UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Quarter Ended March 31, 1997
Commission File No. 1-2921

PANHANDLE EASTERN PIPE LINE COMPANY
(Exact name of registrant as specified in its charter)

A Delaware Corporation
(State of Incorporation or Organization)

44-0382470
(IRS Employer Identification No.)

5400 Westheimer Court, P.O. Box 1642, Houston, Texas 77251-1642
(Address of principal executive offices, including zip code)

(713) 627-5400
(Registrant's telephone number, including area code)

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 twelve 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: X No:

The Registrant meets the conditions set forth in General Instructions (H)(1)(a) and (b) of the Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format. Part I, Item 2 has been reduced and Part II, Item 4 has been omitted in accordance with such Instruction H.

The Registrant's parent, PanEnergy Corp (File No. 1-8157), files reports and proxy materials pursuant to the Securities Exchange Act of 1934.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

Class	Outstanding at April 30, 1997
Common Stock, no par value	1,000

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements - Unaudited

Panhandle Eastern Pipe Line Company and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended March 31			
Millions	1997	1996		
Operating Revenues				
Transportation and storage of natural gas		$154.1	$145.2	
Other	11.0	6.2		
Total (Note 2)	165.1	151.4		
Costs and Expenses				
Operating and maintenance	41.4	45.5		
General and administrative		14.8	30.0	
Depreciation and amortization		14.7	14.8	
Miscellaneous taxes	7.3	7.7		
Total	78.2	98.0		
Operating Income	86.9	53.4		
Other Income and Deductions				
Equity in earnings of unconsolidated affiliates			1.3	1.4
Other income, net of deductions	7.7	(0.5)		
Total	9.0	0.9		
Earnings Before Interest and Tax		95.9	54.3	
Interest Expense				
Parent	11.9	8.4		
Other	6.7	6.6		
Total	18.6	15.0		
Earnings Before Income Tax	77.3	39.3		
Income Tax	29.6	15.3		
NET INCOME	$ 47.7	$ 24.0		

See accompanying notes to consolidated financial statements

Item 1. Financial Statements - Unaudited (Continued)

Panhandle Eastern Pipe Line Company and Subsidiaries
CONSOLIDATED BALANCE SHEET
ASSETS

Millions	March 31, 1997	December 31, 1996
Current Assets		
Cash and cash equivalents	$ -	$ 0.1
Accounts receivable, net	52.9	58.1
Inventory and supplies	35.4	44.3
Current deferred income tax	10.3	8.6
Other (Note 3)	55.6	57.4
Total	154.2	168.5
Investments		
Advances and note receivable - parent	662.0	652.9
Other	52.3	51.7
Total	714.3	704.6
Plant, Property and Equipment		
Original cost	2,679.4	2,672.2
Accumulated depreciation and amortization	(1,761.3)	(1,749.6)
Net plant, property and equipment	918.1	922.6
Deferred Charges	47.2	104.2
TOTAL ASSETS	$ 1,833.8	$ 1,899.9

See accompanying notes to consolidated financial statements

Item 1. Financial Statements - Unaudited (Continued)

Panhandle Eastern Pipe Line Company and Subsidiaries
CONSOLIDATED BALANCE SHEET
LIABILITIES AND STOCKHOLDER'S EQUITY

Millions		March 31, 1997		December 31, 1996
Current Liabilities				
Notes payable - parent		$ 600.0	$ 600.0	
Rate refund provisions (Note 2)		37.8	37.0	
Accounts payable	28.8	30.4		
Accrued income tax - parent		21.5	63.4	
Other accrued taxes	28.1	23.0		
Other (Note 3)	89.6	87.9		
Total	805.8	841.7		
Deferred Liabilities and Credits				
Deferred income tax	92.3	165.0		
Other	93.1	98.3		
Total	185.4	263.3		
Long-term Debt	299.2	299.2		
Commitments and Contingent Liabilities (Notes 2, 4, 5 and 6)				
Common Stockholder's Equity				
Common stock, one thousand shares authorized, issued and outstanding, no par value	1.0	1.0		
Paid-in capital	465.9	465.9		
Retained earnings	76.5	28.8		
Total	543.4	495.7		
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY			$1,833.8	$1,899.9

See accompanying notes to consolidated financial statements

Item 1. Financial Statements - Unaudited (Continued)

Panhandle Eastern Pipe Line Company and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS

Millions	Three Months Ended March 31 1997	1996
Operating Activities		
Net income	$ 47.7	$ 24.0
Adjustments to reconcile net income to operating cash flows		
Depreciation and amortization	14.7	14.8
Deferred income tax expense (benefit)	5.1	(16.2)
Regulatory resolutions	(27.7)	-
Other non-cash items in net income	0.1	0.4
Net change in operating assets and liabilities	(16.2)	(15.1)
Net Cash Flows Provided by Operating Activities	23.7	7.9
Investing Activities		
Capital and investment expenditures	(10.8)	(4.3)
Net increase in advances and note receivable - parent	(8.6)	(24.1)
Property retirements and other	-	24.0
Net Cash Flows Used in Investing Activities	(19.4)	(4.4)
Financing Activities		
Net decrease in accounts payable - banks	(4.4)	(1.8)
Net Cash Flows Used in Financing Activities	(4.4)	(1.8)
Net Change in Cash		
Increase (decrease) in cash and cash equivalents	(0.1)	1.7
Cash and cash equivalents, beginning of period	0.1	0.2
Cash and Cash Equivalents, End of Period	$ -	$ 1.9
Supplemental Disclosures		
Cash paid for interest (net of amount capitalized)	$ 8.1	$ 20.4
Cash paid for income tax (including intercompany amounts)	63.4	55.3

See accompanying notes to consolidated financial statements

Panhandle Eastern Pipe Line Company and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

Panhandle Eastern Pipe Line Company (PEPL) and its subsidiaries (the Company), including Trunkline Gas Company (Trunkline), are primarily involved in the interstate transportation and storage of natural gas. PEPL is a wholly-owned subsidiary of PanEnergy Corp (PanEnergy). The interstate natural gas transmission operations of PEPL and Trunkline are subject to the rules and regulations of the Federal Energy Regulatory Commission (FERC). PEPL and Trunkline meet the criteria and, accordingly, follow the reporting and accounting requirements of Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation." Accordingly, certain net costs totaling $104.9 million at December 31, 1996 have been deferred as regulatory assets for amounts recoverable from customers, including costs related to environmental matters, FERC Order 636 transition, certain employee benefits and the early retirement of debt.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts in the financial statements. Actual results could differ from those estimates. The consolidated financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation. Certain amounts for the prior periods have been reclassified in the consolidated financial statements to conform to the current presentation.

2. Natural Gas Revenues and Regulatory Matters

When rate cases are pending final FERC approval, a portion of the revenues collected by PEPL and Trunkline is subject to possible refund. The Company has established adequate reserves where required for such cases. The following is a summary of significant pending rate cases before FERC and related regulatory matters.

PEPL and Trunkline primarily provide transportation and storage services pursuant to FERC Order 636. This order allows pipelines to recover eligible costs resulting from implementation of the order (transition costs). On July 16, 1996, the U.S. Court of Appeals for the District of Columbia upheld, in general, all aspects of Order 636 and remanded certain issues, including recovery of gas supply realignment (GSR) costs, for further explanation. This decision is on appeal to the U.S. Supreme Court. On February 27, 1997, FERC issued an order reaffirming the right of interstate pipelines to recover 100% of GSR costs.

In 1993, the U.S. Department of the Interior announced its intention to seek additional royalties from gas producers as a result of payments received by such producers in connection with past take-or-pay settlements, and buyouts and buydowns of gas sales contracts with natural gas pipelines. PEPL and Trunkline, with respect to certain producer contract settlements, may be contractually required to reimburse or, in some instances, to indemnify producers against such royalty claims. The potential liability of the producers to the government and of the pipelines to the producers involves complex issues of law and fact which are likely to take substantial time to resolve. If required to reimburse or indemnify the producers, PEPL and Trunkline will file with FERC to recover a portion of these costs from pipeline customers. The Company believes the resolution of this matter will not have a material adverse effect on the Company's consolidated financial position.

Jurisdictional Transportation and Sales Rates

PEPL - On April 1, 1992 and November 1, 1992, PEPL placed into effect, subject to refund, general rate increases. On February 26, 1997, FERC approved PEPL's settlement agreement which provides final resolution of refund matters and establishes prospective rates. The agreement terminates other actions relating to these proceedings as well as PEPL's restructuring of rates and transition cost recoveries related to Order 636. As a result of the resolution of this matter, PEPL recorded pre-tax earnings of $27.7 million in the first quarter of 1997 and in April 1997 refunded $37.8 million to customers. The settlement will not have a material impact on future operating revenues.

Trunkline - Effective August 1, 1996, Trunkline placed into effect a general rate increase, subject to refund, reflecting an annual cost of service increase of $5 million. The rate proceeding is in the discovery phase, with hearings scheduled to commence in the third quarter of 1997.

3. Gas Imbalances

The consolidated balance sheet includes in-kind balances as a result of differences in gas volumes received and delivered. At March 31, 1997 and December 31, 1996, other current assets and other current liabilities included $21.8 million and $16 million (1997), and $20.4 million and $14.1 million (1996), respectively, for these imbalances.

4. Environmental Matters

The Company has identified environmental contamination at certain sites on the PEPL and Trunkline systems and is undertaking cleanup programs at these sites. The contamination resulted from the past use of lubricants containing PCBs (polychlorinated biphenyls) and the prior use of wastewater collection facilities and other on-site disposal areas. Soil and sediment testing, to date, has detected no significant off-site contamination. The Company has communicated with the Environmental Protection Agency and appropriate state regulatory agencies on these matters. Environmental cleanup programs are expected to continue until 2002.

The Company previously accrued amounts related to remaining estimated cleanup costs. Those estimates represent probable gross cleanup costs to be incurred by the Company, have not been discounted or reduced by customer recoveries and do not include fines, penalties or third-party claims.

PEPL is also in discussions with environmental regulatory agencies in the states of Missouri and Illinois, and Trunkline is in similar discussions with the state of Louisiana, regarding potential monetary sanctions for alleged air compliance violations by facilities in those states.

The federal and state cleanup programs are not expected to interrupt or diminish the Company's ability to deliver natural gas to customers. The Company believes the resolution of matters relating to the environmental issues discussed above will not have a material adverse effect on the Company's consolidated results of operations or financial position based upon customer settlements and past experience with environmental cleanup costs.

5. Litigation

On August 31, 1995, Midwest Gas Storage, Inc. (Midwest) filed suit against PEPL and PanEnergy in the 58th Judicial District Court, Jefferson County, Texas, alleging that PEPL breached an interconnection agreement with Midwest and used its superior bargaining position to force Midwest to accept terms and conditions which were not in the original agreement. Amended petitions filed in 1996 further allege that PEPL and PanEnergy, through economic coercion, have attempted to drive Midwest out of business. Asserting fraud and violations of Texas anti-trust laws, among other counts, Midwest seeks compensatory and punitive damages in unspecified amounts.

A lawsuit filed in the United States District Court for the District of Columbia by a natural gas producer was served in July 1996 naming PEPL, Trunkline and certain affiliated companies as defendants, among others. The action was brought under the federal False Claims Act against 70 defendants, including every major pipeline, asserting that the defendants intentionally underreported volumes and heating content of gas purchased from producers on federal and Indian lands, with the result that the United States was underpaid royalties. The plaintiff seeks recovery of the royalty amounts due the United States, treble damages and civil penalties. PEPL, Trunkline and their affiliated companies, and many of the other defendants, were dismissed from the lawsuit on March 27, 1997. The plaintiff retains the right to refile the claims against the various defendants under certain conditions.

The Company believes the resolution of the legal matters discussed above will not have a material adverse effect on the Company's consolidated results of operations or financial position.

On April 25, 1997, a group of affiliated plaintiffs that own and/or operate various pipeline and marketing partnerships in Kansas and Missouri filed suit against PEPL in the United States District Court for the Western District of Missouri. The plaintiffs allege that PEPL has engaged in unlawful and anti-competitive conduct with regard to requests for interconnects with the PEPL system for service to the Kansas City area. Asserting that PEPL has violated the antitrust laws and tortiously interfered with plaintiffs' contracts with third parties, plaintiffs seek compensatory and punitive damages in unspecified amounts. As of the date of this report, PEPL has not been served with the complaint. Accordingly, the Company cannot estimate the effects of this issue, based on information currently available.

The Company is also involved in various other legal actions and claims arising in the normal course of business. Based upon its current assessment of the facts and the law, management does not believe that the outcome of any such action or claim will have a material adverse effect upon the Company's consolidated results of operations or financial position. However, these actions and claims in the aggregate seek substantial damages against the Company and are subject to the uncertainties inherent in any litigation. The Company is defending itself vigorously in all the above suits.

6. Other Matters

PEPL owns an effective 6% ownership interest in Northern Border Pipeline Company (Northern Border) through a master limited partnership. Under the terms of a settlement related to a transportation agreement between PEPL and Northern Border, PEPL guarantees payment to Northern Border under a transportation agreement by an affiliate of Pan-Alberta Gas Limited. The transportation agreement requires estimated total payments of $94.4 million for 1997 through 2001. In the opinion of management, the probability that PEPL will be required to perform under this guarantee is remote.

The Company adopted SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," on a prospective basis effective January 1, 1997, with no significant impact on the Company's results of operations or financial position.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information is provided to facilitate increased understanding of the 1997 and 1996 interim consolidated financial statements and accompanying notes presented in Item 1. Because all of the outstanding capital stock of PEPL is owned by PanEnergy, the following discussion has been prepared in accordance with the reduced disclosure format permitted by Form 10-Q for issuers that are wholly-owned subsidiaries of reporting companies under the Securities Exchange Act of 1934.

OPERATING ENVIRONMENT

PEPL and Trunkline continue to advance projects that provide expanded service to meet the specific needs of customers. In 1996, Trunkline filed with FERC for a $50 million expansion of its Terrebonne system, with a planned 1998 in-service date, targeting expanding natural gas production in the Gulf of Mexico. In 1997, PanEnergy announced the Spectrum(sm) project, which will utilize existing and released capacity on PanEnergy's four interstate pipelines and provide up to 500 billion British thermal units per day of firm transportation capacity from the Chicago area to the East Coast. In addition, PEPL and Trunkline offer selective discounting to further maximize revenues from existing capacity.

RESULTS OF OPERATIONS

Consolidated net income for the three months ended March 31, 1997 was $47.7 million compared with $24 million for the same period in 1996. Total natural gas transportation volumes for the Company decreased 7% to 372 trillion British thermal units comparing the first three months of 1997 with the same period of 1996, attributable mainly to warmer weather.

Operating Income and Earnings Before Interest and Tax

Consolidated operating income increased 63% to $86.9 million in the first three months of 1997 compared with $53.4 million for the same period in 1996, while consolidated earnings before interest and tax for the Company increased $41.6 million to $95.9 million in the first three months of 1997 compared with the same period in 1996.

PEPL - PEPL's operating income increased $35.8 million to $67.9 million, while earnings before interest and tax increased $43.7 million to $76.9 million in the first quarter of 1997, compared with the prior-year period. A $27.7 million provision reversal in 1997 related to the final settlement of three rate proceedings, $9.5 million of severance expense in 1996 and lower operating costs contributed to the increase in earnings before interest and tax.

Trunkline - Earnings before interest and tax for Trunkline increased $0.3 million to $20.5 million in the first three months of 1997 as compared with the same period in 1996, while operating income of $20.6 million remained steady. Decreased expenses in 1997, including the impact of higher severance costs recorded in 1996, were offset by the effects of lower volumes due to warmer weather.

Interest Expense

Interest expense in the first three months of 1997 increased $3.6 million compared with the same period in 1996 as a result of higher average outstanding debt balances due to PanEnergy.

CAPITAL AND INVESTMENT EXPENDITURES

Capital and investment expenditures totaled $10.8 million in the first three months of 1997, compared with $4.3 million for the same period in 1996. The Company currently expects to invest approximately $90 million in 1997 capital expenditures, with the majority of expenditures related to market expansion projects. Expenditures for 1997 are expected to be funded by cash from operations and/or the collection of intercompany amounts owed the Company.

FORWARD-LOOKING INFORMATION

This report may contain certain forward-looking information regarding the Company, including projections, estimates, forecasts, plans, contingencies and objectives. Although management believes that all such statements are based upon reasonable assumptions, no assurance can be given that the actual results will not differ materially from those contained in such forward-looking statements.

Important factors that could cause actual results to differ include, but are not limited to, general economic conditions, natural gas and liquids prices, competition from other pipelines and alternative fuels, weather conditions, state and federal regulation, legal and regulatory proceedings, the development of new markets, services and products, and the condition of the capital markets utilized by the Company.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Notes 2, 4 and 5 of the Notes to Consolidated Financial Statements in Part I of this Report, which are incorporated herein by reference. See also Item 3 of PEPL's Annual Report on Form 10-K for the year ended December 31, 1996.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits -

Exhibit Number	Description
27	Financial Data Schedule

(b) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized officer and chief accounting officer.

PANHANDLE EASTERN PIPE LINE COMPANY
(Registrant)

/s/ Sandra P. Meyer

Sandra P. Meyer, Vice President
and Treasurer

Date: May 14, 1997
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This schedule contains summary financial information extracted from the Panhandle Eastern Pipe Line Company Quarterly Report on Form 10-Q for the quarter ended March 31, 1997 and is qualified in its entirety by reference to such financial statements.

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PANHANDLE EASTERN PIPE LINE COMPANY
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DEC-31-1997
MAR-31-1997
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52,900
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35,400
154,200
2,679,400
1,761,300
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299,200
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542,400
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165,100
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41,400
22,000
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18,600
77,300
29,600
47,700
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47,700
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0

Not meaningful since Panhandle Eastern Pipe Line Company is a wholly-owned subsidiary.