



## The Mailbag: Spectra Responds to Natural Gas Pipeline Concerns

By **The Mailbag** • Aug 27th, 2010 • Category: [Blog](#), [News](#), [Politics](#)



This summer's record high temperatures and peak energy usage nationwide reminds us of the need to find more efficient, reliable and economical energy sources for our homes and businesses.

Natural gas is one of the cleanest, most efficient and reliable energy sources — and it's domestically abundant, with the vast majority of natural gas we consume produced in the U.S.

For decades, communities in New Jersey, New York and across the country have counted on a robust network of underground pipelines to safely and reliably transport natural gas to consumers. This heavily-regulated network of infrastructure typically operates out of sight and out of mind for the general public.

As demand for natural gas increases to meet the growing energy needs of this region, the existing interstate pipeline infrastructure must be expanded.

Recently, some elected officials, residents and community leaders in Jersey City **have expressed concerns** about a proposed 15-mile underground natural gas pipeline that our company, Spectra Energy, is planning to construct in the region.

The benefits and risks regarding natural gas transportation systems are often misunderstood. So I'd like to clear the air and share some facts.

The safety and reliability of our pipelines is "mission critical" for Spectra Energy. Safety is our franchise. It's what we "do." All pipeline expansion projects are subject to the highest levels of scrutiny and multiple governmental agency approvals, and cannot — and do not — move forward until safety, environmental and public concerns are fully considered. Spectra Energy's proposed New Jersey–New York project is no different.

Here's the reality: There are more than 300,000 miles of pipelines in the U.S. Natural gas pipelines are the safest mode of transportation, according to the National Transportation Safety Board. These pipelines are monitored every minute of every day to ensure the integrity of the pipe and the safety of the public. In recent years, technology has improved in the manufacturing of high-caliber strength, durable steel pipe used to transport natural gas. And a series of more stringent government and public safety regulations and requirements has been established in the past decade by the Federal Energy Regulatory Commission, U.S. Department of Transportation and other federal agencies to ensure continued focus — and improvement — of pipeline safety standards.

We have an obligation to ensure our facilities are constructed and operated to the highest standards — and our regulators hold us to account. We take this obligation extremely seriously.

Our pipeline project will bring much-needed jobs and tax revenue to the New Jersey and New York region, while safely providing new supplies of reliable natural gas to a high-demand energy market for decades to come. And it will offer a clean, domestic energy source to the region, helping to stabilize and lower utility prices in the tri-state area, and promote greater economic security for homeowners and

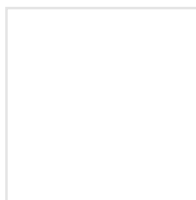
businesses.

At a time when communities are focused on a more sustainable environment, new jobs, greater economic security, and a reduced tax burden, this proposed pipeline contributes to all of the above. We are increasingly going to count on natural gas as an efficient and cleaner-burning energy resource to fuel our economic growth. That means expanding the transportation network — pipelines — to ensure the safe and reliable delivery of natural gas to homes and businesses across the region.

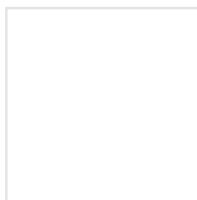
**Bill Yardley**

*Group Vice President  
Spectra Energy Corp*

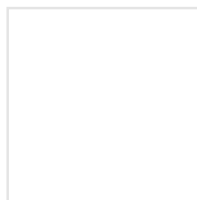
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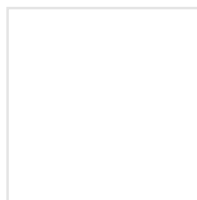
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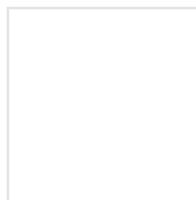
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**[Stephen Musgrave](#)** on **[August 27th, 2010 at 10:52 am](#)**:

I see they are dangling the “jobs” carrot here. What they aren’t telling us is that there are jobs planned — that will be put in jeopardy by this pipeline — to develop more residential and commercial units over the next 20 years.

We have maps on NoGasPipeline.org that show exactly where those properties are in relationship to the proposed pipeline route.

**<http://nogaspipeline.org/the-pipeline#detailed-maps>**

They also claim that a pipeline is the safest way to transport natural gas. What they aren’t telling you is that it’s safest to run the pipeline under the harbor.

All this and more at **<http://NoGasPipeline.org>**

**[Colin McDowell](#)** on **[August 27th, 2010 at 8:45 pm](#)**:

One line summary on Spectra’s 2009 message from Gregory L. Ebel, president and chief executive officer, Spectra Energy :

“We’re printing money for our shareholders, but we’re failing on safety.”

See Spectra’s own 2009 report:

**[http://www.spectraenergy.com/investors/SpectraEnergy\\_AnnualReport\\_2009.pdf](http://www.spectraenergy.com/investors/SpectraEnergy_AnnualReport_2009.pdf)**

From Gregory L. Ebel, president and chief executive officer, Spectra Energy.

“The right growth strategy

In 2009, Spectra Energy delivered 10 new expansion projects on time and on budget – projects that will deliver

excellent returns, earnings and cash flow for many years.

Spectra Energy 2009 Annual Report 1

Gregory L. Ebel

Moreover, since our 2007 launch, we have placed into service 42 fee-based expansion projects totaling more than

\$3 billion. These projects will contribute annual earnings before interest and taxes of \$380 million, for a combined

return from these investments of greater than 12 percent.

The projects we’re delivering are hitting the mark in many respects: They’re situated in the heart of high-growth

markets and adjacent to the most productive supply basins in North America. They’re real projects, contracted

with creditworthy customers who look to Spectra Energy as their “supplier of choice.” They’re cost-effective, lowrisk,

bolt-on expansions to our existing assets that we can size and time to meet our customers’ evolving needs.

This year, we’ll place \$900 million of projects into service – again, projects that will deliver returns on capital

employed in excess of 12 percent. We’re also securing and executing opportunities that go beyond 2012 and

well into the future. Opportunities like TEAM 2013... our New Jersey-New York expansion... additional expansions

in Western Canada’s Horn River and Montney regions... power conversions in the Southeast U.S. and Ontario...

and a slate of excellent projects at DCP Midstream, our field services business jointly owned with ConocoPhillips.

Combined, we expect these new projects and our existing profile to provide annual EPS growth of 8 to

10 percent

on average through 2012. We'll use our master limited partnership, Spectra Energy Partners, to take advantage

of attractive, value-adding acquisition opportunities as they present themselves.

The right place

Location is mission-critical to the natural gas infrastructure business, and Spectra Energy occupies prime real estate

across North America. The enviable positioning of our infrastructure assets would be nearly impossible to replicate

today – and our investors benefit from that premier footprint.”

“We did a lot of things right in 2009, but we did not deliver well on the safety front and our aim of achieving a

zero injury and incident culture.”

*Colin McDowell* on **August 27th, 2010 at 9:51 pm**:

**<http://finance.yahoo.com/q/bs?s=SE+Balance+Sheet&annual>**

**<http://finance.yahoo.com/q/bs?s=BP+Balance+Sheet&annual>**

On the BP disaster, BP may get hit with a bill close to 75 billion or more. For Spectra, their balance sheet is really weak – about 1/30th of BPs. That just means that they expect you, the taxpayer to foot EVERY BILL from them.

Can Spectra finance a similar disaster?

To be honest, I'd bet Spectra would hide behind the Fed approval process and blame the gov and local taxpayer on anything missed. They would try to weasel out of everything.

That just means we need to ask Spectra to put the money or insurance up front, or get lost.

Lets hear from them though if they care to comment.....

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