



January 23, 2009

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH
United Kingdom

Dear Sir or Madam:

Re: Comments on Exposure Draft for IFRS 1 Amendment

Spectra Energy Corp (Spectra Energy) is a United States based company, with Canadian subsidiaries, that 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.

In response to the Invitation to Comment on the September 2008 Exposure Draft on "Additional Exemptions for First-Time Adopters, Proposed Amendments to IFRS 1" as issued by the International Accounting Standards Board (IASB), Spectra Energy is pleased to submit its comments to Question 3.

Do you agree with the proposed deemed cost option for entities with operations subject to rate regulation? Why or why not? If not, what alternative do you propose and why?

Spectra Energy is supportive of changes to IFRS 1 addressing the challenges associated with the rate regulated industries' transition to IFRS.

As stated in the Basis for Conclusion paragraph 11, many regulated entities will experience extreme difficulty in re-creating property records that would be required to achieve a retroactive application of IAS 16 and IAS 23. Spectra Energy has regulated assets as old as 110 years. Detailed capitalization information related to these older assets is not available and, given the nature of regulatory accounting that applies to these assets, significant management assumptions and estimates would be necessary for retrospective restatement. We believe that this process and end result would ultimately not be consistent with the objectives of IFRS.

However, we do not believe that the proposed election in paragraph 19B, as currently worded, will achieve the objectives intended by the IASB. Specifically, we believe that it is not appropriate to introduce a threshold test of "impracticability" for this election since the definition of "impracticable", as defined in IAS 8, does not necessarily consider the cost and effort associated with IFRS 1 compliance. The requirement to demonstrate impracticability in order to use the proposed deemed cost option for entities subject to

rate regulation appears highly inconsistent with the requirements of other IFRS 1 elections. We note that no other IFRS 1 election requires an entity demonstrate impracticability.

In paragraph BC 12 of the Basis of Conclusions section of the proposed exemption, the Board states that this proposed exemption is consistent with other exemptions already found in IFRS 1 in that it avoids excessive costs while meeting the objectives of the IFRS. However, if a regulated entity must first demonstrate that compliance under IFRS 1 (i.e. either retroactive application of IAS 16 or the utilization of the "fair value as deemed cost" optional exemption provided in IFRS 1) is "impracticable", as defined, then we believe it is not likely that many, if any, regulated entities will be able to effectively utilize this proposed exemption and avoid those excessive costs.

We understand, based on discussions with our external accounting firm advisors, that application of the "impracticable" exemption under IAS 8 is very difficult to prove or achieve since this definition uses terms such as "impossible" and "every reasonable effort". Therefore, the proposed election for operations subject to rate regulation, as currently worded, would not achieve the intended effects.

The alternative of establishing fair value can be just as challenging in respect of the time and resource requirements, due to the specialized nature of the business and added complexities resulting from our rate-regulated status. In addition, as regulated entities, our revenue requirements, property, plant and equipment and associated expenses are based on historical cost and we question the relevance of the utilization of fair values as an opening balance sheet amount for our industry.

Spectra Energy therefore proposes that the concept of impracticability be removed from this election for rate-regulated entities since it may not achieve the objectives outlined by the Board and the use of this term is not consistent with other IFRS 1 elections. This change will, in our view, meet the objectives of IFRS, acknowledge the environment in which rate-regulated entities operate, and avoid excessive costs and effort.

Spectra Energy appreciates the IASB's consideration of this submission and would be pleased to discuss any comments or questions you may have. Please direct comments or questions to Tim Curry, VP Finance and Accounting, Western Canada at (403) 699-1565 or Rick Birmingham, VP Finance and Regulatory Affairs, Union Gas Limited at (519) 436-4627.

Yours truly,



Sabra L. Harrington
Vice President and Controller
Spectra Energy Corp