pricing and expiration of statute of limitations.

Cumulative undistributed earnings on Spectra Energy's foreign subsidiaries at December 31, 2007 totaled \$30 million for which Spectra Energy has not provided U.S. deferred income taxes and foreign withholding taxes since Spectra Energy intends to permanently reinvest such earnings in its foreign operations. Unrecognized U.S. deferred income taxes and foreign withholding taxes on the undistributed earnings are not expected to be material.

9. Discontinued Operations

In anticipation of the spin-off from Duke Energy, Spectra Capital implemented an internal reorganization in December 2006 in which the operations and assets of Spectra Capital that were not associated with the natural gas businesses were contributed by Spectra Capital to Duke Energy or its subsidiaries. Operations transferred included International Energy, Spectra Capital's effective 50% interest in Crescent and certain operations within Other, primarily Duke Energy Trading and Marketing, LLC, DukeNet Communications, LLC, Duke Energy Merchants, LLC and Spectra Capital's 50% interest in Duke/Fluor Daniel. Approximately \$5.1 billion of assets, \$1.9 billion of liabilities (which includes approximately \$0.9 billion of debt), \$0.2 billion of minority interest and \$3.0 billion of member's equity were transferred from Spectra Capital to Duke Energy in December 2006. In April 2006, Spectra

CORPORATION INCOME TAX RATES FOR 2007

¶ 33 Corporations

2007				
Taxable Income Over	But Not Over	Pay	% on Excess	of the amount over—
\$0—	\$50,000	\$0	15%	\$0
50,000—	75,000	7,500	25	50,000
75,000—	100,000	13,750	34	75,000
100,000—	335,000	22,250	39	100,000
335,000—	10,000,000	113,900	34	335,000
10,000,000—	15,000,000	3,400,000	35	10,000,000
15,000,000—	18,333,333	5,150,000	38	15,000,000
18,333,333—			35	0

Taxable income of certain personal service corporations is taxed at a flat rate of 35%. See ¶ 219.

¶ 34 Controlled Group of Corporations

A controlled group of corporations is subject to the same rates as those listed above as though the group was one corporation. See ¶ 289.

¶ 35 Personal Holding Companies

In addition to regular corporate income taxes, a special tax is imposed on any corporation which is a personal holding company. For tax years beginning in 2007, the additional tax is 15% of the corporation's undistributed personal holding company income. See ¶ 275.

¶ 36 Insurance Companies and Regulated Investment Companies

The regular corporate tax rates apply to an insurance company's taxable income (see ¶ 2370 and ¶ 2378). In the case of regulated investment companies, the corporate tax rates apply to investment company taxable income. See ¶ 2303.

¶ 37 Accumulated Earnings Tax

In addition to regular corporate income taxes, a corporation may be subject to a special tax on its accumulated taxable income. For tax years beginning in 2007, the tax is 15% of the corporation's accumulated taxable income. A corporation is entitled to a \$250,000 accumulated earnings credit (\$150,000 for personal service corporations) against the tax. See ¶ 251.

¶ 38 Foreign Corporations

The income of a foreign corporation that is not effectively connected with a U.S. trade or business is taxed at a rate of 30%. Domestic corporate rates apply to the income of a foreign corporation that is effectively connected with a U.S. trade or business. See ¶ 2425.

¶ 39 Real Estate Investment Trusts

A real estate investment trusts will be subject to regular corporate income tax rates on its "real estate investment trust taxable income." See ¶ 2329.

TAX RATES □ Apr

ESTATE AND GIF

¶ 40 Computation o

Estate Taxes. Est to the aggregate of c the gift taxes payable gifts made after Dec until the scheduled r Reconciliation Act of

Gift Taxes. Gift t cumulative lifetime ta periods. Although th effect. There is an an annual maximum utilize gift-splitting. A and medical expenses

Generation-Skipp is computed with refe rate (45% in 2007 and tax is also scheduled t

¶ 41 Applicable (Uni

Amount of Credit estates of decedents amount exempts \$2 m 2007 and 2008 (see ¶ : increase to \$3.5 millio amount will remain at liability. Although the regardless of the amo tax at death.¹

Footnote referen

¹ This is so because, unc applied are added back to tentative tax by the amount estate tax payable. Thus, eliminated by way of a calc unified gift tax credit used to

Saltville Gas Storage Company L.L.C.
Rate Case
Illustration of Taxable Income Allocation of
Spectra Energy Partners, LP
2007
Millions

Partnership Taxable Income July - December 2007

\$ 18.9

Line No.	Partner Group	Spectra Subsidiaries	Public Partners	
1	Approximate Ownership Percentage	83%	17%	
2	Tentative Share of Taxable Income (Schedule K-1)	15.6	3.4	
3	Depreciation and Amortization Income Shift	<u>4.0</u>	<u>-4.0</u> (a)	
4	Partnership Taxable Income Allocation	<u>19.6</u> (b)	<u>-0.7</u>	<u>\$ 18.9</u>

5 Spectra Built in Gain on Contributed Assets - Portion Effectively Sold to Public - 2007

6	Attributed to PP&E	\$ 110.1
7	Attributed to Intangibles	<u>80.4</u>
8	Total Deferred Gain	<u>\$ 190.5</u>

9 Remedial Allocation related to Deferred Gain

10	GP	6.608
11	Public	(4.046) (a)
12	SEPL	(2.485)
13	SET	<u>(0.077)</u>
14	Taxable Income Effect	<u>-</u>

15 Spectra Energy Partners GP LP ("GP")

16	Line 1 Ordinary Income	6.8 *
17	Line 5 Interest Income	0.1

18 Spectra Energy Southeast Pipeline Corporation ("SEPL")

19	Line 1 Ordinary Income	5.3 *
20	Line 5 Interest Income	4.1

21 Spectra Energy Transmission LLC ("SET")

22	Line 1 Ordinary Income	1.9 *
23	Line 5 Interest Income	<u>1.3</u>
24	Total Spectra Unitholders	<u>19.6</u> (b)

25 * The GP, SEPL, and SET remedial adjustments are included in Line 1 Ordinary Income.

651107

**Schedule K-1
(Form 1065)**Department of the Treasury
Internal Revenue Service**2007**For calendar year 2007, or tax
year beginning JULY 2, 2007
ending DECEMBER 31, 20 07**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Partnership	
A Partnership's employer identification number	41-2232463
B Partnership's name, address, city, state, and ZIP code	SPECTRA ENERGY PARTNERS LP 5400 WESTHEIMER COURT HOUSTON, TX 77056
C IRS Center where partnership filed return	OGDEN
D <input checked="" type="checkbox"/> Check if this is a publicly traded partnership (PTP)	
Part II Information About the Partner	
E Partner's identifying number	41-2232456
F Partner's name, address, city, state, and ZIP code	SPECTRA ENERGY PARTNERS GP LP 5400 WESTHEIMER CT HOUSTON, TX 77056
G <input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member	
H <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner	
I What type of entity is this partner?	Partnership
J Partner's share of profit, loss, and capital:	
	Beginning Ending
Profit	0.000000 % 1.999882 %
Loss	0.000000 % 1.999882 %
Capital	0.000000 % 1.999882 %
K Partner's share of liabilities at year end:	
Nonrecourse	\$
Qualified nonrecourse financing	\$
Recourse	\$
L Partner's capital account analysis:	
Beginning capital account	\$ 0
Capital contributed during the year	\$ 29,753,532
Current year increase (decrease)	\$ 6,970,808
Withdrawals & distributions	\$ (405,726)
Ending capital account	\$ 36,318,614
<input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book	
<input type="checkbox"/> Other (explain)	

<input type="checkbox"/> Final K-1 <input type="checkbox"/> Amended K-1		OMB No. 1545-0099
Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items		
1 Ordinary business income (loss)	6,838,552	15 Credits
2 Net rental real estate income (loss)		
3 Other net rental income (loss)		16 Foreign transactions
4 Guaranteed payments		
5 Interest income	133,239	
6a Ordinary dividends		
6b Qualified dividends		
7 Royalties		
8 Net short-term capital gain (loss)		
9a Net long-term capital gain (loss)		17 Alternative minimum tax (AMT) items
9b Collectibles (28%) gain (loss)		A -10,141
9c Unrecaptured section 1250 gain		
10 Net section 1231 gain (loss)		18 Tax-exempt income and nondeductible expenses
11 Other income (loss)		C 983
12 Section 179 deduction		19 Distributions
13 Other deductions		A 405,726
		20 Other information
		A 133,239
14 Self-employment earnings (loss)		V 6,838,551
		W* STMT
*See attached statement for additional information.		
For IRS Use Only		

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

	Code	Report on
1. Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:		
Passive loss		See the Partner's Instructions
Passive income		Schedule E, line 28, column (g)
Nonpassive loss		Schedule E, line 28, column (h)
Nonpassive income		Schedule E, line 28, column (i)
2. Net rental real estate income (loss)		See the Partner's Instructions
3. Other net rental income (loss)		
Net income		Schedule E, line 28, column (g)
Net loss		See the Partner's Instructions
4. Guaranteed payments		Schedule E, line 28, column (j)
5. Interest income		Form 1040, line 8a
6a. Ordinary dividends		Form 1040, line 9a
6b. Qualified dividends		Form 1040, line 9b
7. Royalties		Schedule E, line 4
8. Net short-term capital gain (loss)		Schedule D, line 5, column (f)
9a. Net long-term capital gain (loss)		Schedule D, line 12, column (f)
9b. Collectibles (28%) gain (loss)		28% Rate Gain Worksheet, line 4 (Schedule D instructions)
9c. Unrecaptured section 1250 gain		See the Partner's Instructions
10. Net section 1231 gain (loss)		See the Partner's Instructions
11. Other income (loss)		
Code		
A Other portfolio income (loss)		See the Partner's Instructions
B Involuntary conversions		See the Partner's Instructions
C Sec. 1256 contracts & straddles		Form 6781, line 1
D Mining exploration costs recapture		See Pub. 535
E Cancellation of debt		Form 1040, line 21 or Form 982
F Other income (loss)		See the Partner's Instructions
12. Section 179 deduction		See the Partner's Instructions
13. Other deductions		
A Cash contributions (50%)		See the Partner's Instructions
B Cash contributions (30%)		
C Noncash contributions (50%)		
D Noncash contributions (30%)		
E Capital gain property to a 50% organization (30%)		
F Capital gain property (20%)		
G Investment interest expense		Form 4952, line 1
H Deductions—royalty income		Schedule E, line 18
I Section 59(e)(2) expenditures		See the Partner's Instructions
J Deductions—portfolio (2% floor)		Schedule A, line 23
K Deductions—portfolio (other)		Schedule A, line 28
L Amounts paid for medical insurance		Schedule A, line 1 or Form 1040, line 29
M Educational assistance benefits		See the Partner's Instructions
N Dependent care benefits		Form 2441, line 14
O Preproductive period expenses		See the Partner's Instructions
P Commercial revitalization deduction from rental real estate activities		See Form 8582 Instructions
Q Pensions and IRAs		See the Partner's Instructions
R Reforestation expense deduction		See the Partner's Instructions
S Domestic production activities information		See Form 8903 instructions
T Qualified production activities income		Form 8903, line 7
U Employer's Form W-2 wages		Form 8903, line 15
V Other deductions		See the Partner's Instructions
14. Self-employment earnings (loss)		
Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
A Net earnings (loss) from self-employment		Schedule SE, Section A or B
B Gross farming or fishing income		See the Partner's Instructions
C Gross non-farm income		See the Partner's Instructions
15. Credits		
A Low-income housing credit (section 42(j)(5))		See the Partner's Instructions
B Low-income housing credit (other)		
C Qualified rehabilitation expenditures (rental real estate)		
D Other rental real estate credits		
E Other rental credits		
F Undistributed capital gains credit		Form 1040, line 70; check box a
G Credit for alcohol used as fuel		See the Partner's Instructions
H Work opportunity credit		
I Welfare-to-work credit		
J Disabled access credit		
16. Foreign transactions		
A Name of country or U.S. possession		Form 1116, Part I
B Gross income from all sources		
C Gross income sourced at partner level		
Foreign gross income sourced at partnership level		
D Passive category		Form 1116, Part I
E General category		
F Other		
Deductions allocated and apportioned at partner level		
G Interest expense		Form 1116, Part I
H Other		Form 1116, Part I
Deductions allocated and apportioned at partnership level to foreign source income		
I Passive category		Form 1116, Part I
J General category		
K Other		
Other information		
L Total foreign taxes paid		Form 1116, Part II
M Total foreign taxes accrued		Form 1116, Part II
N Reduction in taxes available for credit		Form 1116, line 12
O Foreign trading gross receipts		Form 8873
P Extraterritorial income exclusion		Form 8873
Q Other foreign transactions		See the Partner's Instructions
17. Alternative minimum tax (AMT) items		
A Post-1986 depreciation adjustment		See the Partner's Instructions and the Instructions for Form 6251
B Adjusted gain or loss		
C Depletion (other than oil & gas)		
D Oil, gas, & geothermal—gross income		
E Oil, gas, & geothermal—deductions		
F Other AMT items		
18. Tax-exempt income and nondeductible expenses		
A Tax-exempt interest income		Form 1040, line 8b
B Other tax-exempt income		See the Partner's Instructions
C Nondeductible expenses		See the Partner's Instructions
19. Distributions		
A Cash and marketable securities		See the Partner's Instructions
B Other property		See the Partner's Instructions
20. Other information		
A Investment income		Form 4952, line 4a
B Investment expenses		Form 4952, line 5
C Fuel tax credit information		Form 4136
D Qualified rehabilitation expenditures (other than rental real estate)		See the Partner's Instructions
E Basis of energy property		See the Partner's Instructions
F Recapture of low-income housing credit (section 42(j)(5))		Form 8611, line 8
G Recapture of low-income housing credit (other)		Form 8611, line 8
H Recapture of investment credit		See Form 4255
I Recapture of other credits		See the Partner's Instructions
J Look-back interest—completed long-term contracts		See Form 8697
K Look-back interest—income forecast method		See Form 8866
L Dispositions of property with section 179 deductions		See the Partner's Instructions
M Recapture of section 179 deduction		
N Interest expense for corporate partners		
O Section 453(l)(3) information		
P Section 453A(c) information		
Q Section 1260(b) information		
R Interest allocable to production expenditures		
S CCF nonqualified withdrawals		
T Information needed to figure depletion—oil and gas		
U Amortization of reforestation costs		
V Unrelated business taxable income		
W Other information		

651107

**Schedule K-1
(Form 1065)**Department of the Treasury
Internal Revenue Service**2007**For calendar year 2007, or tax
year beginning JULY 2, 2007
ending DECEMBER 31, 20 07**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Partnership													
A	Partnership's employer identification number 41-2232463												
B	Partnership's name, address, city, state, and ZIP code SPECTRA ENERGY PARTNERS LP 5400 WESTHEIMER COURT HOUSTON, TX 77056												
C	IRS Center where partnership filed return OGDEN												
D	<input checked="" type="checkbox"/> Check if this is a publicly traded partnership (PTP)												
Part II Information About the Partner													
E	Partner's identifying number 76-0598401												
F	Partner's name, address, city, state, and ZIP code SPECTRA ENERGY SOUTHEAST PIPELINE CORPORATION 5400 WESTHEIMER COURT HOUSTON, TX 77056												
G	<input type="checkbox"/> General partner or LLC member-manager <input checked="" type="checkbox"/> Limited partner or other LLC member												
H	<input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner												
I	What type of entity is this partner? <u>Corporation</u>												
J	Partner's share of profit, loss, and capital: <table border="1"> <thead> <tr> <th></th> <th>Beginning</th> <th>Ending</th> </tr> </thead> <tbody> <tr> <td>Profit</td> <td>0.000000 %</td> <td>62.133974 %</td> </tr> <tr> <td>Loss</td> <td>0.000000 %</td> <td>62.133974 %</td> </tr> <tr> <td>Capital</td> <td>0.000000 %</td> <td>62.133974 %</td> </tr> </tbody> </table>		Beginning	Ending	Profit	0.000000 %	62.133974 %	Loss	0.000000 %	62.133974 %	Capital	0.000000 %	62.133974 %
	Beginning	Ending											
Profit	0.000000 %	62.133974 %											
Loss	0.000000 %	62.133974 %											
Capital	0.000000 %	62.133974 %											
K	Partner's share of liabilities at year end: Nonrecourse \$ _____ Qualified nonrecourse financing \$ _____ Recourse \$ _____												
L	Partner's capital account analysis: Beginning capital account \$ <u>0</u> Capital contributed during the year \$ <u>924,415,468</u> Current year increase (decrease) \$ <u>9,396,365</u> Withdrawals & distributions \$ <u>(12,605,436)</u> Ending capital account \$ <u>921,206,397</u> <input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain)												

<input type="checkbox"/> Final K-1 <input type="checkbox"/> Amended K-1		OMB No. 1545-0099
Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items		
1	Ordinary business income (loss) 5,287,330	15 Credits
2	Net rental real estate income (loss)	
3	Other net rental income (loss)	16 Foreign transactions
4	Guaranteed payments	
5	Interest income 4,139,583	
6a	Ordinary dividends	
6b	Qualified dividends	
7	Royalties	
8	Net short-term capital gain (loss)	
9a	Net long-term capital gain (loss)	17 Alternative minimum tax (AMT) items A -322,722
9b	Collectibles (28%) gain (loss)	
9c	Unrecaptured section 1250 gain	
10	Net section 1231 gain (loss)	18 Tax-exempt income and nondeductible expenses
11	Other income (loss)	C 30,548
12	Section 179 deduction	19 Distributions A 12,605,436
13	Other deductions	20 Other information
		A 4,139,583
		V 5,287,331
14	Self-employment earnings (loss)	W* STMT
*See attached statement for additional information.		
For IRS Use Only		

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

	Code	Report on
1. Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:		
Passive loss	See the Partner's Instructions	
Passive income	Schedule E, line 28, column (g)	
Nonpassive loss	Schedule E, line 28, column (h)	
Nonpassive income	Schedule E, line 28, column (j)	
2. Net rental real estate income (loss)	See the Partner's Instructions	
3. Other net rental income (loss)		
Net income	Schedule E, line 28, column (g)	
Net loss	See the Partner's Instructions	
4. Guaranteed payments	Schedule E, line 28, column (j)	
5. Interest income	Form 1040, line 8a	
6a. Ordinary dividends	Form 1040, line 9a	
6b. Qualified dividends	Form 1040, line 9b	
7. Royalties	Schedule E, line 4	
8. Net short-term capital gain (loss)	Schedule D, line 5, column (f)	
9a. Net long-term capital gain (loss)	Schedule D, line 12, column (f)	
9b. Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D instructions)	
9c. Unrecaptured section 1250 gain	See the Partner's Instructions	
10. Net section 1231 gain (loss)	See the Partner's Instructions	
11. Other income (loss)		
Code		
A Other portfolio income (loss)	See the Partner's Instructions	
B Involuntary conversions	See the Partner's Instructions	
C Sec. 1256 contracts & straddles	Form 6781, line 1	
D Mining exploration costs recapture	See Pub. 535	
E Cancellation of debt	Form 1040, line 21 or Form 982	
F Other income (loss)	See the Partner's Instructions	
12. Section 179 deduction	See the Partner's Instructions	
13. Other deductions		
A Cash contributions (50%)	See the Partner's Instructions	
B Cash contributions (30%)		
C Noncash contributions (50%)		
D Noncash contributions (30%)		
E Capital gain property to a 50% organization (30%)		
F Capital gain property (20%)		
G Investment interest expense	Form 4952, line 1	
H Deductions—royalty income	Schedule E, line 18	
I Section 59(e)(2) expenditures	See the Partner's Instructions	
J Deductions—portfolio (2% floor)	Schedule A, line 23	
K Deductions—portfolio (other)	Schedule A, line 28	
L Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29	
M Educational assistance benefits	See the Partner's Instructions	
N Dependent care benefits	Form 2441, line 14	
O Preproductive period expenses	See the Partner's Instructions	
P Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions	
Q Pensions and IRAs	See the Partner's Instructions	
R Reforestation expense deduction	See the Partner's Instructions	
S Domestic production activities information	See Form 8903 instructions	
T Qualified production activities income	Form 8903, line 7	
U Employer's Form W-2 wages	Form 8903, line 15	
V Other deductions	See the Partner's Instructions	
14. Self-employment earnings (loss)		
Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
A Net earnings (loss) from self-employment	Schedule SE, Section A or B	
B Gross farming or fishing income	See the Partner's Instructions	
C Gross non-farm income	See the Partner's Instructions	
15. Credits		
A Low-income housing credit (section 42(j)(5))	See the Partner's Instructions	
B Low-income housing credit (other)		
C Qualified rehabilitation expenditures (rental real estate)		
D Other rental real estate credits		
E Other rental credits		
F Undistributed capital gains credit	Form 1040, line 70; check box a	
G Credit for alcohol used as fuel	See the Partner's Instructions	
H Work opportunity credit		
I Welfare-to-work credit		
J Disabled access credit		
K Empowerment zone and renewal community employment credit		Form 8844, line 3
L Credit for increasing research activities	See the Partner's Instructions	
M New markets credit		
N Credit for employer social security and Medicare taxes		
O Backup withholding		Form 1040, line 64
P Other credits		See the Partner's Instructions
16. Foreign transactions		
A Name of country or U.S. possession	Form 1116, Part I	
B Gross income from all sources		
C Gross income sourced at partner level		
Foreign gross income sourced at partnership level		
D Passive category	Form 1116, Part I	
E General category		
F Other		
Deductions allocated and apportioned at partner level		
G Interest expense	Form 1116, Part I	
H Other	Form 1116, Part I	
Deductions allocated and apportioned at partnership level to foreign source income		
I Passive category	Form 1116, Part I	
J General category		
K Other		
Other information		
L Total foreign taxes paid	Form 1116, Part II	
M Total foreign taxes accrued	Form 1116, Part II	
N Reduction in taxes available for credit	Form 1116, line 12	
O Foreign trading gross receipts	Form 8873	
P Extraterritorial income exclusion	Form 8873	
Q Other foreign transactions	See the Partner's Instructions	
17. Alternative minimum tax (AMT) items		
A Post-1986 depreciation adjustment	See the Partner's Instructions and the instructions for Form 6251	
B Adjusted gain or loss		
C Depletion (other than oil & gas)		
D Oil, gas, & geothermal—gross income		
E Oil, gas, & geothermal—deductions		
F Other AMT items		
18. Tax-exempt income and nondeductible expenses		
A Tax-exempt interest income	Form 1040, line 8b	
B Other tax-exempt income	See the Partner's Instructions	
C Nondeductible expenses	See the Partner's Instructions	
19. Distributions		
A Cash and marketable securities	See the Partner's Instructions	
B Other property	See the Partner's Instructions	
20. Other information		
A Investment income	Form 4952, line 4a	
B Investment expenses	Form 4952, line 5	
C Fuel tax credit information	Form 4136	
D Qualified rehabilitation expenditures (other than rental real estate)	See the Partner's Instructions	
E Basis of energy property	See the Partner's Instructions	
F Recapture of low-income housing credit (section 42(j)(5))	Form 8611, line 8	
G Recapture of low-income housing credit (other)	Form 8611, line 8	
H Recapture of investment credit	See Form 4255	
I Recapture of other credits	See the Partner's Instructions	
J Look-back interest—completed long-term contracts	See Form 8697	
K Look-back interest—income forecast method	See Form 8866	
L Dispositions of property with section 179 deductions	See the Partner's Instructions	
M Recapture of section 179 deduction		
N Interest expense for corporate partners		
O Section 453(l)(3) information		
P Section 453A(c) information		
Q Section 1260(b) information		
R Interest allocable to production expenditures		
S CCF nonqualified withdrawals		
T Information needed to figure depletion—oil and gas		
U Amortization of reforestation costs		
V Unrelated business taxable income		
W Other information		

651107

Schedule K-1
(Form 1065)Department of the Treasury
Internal Revenue Service

2007

For calendar year 2007, or tax
year beginning JULY 2, 2007
ending DECEMBER 31, 2007Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership													
A	Partnership's employer identification number 41-2232463												
B	Partnership's name, address, city, state, and ZIP code SPECTRA ENERGY PARTNERS LP 5400 WESTHEIMER COURT HOUSTON, TX 77056												
C	IRS Center where partnership filed return OGDEN												
D	<input checked="" type="checkbox"/> Check if this is a publicly traded partnership (PTP)												
Part II Information About the Partner													
E	Partner's identifying number 76-0687370												
F	Partner's name, address, city, state, and ZIP code SPECTRA ENERGY TRANSMISSION LLC 5400 WESTHEIMER CT HOUSTON, TX 77056												
G	<input type="checkbox"/> General partner or LLC member-manager <input checked="" type="checkbox"/> Limited partner or other LLC member												
H	<input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner												
I	What type of entity is this partner? Corporation												
J	Partner's share of profit, loss, and capital: <table border="1"><thead><tr><th></th><th>Beginning</th><th>Ending</th></tr></thead><tbody><tr><td>Profit</td><td>0.000000 %</td><td>18.854688 %</td></tr><tr><td>Loss</td><td>0.000000 %</td><td>18.854688 %</td></tr><tr><td>Capital</td><td>0.000000 %</td><td>18.854688 %</td></tr></tbody></table>		Beginning	Ending	Profit	0.000000 %	18.854688 %	Loss	0.000000 %	18.854688 %	Capital	0.000000 %	18.854688 %
	Beginning	Ending											
Profit	0.000000 %	18.854688 %											
Loss	0.000000 %	18.854688 %											
Capital	0.000000 %	18.854688 %											
K	Partner's share of liabilities at year end: Nonrecourse \$ _____ Qualified nonrecourse financing \$ _____ Recourse \$ _____												
L	Partner's capital account analysis: Beginning capital account \$ <u>0</u> Capital contributed during the year \$ <u>280,514.582</u> Current year increase (decrease) \$ <u>3,143.927</u> Withdrawals & distributions \$ <u>(3,825.147)</u> Ending capital account \$ <u>279,833.362</u> <input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain)												

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items	
1 Ordinary business income (loss) 1,897,031	15 Credits
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	16 Foreign transactions
4 Guaranteed payments	
5 Interest income 1,256,165	
6a Ordinary dividends	
6b Qualified dividends	
7 Royalties	
8 Net short-term capital gain (loss)	
9a Net long-term capital gain (loss)	17 Alternative minimum tax (AMT) items A -66,012
9b Collectibles (28%) gain (loss)	
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	18 Tax-exempt income and nondeductible expenses C 9,269
11 Other income (loss)	
12 Section 179 deduction	19 Distributions A 3,825,147
13 Other deductions	
	20 Other information A 1,256,165 V 1,897,032 W* STMT
14 Self-employment earnings (loss)	
*See attached statement for additional information.	

For IRS Use Only

1. Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows:		Code	Report on
Passive loss	See the Partner's instructions	K Empowerment zone and renewal community employment credit	Form 8844, line 3
Passive income	Schedule E, line 28, column (g)	L Credit for increasing research activities	See the Partner's instructions
Nonpassive loss	Schedule E, line 28, column (h)	M New markets credit	
Nonpassive income	Schedule E, line 28, column (i)	N Credit for employer social security and Medicare taxes	
2. Net rental real estate income (loss).	See the Partner's instructions	O Backup withholding	Form 1040, line 64
		P Other credits	See the Partner's instructions

- | | | | | |
|---|---|--|---|---|
| 1. Ordinary business income (loss). You must first determine whether the income (loss) is passive or nonpassive. Then enter on your return as follows: | | | Code | Report on |
| Passive loss | See the Partner's Instructions | | K Empowerment zone and renewal community employment credit | Form 8844, line 3 |
| Passive income | Schedule E, line 28, column (g) | | L Credit for increasing research activities | See the Partner's Instructions |
| Nonpassive loss | Schedule E, line 28, column (h) | | M New markets credit | |
| Nonpassive income | Schedule E, line 28, column (i) | | N Credit for employer social security and Medicare taxes | |
| | See the Partner's Instructions | | O Backup withholding | Form 1040, line 64 |
| 2. Net rental real estate income (loss) | | | P Other credits | See the Partner's Instructions |
| 3. Other net rental income (loss) | | | 16. Foreign transactions | |
| Net income | Schedule E, line 28, column (g) | | A Name of country or U.S. possession | Form 1116, Part I |
| Net loss | See the Partner's Instructions | | B Gross income from all sources | |
| 4. Guaranteed payments | Schedule E, line 28, column (j) | | C Gross income sourced at partner level | |
| 5. Interest income | Form 1040, line 8a | | <i>Foreign gross income sourced at partnership level</i> | |
| 6a. Ordinary dividends | Form 1040, line 9a | | D Passive category | Form 1116, Part I |
| 6b. Qualified dividends | Form 1040, line 9b | | E General category | |
| 7. Royalties | Schedule E, line 4 | | F Other | |
| 8. Net short-term capital gain (loss) | Schedule D, line 5, column (f) | | <i>Deductions allocated and apportioned at partner level</i> | |
| 9a. Net long-term capital gain (loss) | Schedule D, line 12, column (f) | | G Interest expense | Form 1116, Part I |
| 9b. Collectibles (28%) gain (loss) | 28% Rate Gain Worksheet, line 4 (Schedule D instructions) | | H Other | Form 1116, Part I |
| 9c. Unrecaptured section 1250 gain | See the Partner's Instructions | | <i>Deductions allocated and apportioned at partnership level to foreign source income</i> | |
| 10. Net section 1231 gain (loss) | See the Partner's Instructions | | I Passive category | Form 1116, Part I |
| 11. Other income (loss) | | | J General category | |
| | | | K Other | |
| | | | <i>Other information</i> | |
| A Other portfolio income (loss) | See the Partner's Instructions | | L Total foreign taxes paid | Form 1116, Part II |
| B Involuntary conversions | See the Partner's Instructions | | M Total foreign taxes accrued | Form 1116, Part II |
| C Sec. 1256 contracts & straddles | Form 6781, line 1 | | N Reduction in taxes available for credit | Form 1116, line 12 |
| D Mining exploration costs recapture | See Pub. 535 | | O Foreign trading gross receipts | Form 8873 |
| E Cancellation of debt | Form 1040, line 21 or Form 982 | | P Extraterritorial income exclusion | Form 8873 |
| F Other income (loss) | See the Partner's Instructions | | Q Other foreign transactions | See the Partner's Instructions |
| 12. Section 179 deduction | See the Partner's Instructions | | 17. Alternative minimum tax (AMT) items | |
| 13. Other deductions | | | A Post-1986 depreciation adjustment | See the Partner's Instructions and the Instructions for Form 6251 |
| A Cash contributions (50%) | See the Partner's Instructions | | B Adjusted gain or loss | |
| B Cash contributions (30%) | | | C Depletion (other than oil & gas) | |
| C Noncash contributions (50%) | | | D Oil, gas, & geothermal—gross income | |
| D Noncash contributions (30%) | | | E Oil, gas, & geothermal—deductions | |
| E Capital gain property to a 50% organization (30%) | | | F Other AMT items | |
| F Capital gain property (20%) | | | 18. Tax-exempt income and nondeductible expenses | |
| G Investment interest expense | Form 4952, line 1 | | A Tax-exempt interest income | Form 1040, line 8b |
| H Deductions—royalty income | Schedule E, line 18 | | B Other tax-exempt income | See the Partner's Instructions |
| I Section 59(e)(2) expenditures | See the Partner's Instructions | | C Nondeductible expenses | See the Partner's Instructions |
| J Deductions—portfolio (2% floor) | Schedule A, line 23 | | 19. Distributions | |
| K Deductions—portfolio (other) | Schedule A, line 28 | | A Cash and marketable securities | See the Partner's Instructions |
| L Amounts paid for medical insurance | Schedule A, line 1 or Form 1040, line 29 | | B Other property | See the Partner's Instructions |
| M Educational assistance benefits | See the Partner's Instructions | | 20. Other information | |
| N Dependent care benefits | Form 2441, line 14 | | A Investment income | Form 4952, line 4a |
| O Preproductive period expenses | See the Partner's Instructions | | B Investment expenses | Form 4952, line 5 |
| P Commercial revitalization deduction from rental real estate activities | See Form 8582 Instructions | | C Fuel tax credit information | Form 4136 |
| Q Pensions and IRAs | See the Partner's Instructions | | D Qualified rehabilitation expenditures (other than rental real estate) | See the Partner's Instructions |
| R Reforestation expense deduction | See the Partner's Instructions | | E Basis of energy property | See the Partner's Instructions |
| S Domestic production activities information | See Form 8903 instructions | | F Recapture of low-income housing credit (section 42(j)(5)) | Form 8611, line 8 |
| T Qualified production activities income | Form 8903, line 7 | | G Recapture of low-income housing credit (other) | Form 8611, line 8 |
| U Employer's Form W-2 wages | Form 8903, line 15 | | H Recapture of investment credit | See Form 4255 |
| V Other deductions | See the Partner's Instructions | | I Recapture of other credits | See the Partner's Instructions |
| 14. Self-employment earnings (loss) | | | J Look-back interest—completed long-term contracts | See Form 8697 |
| Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE. | | | K Look-back interest—income forecast method | See Form 8866 |
| A Net earnings (loss) from self-employment | Schedule SE, Section A or B | | L Dispositions of property with section 179 deductions | See the Partner's Instructions |
| B Gross farming or fishing income | See the Partner's Instructions | | M Recapture of section 179 deduction | |
| C Gross non-farm income | See the Partner's Instructions | | N Interest expense for corporate partners | |
| 15. Credits | | | O Section 453(l)(3) information | |
| A Low-income housing credit (section 42(j)(5)) | See the Partner's Instructions | | P Section 453A(c) information | |
| B Low-income housing credit (other) | | | Q Section 1260(b) information | |
| C Qualified rehabilitation expenditures (rental real estate) | | | R Interest allocable to production expenditures | |
| D Other rental real estate credits | | | S CCF nonqualified withdrawals | |
| E Other rental credits</ | | | | |

Form 1065 Department of the Treasury Internal Revenue Service (77)	U.S. Return of Partnership Income		OMB No. 1545-0099
For calendar year 2007, or tax year beginning <u>7/2</u> , 2007, ending <u>12/31</u> , 20 <u>07</u>		2007	
▶ See separate instructions.			
A Principal business activity PIPELINE TRANSPORTATION	Use the IRS label. Otherwise, print or type.	Name of partnership SPECTRA ENERGY PARTNERS, LP	D Employer identification number 41-2232463
B Principal product or service PIPELINE TRANSPORTATION		Number, street, and room or suite no. If a P.O. box, see the instructions. 5400 WESTHEIMER COURT	E Date business started 07/02/2007
C Business code number 486000		City or town, state, and ZIP code HOUSTON, TX 77056	F Total assets (see the instructions) \$ 1,516,558,069.

G Check applicable boxes: (1) ☒ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return

H Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ 14,421

J Check if Schedule M-3 attached ☒

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a	50,124,939.		
	b Less returns and allowances	1b		1c	50,124,939.
	2 Cost of goods sold (Schedule A, line 8)			2	0.
	3 Gross profit. Subtract line 2 from line 1c			3	50,124,939.
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4	10,812,893.
	5 Net farm profit (loss) (attach Schedule F (Form 1040))			5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6	(5,367.)
	7 Other income (loss) (attach statement)			7	
	8 Total income (loss). Combine lines 3 through 7			8	60,932,465.
Deductions (see the instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)			9	
	10 Guaranteed payments to partners			10	
	11 Repairs and maintenance			11	148.
	12 Bad debts			12	
	13 Rent			13	691,879.
	14 Taxes and licenses			14	3,625,985.
	15 Interest			15	4,134,363.
	16a Depreciation (if required, attach Form 4562)	16a	21,695,944.		
	b Less depreciation reported on Schedule A and elsewhere on return	16b		16c	21,695,944.
	17 Depletion (Do not deduct oil and gas depletion.)			17	
	18 Retirement plans, etc.			18	
	19 Employee benefit programs			19	
	20 Other deductions (attach statement)			20	18,552,641.
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20			21	48,700,960.
	22 Ordinary business income (loss). Subtract line 21 from line 8			22	12,231,505.

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.		
	Signature of general partner or limited liability company member manager ▶ Date ▶		
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed), address, and ZIP code ▶	EIN ▶	Preparer's SSN or PTIN
	Phone no.		

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☒ No

BKA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form **1065** (2007)

Form 1065 (2007)

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Schedule K Partners' Distributive Share Items		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1 12,231,505.
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c 0.
	4 Guaranteed payments	4
	5 Interest income	5 6,662,350.
	6 Dividends: a Ordinary dividends	6a
	b Qualified dividends	6b
	7 Royalties	7
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
b Collectibles (28%) gain (loss)	9b	
c Unrecaptured section 1250 gain (attach statement)	9c	
10 Net section 1231 gain (loss) (attach Form 4797)	10	
11 Other income (loss) (see instructions) Type ▶	11	
Deductions	12 Section 179 deduction (attach Form 4562)	12
	13a Contributions	13a
	b Investment interest expense	13b
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)
d Other deductions (see instructions) Type ▶	13d	
Self-Employment	14a Net earnings (loss) from self-employment	14a
	b Gross farming or fishing income	14b
	c Gross nonfarm income	14c
Credits	15a Low-income housing credit (section 42(j)(5))	15a
	b Low-income housing credit (other)	15b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c
	d Other rental real estate credits (see instructions) Type ▶	15d
	e Other rental credits (see instructions) Type ▶	15e
	f Other credits (see instructions) Type ▶	15f
Foreign Transactions	16a Name of country or U.S. possession ▶	
	b Gross income from all sources	16b
	c Gross income sourced at partner level	16c
	Foreign gross income sourced at partnership level	
	d Passive category ▶ e General category ▶ f Other ▶	16f
	Deductions allocated and apportioned at partner level	
	g Interest expense ▶ h Other ▶	16h
	Deductions allocated and apportioned at partnership level to foreign source income	
	i Passive category ▶ j General category ▶ k Other ▶	16k
	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l
m Reduction in taxes available for credit (attach statement)	16m	
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a (234,775.)
	b Adjusted gain or loss	17b
	c Depletion (other than oil and gas)	17c
	d Oil, gas, and geothermal properties—gross income	17d
	e Oil, gas, and geothermal properties—deductions	17e
	f Other AMT items (attach statement)	17f
Other Information	18a Tax-exempt interest income	18a
	b Other tax-exempt income	18b
	c Nondeductible expenses	18c 49,166.
	19a Distributions of cash and marketable securities	19a
	b Distributions of other property	19b
	20a Investment income	20a
b Investment expenses	20b	
c Other items and amounts (attach statement)		

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