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 quarterly period ended

September 30, 2011

Commission File No. 1-2921

PANHANDLE EASTERN PIPE LINE COMPANY, LP

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**44-0382470** (I.R.S. Employer Identification No.)
5051 Westheimer Road **Houston, Texas** (Address of principal executive offices)	**77056-5622** (Zip Code)

Registrant's telephone number, including area code: **(713) 989-7000**

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 **R** No **£**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit ar post such files).   Yes **R** No **£**

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. (Check one):
Large accelerated filer **£**   Accelerated filer **£**   Non-accelerated filer **R**   Smaller reporting company **£**

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).
Yes **£**   No **R**

Panhandle Eastern Pipe Line, LP meets the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format. Item 2 of Part I has been reduced and Item 3 of Part I and Items 2 and 3 of Part II have been omitted in accordance with Instruction H.

PANHANDLE EASTERN PIPE LINE COMPANY, LP
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GLOSSARY

The abbreviations, acronyms and industry terminology used in this Quarterly Report on Form 10-Q are defined as follows:

Bcf	Billion cubic feet
Bcf/d	Billion cubic feet per day
CFO	Chief Financial Officer
Company	PEPL and its subsidiaries
COO	Chief Operating Officer
CrossCountry Citrus	CrossCountry Citrus, LLC
EITR	Effective income tax rate
EPA	United States Environmental Protection Agency
ETE	Energy Transfer Equity, L.P.
ETP	Energy Transfer Partners, L.P.
Exchange Act	Securities Exchange Act of 1934, as amended
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles
HAPs	Hazardous air pollutants
LNG	Liquefied Natural Gas
LNG Holdings	Trunkline LNG Holdings, LLC
Panhandle	PEPL and its subsidiaries
PCBs	Polychlorinate biphenyls
PEPL	Panhandle Eastern Pipe Line Company, LP
PEPL Holdings	PEPL Holdings, LLC
PRPs	Potentially responsible parties
Sea Robin	Sea Robin Pipeline Company, LLC
SEC	United States Securities and Exchange Commission
Southern Union	Southern Union Company and its subsidiaries
Southwest Gas Storage	Pan Gas Storage, LLC (d.b.a. Southwest Gas)
SPCC	Spill Prevention Control and Countermeasure
TBtu	Trillion British thermal units
Trunkline	Trunkline Gas Company, LLC
Trunkline LNG	Trunkline LNG Company, LLC

PANHANDLE EASTERN PIPE LINE COMPANY, LP
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Operating revenues				
Transportation and storage of natural gas	$ 134,476	$ 130,568	$ 412,232	$ 407,897
LNG terminalling	55,327	53,783	164,609	145,561
Other	2,896	2,212	7,912	6,870
Total operating revenues	192,699	186,563	584,753	560,328
Operating expenses				
Operating, maintenance and general	57,006	56,704	161,596	165,350
Operating, maintenance and general - affiliate (Note 4)	13,135	13,292	39,902	38,896
Depreciation and amortization	31,881	31,191	96,118	91,264
Taxes, other than on income	8,653	8,734	26,392	26,856
Total operating expenses	110,675	109,921	324,008	322,366
Operating income	82,024	76,642	260,745	237,962
Other income (expenses)				
Interest expense	(26,937)	(26,910)	(80,851)	(76,450)
Interest income - affiliates (Note 4)	2,170	2,294	6,483	6,449
Other, net	71	63	219	206
Total other expenses, net	(24,696)	(24,553)	(74,149)	(69,795)
Earnings before income taxes	57,328	52,089	186,596	168,167
Income taxes (Note 9)	21,903	20,577	65,340	69,310
Net earnings	$ 35,425	$ 31,512	$ 121,256	$ 98,857

The accompanying notes are an integral part of these condensed consolidated financial statements.

PANHANDLE EASTERN PIPE LINE COMPANY, LP
CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)

ASSETS

	September 30, 2011	December 31, 2010
	(In thousands)	
Current assets		
Cash and cash equivalents	$ 50	$ 56
Accounts receivable, billed and unbilled, net of allowances of $896 and $897, respectively	71,247	77,888
Accounts receivable – related party (Note 4)	4,185	5,922
Natural gas imbalances - receivable	63,039	51,607
System natural gas and operating supplies	83,304	147,254
Note receivable - related party (Note 4)	368,126	-
Other	29,231	22,261
Total current assets	619,182	304,988
Property, plant and equipment		
Plant in service	4,005,361	3,952,425
Construction work in progress	62,990	47,085
	4,068,351	3,999,510
Less accumulated depreciation and amortization	704,653	613,336
Net property, plant and equipment	3,363,698	3,386,174
Note receivable - related party (Note 4)	665,180	823,406
Other	22,528	24,361
Total assets	$ 4,670,588	$ 4,538,929

The accompanying notes are an integral part of these condensed consolidated financial statements.

PANHANDLE EASTERN PIPE LINE COMPANY, LP
CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)

PARTNERS' CAPITAL AND LIABILITIES

	September 30, 2011	December 31, 2010
	(In thousands)	
Partners' capital		
Partners' capital	$ 1,761,947	$ 1,640,691
Accumulated other comprehensive loss (Note 6)	(9,022)	(16,928)
Tax sharing note receivable - related party	(1,665)	(3,188)
Total partners' capital	1,751,260	1,620,575
Long-term debt (Note 7)	1,169,180	1,984,427
Total capitalization	2,920,440	3,605,002
Current liabilities		
Current portion of long-term debt (Note 7)	815,391	-
Accounts payable	11,418	9,811
Accounts payable - related parties (Note 4)	51,936	56,393
Natural gas imbalances - payable	124,724	177,192
Accrued taxes	23,242	15,423
Accrued interest	23,966	14,298
Capital accruals	16,513	33,038
Other	75,416	95,191
Total current liabilities	1,142,606	401,346
Deferred income taxes, net	551,129	466,309
Other	56,413	66,272
Commitments and contingencies (Note 12)		
Total partners' capital and liabilities	$ 4,670,588	$ 4,538,929

The accompanying notes are an integral part of these condensed consolidated financial statements.

PANHANDLE EASTERN PIPE LINE COMPANY, LP
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
	(In thousands)	
Cash flows provided by operating activities:		
Net earnings	$ 121,256	$ 98,857
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	96,118	91,264
Deferred income taxes, net	76,682	63,559
Changes in operating assets and liabilities	11,291	6,589
Net cash flows provided by operating activities	305,347	260,269
Cash flows provided by (used in) investing activities:		
Net increase in note receivable - related parties (Note 4)	(209,900)	(97,350)
Net decrease in income taxes payable - related parties (Note 4)	(11,277)	(17,456)
Additions to property, plant and equipment	(83,703)	(108,835)
Plant retirements and other	(1,202)	3,874
Net cash flows used in investing activities	(306,082)	(219,767)
Cash flows provided by (used in) financing activities:		
Increase in book overdraft	729	11
Repayment of debt	-	(40,500)
Net cash flows provided by (used in) financing activities	729	(40,489)
Change in cash and cash equivalents	(6)	13
Cash and cash equivalents at beginning of period	56	55
Cash and cash equivalents at end of period	$ 50	$ 68

The accompanying notes are an integral part of these condensed consolidated financial statements.

PANHANDLE EASTERN PIPE LINE COMPANY, LP
CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL AND COMPREHENSIVE INCOME
(UNAUDITED)

	Partners' Capital	Accumulated Other Comprehensive Loss	Tax Sharing Note Receivable-Related Party	Total
		(In thousands)		
Balance December 31, 2010	$ 1,640,691	$ (16,928)	$ (3,188)	$ 1,620,575
Tax sharing receivable - Southern Union	-	-	1,523	1,523
Comprehensive income:				
Net earnings	121,256	-	-	121,256
Net change in other comprehensive income (Note 6)	-	7,906	-	7,906
Comprehensive income	121,256	7,906	-	129,162
Balance September 30, 2011	$ 1,761,947	$ (9,022)	$ (1,665)	$ 1,751,260

The accompanying notes are an integral part of these condensed consolidated financial statements.

The accompanying unaudited interim condensed consolidated financial statements of PEPL, a Delaware limited partnership, and its subsidiaries have been prepared pursuant to the rules and regulations of the SEC for quarterly reports on Form 10-Q. These statements do not include all of the information and annual note disclosures required by GAAP, and should be read in conjunction with the Company's financial statements and notes thereto for the year ended December 31, 2010, which are included in the Company's Form 10-K filed with the SEC. The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with GAAP and reflect adjustments that are, in the opinion of management, necessary for a fair statement of results for the interim period. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. Due to the seasonal nature of the Company's operations, the results of operations and cash flows for any interim period are not necessarily indicative of the results that may be expected for the full year.

In 1999, the Company discontinued application of regulatory-based accounting policies for its units which had been applying such accounting policies, primarily due to the level of market competition resulting in increased discounting from tariff rates and impacting the Company's prospects for recovering changes in costs levels through future rate cases. The accounting required by the regulatory-based authoritative guidance differs from the accounting required for businesses that do not apply its provisions. Transactions that are generally recorded differently as a result of applying regulatory accounting requirements include, among others, recognition of regulatory assets, the capitalization of an equity component of invested funds on regulated capital projects and depreciation differences.

1. Description of Business

Panhandle is primarily engaged in the interstate transportation and storage of natural gas and also provides LNG terminalling and regasification services. The Company is subject to the rules and regulations of the FERC. The Company's entities include the following:

- PEPL, an indirect wholly-owned subsidiary of Southern Union Company;
- Trunkline, a direct wholly-owned subsidiary of PEPL;
- Sea Robin, an indirect wholly-owned subsidiary of PEPL;
- LNG Holdings, an indirect wholly-owned subsidiary of PEPL;
- Trunkline LNG, a direct wholly-owned subsidiary of LNG Holdings; and
- Southwest Gas Storage, a direct wholly-owned subsidiary of PEPL.

The Company's pipeline assets include approximately 10,000 miles of interstate pipelines that transport natural gas from the Gulf of Mexico, South Texas and the panhandle regions of Texas and Oklahoma to major U.S. markets in the Midwest and Great Lakes region. The pipelines have a combined peak day delivery capacity of 5.5 Bcf/d and approximately 68.1 Bcf of owned underground storage capacity. The Company also owns and operates an LNG import terminal located on Louisiana's Gulf Coast, and has 9.0 Bcf of above ground LNG storage capacity.

Southern Union Panhandle, LLC, a direct wholly-owned subsidiary of Southern Union Company, serves as the general partner of PEPL and owns a one percent general partnership interest in PEPL. Southern Union Company owns a ninety-nine percent limited partnership interest in PEPL.

See *Note 3 – ETE Merger* for information related to the potential merger of Southern Union, including PEPL and its subsidiaries, with ETE.

2. New Accounting Principles

Accounting Principles Not Yet Adopted. In June 2011, the FASB issued authoritative guidance that changes how a company may present comprehensive income. The guidance allows entities to elect to present items of net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements and eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. The guidance is effective as of the beginning of a fiscal year that begins after December 15, 2011 and interim and annual periods thereafter, with early adoption permitted. The Company does not expect the guidance to materially impact its consolidated financial statements as the guidance only requires a change in the placement of previously disclosed information.

In May 2011, the FASB issued authoritative guidance on fair value measurements that clarifies some existing concepts, eliminates wording differences between GAAP and International Financial Reporting Standards (*IFRS*), and in some limited cases, changes some principles to achieve convergence between GAAP and IFRS. The guidance provides a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between GAAP and IFRS and also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. The guidance is effective for periods beginning after December 15, 2011. The Company is currently evaluating the impact of this guidance, but does not expect it will materially impact its consolidated financial statements.

3. ETE Merger

On July 19, 2011, Southern Union entered into a Second Amended and Restated Agreement and Plan of Merger with ETE and Sigma Acquisition Corporation, a wholly-owned subsidiary of ETE (*Merger Sub*) (as amended by Amendment No. 1 to Agreement and Plan of Merger dated as of September 14, 2011, the *Second Amended Merger Agreement*). The Second Amended Merger Agreement modifies certain terms of the Agreement and Plan of Merger entered into by Southern Union, ETE and Merger Sub on June 15, 2011 as amended on July 4, 2011. The Second Amended Merger Agreement provides for the merger of Merger Sub with and into Southern Union (*Merger*), with Southern Union continuing as the surviving corporation in the Merger. As a result of the Merger, Southern Union will become a wholly-owned subsidiary of ETE. Under the terms of the Second Amended Merger Agreement, Southern Union shareholders can elect to exchange each issued and outstanding share of Southern Union common share for $44.25 of cash or 1.00x ETE common unit, with no more than 60 percent of the aggregate merger consideration payable in cash and no more than 50 percent payable in ETE common units. Elections in excess of either the cash or common unit limits will be subject to proration.

In addition, ETE and Energy Transfer Partners, LP, a wholly-owned subsidiary of ETE (*ETP*), are parties to an Amended and Restated Agreement and Plan of Merger dated as of July 19, 2011 (as amended by Amendment No. 1 to Agreement and Plan of Merger dated as of September 14, 2011) (*Citrus Merger Agreement*). The Citrus Merger Agreement provides that Southern Union, CrossCountry Energy, LLC (*CrossCountry*), PEPL Holdings, LLC (*PEPL Holdings*) and Citrus ETP Acquisition, L.L.C. (*Citrus ETP*) will become parties by joinder at a time immediately prior to the closing of the Merger. Upon becoming a party to the Citrus Merger Agreement, Southern Union will assume the obligations and rights of ETE. Under the Citrus Merger Agreement, CrossCountry, a wholly-owned subsidiary of Southern Union that indirectly owns a 50 percent interest in Citrus, will be merged with and into Citrus ETP with CrossCountry surviving as a wholly-owned subsidiary of ETP (*Citrus Merger*).

Immediately prior to the Citrus Merger and in connection with ETP’s financing of the Citrus Merger consideration, Southern Union will contribute its ninety-nine percent interest in PEPL and its 100 percent membership interest in Southern Union Panhandle, LLC to PEPL Holdings. PEPL Holdings is a wholly-owned subsidiary of CCE Acquisition, LLC. PEPL Holdings will guarantee certain indebtedness of ETP related to the Citrus Merger (on a collection basis). The guarantee will be non-recourse to Southern Union.

As consideration for the Citrus Merger, Southern Union will receive from ETP approximately $2.0 billion, consisting of $1.895 billion in cash and $105 million of ETP common units, with the value of the ETP common units based on the volume-weighted average trading price for the ten consecutive trading days ending immediately prior to the date that is three trading days prior to the closing date of the Citrus Merger. After completion of the Citrus Merger, including receipt of the Citrus Merger consideration, Southern Union will contribute an amount not to exceed $1.45 billion from the Citrus Merger to Merger Sub in exchange for an equity interest in Merger Sub. The remaining cash proceeds of approximately $445 million in cash would be used to retire existing Southern Union and/or Company debt. It is further anticipated that Southern Union or one of its subsidiaries would retain the approximately $105 million of ETP units as an investment in an unconsolidated affiliate. The consummation of the Citrus Merger is not a condition to consummation of the Merger.

While consummation of the Merger is subject to certain customary conditions, the parties have already satisfied a number of conditions, including without limitation: (i) the expiration of the waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which expiration occurred on July 28, 2011, and (ii) the effectiveness, on October 27, 2011 of ETE's Registration Statement on Form S-4 relating to the ETE common units to be issued in connection with the Merger. Southern Union has also filed with the SEC and mailed to shareholders of record on October 11, 2011 entitled to vote on the Merger its definitive proxy statement for a special meeting of shareholders to be held on December 9, 2011.

4. Related Party Transactions

The following table provides a summary of related party transactions for the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Transportation and storage				
of natural gas (1)	$ 661	$ 656	$ 2,332	$ 2,581
Operation and maintenance:				
Management and royalty fees	4,818	4,663	14,616	14,007
Other expenses (2)	8,317	8,629	25,286	24,889
Other income, net:				
Interest income - Southern Union	408	427	1,179	995
Interest income - CrossCountry Citrus	1,762	1,867	5,304	5,454
Other	32	50	162	178

(1) Represents transportation and storage revenues with Missouri Gas Energy, a Southern Union division.
(2) Primarily includes allocations of corporate charges from Southern Union, partially offset for expenses attributable to services provided by Panhandle on behalf of other affiliate companies.

Pursuant to a demand note with Southern Union Company under a cash management program, the Company loans excess cash, net of repayments, to Southern Union. The Company is credited with interest on the note at a one month LIBOR rate. Given the uncertainties regarding the timing of the Company's cash flows, including financings, capital expenditures and operating cash flows, the Company has reported the note receivable as a non-current asset. The Company has access to the funds via the demand note and expects repayment to ultimately occur to primarily fund capital expenditures or debt retirements.

The interest rate under the note receivable with CrossCountry Citrus is based on the variable interest rate under the term loan facility due in 2012 plus a credit spread over LIBOR of 112.5 basis points.

The counterparty to the notes receivable is the parent of the Company, Southern Union, whose debt is rated BBB- by Fitch Ratings, Baa3 by Moody's Investor Services, Inc. and BBB- by Standard & Poor's.

The following table provides a summary of the related party balances included in the Condensed Consolidated Balance Sheet at the dates indicated.

	September 30, 2011	December 31, 2010
	(In thousands)	
Notes receivable - related parties:		
Current:		
CrossCountry Citrus	$ 368,126	$ -
Noncurrent:		
Southern Union	$ 665,180	$ 455,280
CrossCountry Citrus	-	368,126
	$ 665,180	$ 823,406
Accounts receivable - related parties (1)	$ 4,185	$ 5,922
Accounts payable - related parties:		
Southern Union - income taxes (2)	$ 31,996	$ 43,273
Southern Union - other (3)	19,698	12,940
Other (4)	242	180
	$ 51,936	$ 56,393

(1) Primarily related to interest income associated with the *Note receivable – CrossCountry Citrus* and services provided for Citrus.
(2) Related to income taxes payable to Southern Union per the tax sharing agreement to provide for taxes to be remitted upon the filing of the tax return.
(3) Primarily related to payroll funding provided by Southern Union. The September 30, 2011 and December 31, 2010 amounts are net of insurance proceeds of nil and $13.9 million, respectively, owed by Southern Union to the Company.
(4) Primarily related to various administrative and operating costs paid by other affiliate companies on behalf of the Company.

5. Regulation and Rates

On August 31, 2009, Sea Robin filed with the FERC to implement a rate surcharge to recover Hurricane Ike-related costs not otherwise recovered from insurance proceeds or from other third parties, with initial accumulated net costs of approximately $38 million included in the filing. On September 30, 2009, the FERC approved the surcharge to be effective March 1, 2010, subject to refund and the outcome of hearings with the FERC to explore issues set forth in certain customer protests, including the costs to be included and the applicability of the surcharge to discounted contracts. The Administrative Law Judge issued an initial decision on December 13, 2010, approving the surcharge for recovery from all shippers, including discounted and non-discounted shippers, over a recovery period of 21.4 years and including applicable carrying charges. The Company, as well as other parties, have filed briefs for exception on certain aspects of the decision. On August 31, 2011, Sea Robin submitted its latest semiannual filing related to the surcharge, which reflected updated costs incurred through June 30, 2011 of approximately $47 million, net of insurance and surcharge recoveries, which were reflected in the updated surcharge rate effective October 1, 2011, subject to refund. Approximately $17.7 million of estimated refunds have been reserved for as of September 30, 2011. The ultimate outcome of this matter is still pending a final FERC decision.

In October 2011, Trunkline and Sea Robin jointly filed with the FERC to transfer all of Trunkline's offshore facilities, and certain related onshore facilities, by abandonment and sale to Sea Robin to consolidate and streamline the ownership and operation of all regulated offshore assets under one entity and better position the offshore assets competitively. The transfer is subject to approval by the FERC.

6. Comprehensive Income

The table below provides an overview of *Comprehensive income* for the periods presented.

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
	(In thousands)			
Net earnings	$ 35,425	$ 31,512	$ 121,256	$ 98,857
Reclassification of unrealized loss on interest rate hedges into earnings, net of tax of $2,230, $2,121, $6,584 and $6,494, respectively	3,320	3,160	9,802	9,670
Change in fair value of interest rate hedges, net of tax of $20, $(1,459), $(511) and $(5,073), respectively	28	(2,172)	(761)	(7,547)
Reclassification of prior service credit relating to other postretirement benefits into earnings, net of tax of $(144), $(203), $(431) and $(608), respectively	(379)	(319)	(1,135)	(959)
Total other comprehensive income	2,969	669	7,906	1,164
Total comprehensive income	$ 38,394	$ 32,181	$ 129,162	$ 100,021

The table below provides an overview of the components in *Accumulated other comprehensive loss* as of the dates indicated.

	September 30, 2011	December 31, 2010
	(In thousands)	
Other postretirement plan - net actuarial loss and prior service costs, net	$ (2,417)	$ (1,282)
Interest rate hedges, net	(6,605)	(15,646)
Total Accumulated other comprehensive loss, net of tax	$ (9,022)	$ (16,928)

7. Debt Obligations

The following table sets forth the debt obligations of the Company at the dates indicated.

	September 30, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
6.05% Senior Notes due 2013	$ 250,000	$ 261,250	$ 250,000	$ 268,988
6.20% Senior Notes due 2017	300,000	341,565	300,000	322,893
8.125% Senior Notes due 2019	150,000	184,533	150,000	169,671
7.00% Senior Notes due 2029	66,305	77,432	66,305	69,911
7.00% Senior Notes due 2018	400,000	470,028	400,000	442,120
Term Loans due 2012	815,391	810,563	815,391	799,084
Net premiums on long-term debt	2,875	2,875	2,731	2,731
Total debt outstanding	1,984,571	$ 2,148,246	1,984,427	$ 2,075,398
Less current portion of long-term debt	815,391		-	
Total long-term debt	$ 1,169,180		$ 1,984,427	

The fair value of the Company’s term loans as of September 30, 2011 and December 31, 2010 was determined using the market approach, which utilized reported recent loan transactions for parties of similar credit quality and remaining life, as there is no active secondary market for loans of these types and sizes.

The fair value of the Company’s other long-term debt as of September 30, 2011 and December 31, 2010 was also determined using the market approach, which utilized observable market data to corroborate the estimated credit spreads and prices for the Company’s non-bank long-term debt securities in the secondary market. Those valuations were based in part upon the reported trades of the Company’s non-bank long-term debt securities where available and the actual trades of debt securities of similar credit quality and remaining life where no secondary market trades were reported for the Company’s non-bank long-term debt securities.

Retirement of Debt Obligations. The Company expects to refinance and/or extend the $455 million term loan due March 2012 and the $465 million term loan due June 2012 ($360.4 million of which is outstanding at September 30, 2011). Alternatively, should the Company not be successful in its refinancing efforts, the Company may choose to retire such debt upon maturity by utilizing some combination of cash flows from operations, repayments from Southern Union of accumulated intercompany balances related to amounts previously advanced by the Company, utilizing a portion of the $455 million to be received from the Citrus Merger, and altering the timing of controllable expenditures, among other things. The Company believes, based on its investment grade credit ratings and general financial condition, successful historical access to capital and debt markets and market expectations regarding the Company's future earnings and cash flows, that it will be able to refinance and/or retire these obligations, as applicable, under acceptable terms prior to their maturity. There can be no assurance, however, that the Company will be able to achieve acceptable refinancing terms in any negotiation of new capital market debt or bank financings. Moreover, there can be no assurance the Company will be successful in its implementation of these refinancing and/or retirement plans and the Company’s inability to do so would cause a material adverse effect on the Company’s financial condition and liquidity.

8. Benefits

The following table sets forth the components of net periodic benefit cost of the Company's postretirement benefit plan for the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Service cost	$ 637	$ 575	$ 1,912	$ 1,725
Interest cost	950	872	2,850	2,616
Expected return on plan assets	(950)	(837)	(2,850)	(2,512)
Prior service credit amortization	(522)	(522)	(1,566)	(1,566)
Net periodic benefit cost	$ 115	$ 88	$ 346	$ 263

9. Income Taxes

The following table summarizes the Company's income taxes for the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Income tax expense	$ 21,903	$ 20,577	$ 65,340	$ 69,310
Effective tax rate	38%	40%	35%	41%

The EITR for the nine-month period ended September 30, 2011 is lower than the combined federal and state income tax statutory rates primarily due to state investment tax credits, whereas in 2010 the EITR was higher than the combined federal and state income tax statutory rates primarily due to the elimination of the Medicare Part D tax subsidy in the Patient Protection and Affordable Care Act legislation signed into law in March 2010.

10. Derivative Instruments and Hedging Activities

The Company is exposed to certain risks in its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. Interest rate swaps and treasury rate locks are the principal derivative instruments used by the Company to manage interest rate risk associated with its long-term borrowings, although other interest rate derivative contracts may also be used from time to time. The Company recognizes all derivative instruments as assets or liabilities at fair value in the unaudited interim Condensed Consolidated Balance Sheet.

Interest Rate Contracts

The Company may enter into interest rate swaps to manage its exposure to changes in interest payments on long-term debt attributable to movements in market interest rates, and may enter into treasury rate locks to manage its exposure to changes in future interest payments attributable to changes in treasury rates prior to the issuance of new long-term debt instruments.

Interest Rate Swaps. The Company has outstanding pay-fixed interest rate swaps with a total notional amount of $455 million applicable to the LNG Holdings $455 million term loan. These interest rate swaps are accounted for as cash flow hedges, with the effective portion of changes in their fair value recorded in *Accumulated other comprehensive loss* and reclassified into *Interest expense* in the same periods during which the related interest payments on long-term debt impact earnings. As of September 30, 2011, approximately $5.6 million of net after-tax losses in *Accumulated other comprehensive loss* related to these interest rate swaps is expected to be amortized into *Interest expense* during the next twelve months. Any ineffective portion of the cash flow hedge is reported in current-period earnings.

Treasury Rate Locks. As of September 30, 2011, the Company had no outstanding treasury rate locks. However, certain of its treasury rate locks that settled in prior periods are associated with interest payments on outstanding long-term debt. These treasury rate locks are accounted for as cash flow hedges, with the effective portion of their settled value recorded in *Accumulated other comprehensive loss* and reclassified into *Interest expense* in the same periods during which the related interest payments on long-term debt impact earnings. As of September 30, 2011, approximately $166,000 of net after-tax losses in *Accumulated other comprehensive loss* related to these treasury rate locks will be amortized into *Interest expense* during the next twelve months.

The Company had no asset derivative instruments at September 30, 2011 and December 31, 2010. The following table summarizes the fair value amounts of the Company's liability derivative instruments and their location in the unaudited interim Condensed Consolidated Balance Sheet at the dates indicated.

	Balance Sheet Location	**September 30, 2011**	**December 31, 2010**
		(In thousands)	
Cash Flow Hedges:			
Interest rate contracts	Other current liabilities	$ 9,435	$ 19,694
	Other noncurrent liabilities	-	4,652
		$ 9,435	$ 24,346

The following table summarizes the location and amount of derivative instrument gains and losses reported in the Company's unaudited interim condensed consolidated financial statements for the periods presented.

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2011	**2010**	**2011**	**2010**
	(In thousands)			
Cash Flow Hedges: (1)				
Change in fair value - increase in Accumulated other comprehensive loss, excluding tax expense effect of $(20), $1,459, $511 and $5,073, respectively	$ (48)	$ 3,631	$ 1,272	$ 12,620
Reclassification of unrealized loss from Accumulated other comprehensive loss - increase of Interest expense, excluding tax expense effect of $2,230, $2,121, $6,584 and $6,494, respectively	5,550	5,281	16,386	16,164

(1) See *Note 6 – Comprehensive Income* for additional related information.

11. Fair Value Measurement

The following table sets forth the Company's liabilities that are measured at fair value on a recurring basis at the date indicated.

	Fair Value as of September 30, 2011	Fair Value Measurements at September 30, 2011 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
	(In thousands)			
Liabilities:				
Interest-rate swap derivatives	$ 9,435	$ -	$ 9,435	$ -
Total	$ 9,435	$ -	$ 9,435	$ -

The Company's Level 2 interest-rate swap derivative instruments are valued using pricing models based on an income approach that discounts future cash flows to a present value amount. The significant pricing model inputs for interest-rate swaps include published rates for U.S. Dollar LIBOR interest rate swaps. The pricing model also adjusts for nonperformance risk associated with the counterparty or Company, as applicable, through the use of credit risk adjusted discount rates based on published default rates. The Company did not have any Level 3 instruments measured at fair value at September 30, 2011 or December 31, 2010.

The approximate fair value of the Company's cash and cash equivalents, accounts receivable and accounts payable is equal to book value, due to their short-term nature.

12. Commitments and Contingencies

Litigation and Other Claims

The Company is involved in legal, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies regarding matters arising in the ordinary course of business.

Will Price. Will Price, an individual, filed actions in the U.S. District Court for the District of Kansas for damages against a number of companies, including the Company, alleging mis-measurement of natural gas volumes and Btu content, resulting in lower royalties to mineral interest owners. On September 19, 2009, the Court denied plaintiffs' request for class certification. Plaintiffs have filed a motion for reconsideration, which the Court denied on March 31, 2010. The Company believes that its measurement practices conformed to the terms of its FERC natural gas tariffs, which were filed with and approved by FERC. As a result, the Company believes that it has meritorious defenses to the Will Price lawsuit (including FERC-related affirmative defenses, such as the filed rate/tariff doctrine, the primary/exclusive jurisdiction of FERC, and the defense that the Company complied with the terms of its tariffs). In the event that Plaintiffs refuse Panhandle's pending request for voluntary dismissal, Panhandle will continue to vigorously defend the case. The Company believes it has no liability associated with this proceeding.

Liabilities for Litigation and Other Claims

The Company records accrued liabilities for litigation and other claim costs when management believes a loss is probable and reasonably estimable. When management believes there is at least a reasonable possibility that a material loss or an additional material loss may have been incurred, the Company discloses (i) an estimate of the possible loss or range of loss in excess of the amount accrued; or (ii) a statement that such an estimate cannot be made. As of September 30, 2011 and December 31, 2010, the Company recorded litigation and other claim-related accrued liabilities of $1.6 million and $1.8 million, respectively. The Company does not have any material litigation or other claim contingency matters assessed as at least reasonably possible that would require disclosure in the financial statements.

Environmental Matters

The Company’s operations are subject to federal, state and local laws, rules and regulations regarding water quality, hazardous and solid waste management, air quality control and other environmental matters. These laws, rules and regulations require the Company to conduct its operations in a specified manner and to obtain and comply with a wide variety of environmental registrations, licenses, permits, inspections and other approvals. Failure to comply with applicable environmental laws, rules and regulations may expose the Company to significant fines, penalties and/or interruptions in operations. The Company’s environmental policies and procedures are designed to achieve compliance with such applicable laws and regulations. These evolving laws and regulations and claims for damages to property, employees, other persons and the environment resulting from current or past operations may result in significant expenditures and liabilities in the future. The Company engages in a process of updating and revising its procedures for the ongoing evaluation of its operations to identify potential environmental exposures and enhance compliance with regulatory requirements.

Environmental Remediation

The Company is responsible for environmental remediation at certain sites on its natural gas transmission systems for contamination resulting from the past use of lubricants containing PCBs in compressed air systems; the past use of paints containing PCBs; and the prior use of wastewater collection facilities and other on-site disposal areas. The Company has implemented a program to remediate such contamination. The primary remaining remediation activity on the Panhandle systems is associated with past use of paints containing PCBs or PCB impacts to equipment surfaces and to a building at one location. The PCB assessments are ongoing and the related estimated remediation costs are subject to further change.

Other remediation typically involves the management of contaminated soils and may involve remediation of groundwater. Activities vary with site conditions and locations, the extent and nature of the contamination, remedial requirements, complexity and sharing of responsibility. The ultimate liability and total costs associated with these sites will depend upon many factors. If remediation activities involve statutory joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Company could potentially be held responsible for contamination caused by other parties. In some instances, the Company may share liability associated with contamination with other PRPs. The Company may also benefit from contractual indemnities that cover some or all of the cleanup costs. These sites are generally managed in the normal course of business or operations.

The Company’s environmental remediation activities are undertaken in cooperation with and under the oversight of appropriate regulatory agencies, enabling the Company under certain circumstances to take advantage of various voluntary cleanup programs in order to perform the remediation in the most effective and efficient manner.

Environmental Remediation Liabilities

The table below reflects the amount of accrued liabilities recorded in the Condensed Consolidated Balance Sheet at the dates indicated to cover environmental remediation actions where management believes a loss is probable and reasonably estimable. The Company does not have any material environmental remediation matters assessed as reasonably possible.

	September 30, 2011	December 31, 2010
	(In thousands)	
Current	$ 3,512	$ 4,273
Noncurrent	4,087	4,498
Total environmental liabilities	$ 7,599	$ 8,771

Other Commitments and Contingencies

Controlled Group Pension Liabilities. Southern Union Company (including certain of its divisions) sponsors a number of defined benefit pension plans for employees. Under applicable pension and tax laws, upon being acquired by Southern Union, the Company became a member of Southern Union Company's "controlled group" with respect to those plans and, along with Southern Union Company and any other members of that group, is jointly and severally liable for any failure by Southern Union (along with any other persons that may be or become a sponsor of any such plan) to fund any of these pension plans or to pay any unfunded liabilities that these plans may have if they are ever terminated. In addition, if any of the obligations of any of these pension plans is not paid when due, a lien in favor of that plan or the Pension Benefit Guaranty Corporation may be created against the assets of each member of Southern Union Company's controlled group, including the Company and each of its subsidiaries. Based on the latest actuarial information available as of December 31, 2010, the aggregate amount of the projected benefit obligations of these pension plans was approximately $193.7 million and the estimated fair value of all of the assets of these plans was approximately $127 million.

Unclaimed Property Audits. The Company is subject to the laws and regulations of states and other jurisdictions concerning the identification, reporting and escheatment (the transfer of property to the state) of unclaimed or abandoned funds, and is subject to audit and examination for compliance with these requirements. The Company is currently being examined by a third party auditor on behalf of nine states for compliance with unclaimed property laws.

See *Note 5 – Regulation and Rates* for other potential contingent matters applicable to the Company.

Future Regulatory Compliance Commitments

Air Quality Control. In August 2010, the EPA finalized a rule that requires reductions in a number of pollutants, including formaldehyde and carbon monoxide, for certain engines regardless of size at Area Sources (sources that emit less than ten tons per year of any one Hazardous Air Pollutant (*HAP*) or twenty-five tons per year of all HAPs) and engines less than 500 horsepower at Major Sources (sources that emit ten tons per year or more of any one HAP or twenty-five tons per year of all HAPs). Compliance is required by October 2013. It is anticipated that the limits adopted in this rule will be used in a future EPA rule that is scheduled to be finalized in 2013, with compliance required in 2016. This future rule is expected to require reductions in formaldehyde and carbon monoxide emissions from engines greater than 500 horsepower at Major Sources.

Nitrogen oxides are the primary air pollutant from natural gas-fired engines. Nitrogen oxide emissions may form ozone in the atmosphere. In 2008, the EPA lowered the ozone standard to seventy-five parts per billion (*ppb*) with compliance anticipated in 2013 to 2015. In January 2010, the EPA proposed lowering the standard to sixty to seventy ppb in lieu of the seventy-five ppb standard, with compliance required in 2014 or later. In September 2011, the EPA decided to rescind the proposed lower ozone standard and begin the process to implement the 75 ppb ozone standard established in 2008.

In January 2010, the EPA finalized a 100 ppb one-hour nitrogen dioxide standard. The rule requires the installation of new nitrogen dioxide monitors in urban communities and roadways by 2013. This new monitoring may result in additional nitrogen dioxide non-attainment areas. In addition, ambient air quality modeling may be required to demonstrate compliance with the new standard.

The Company is currently reviewing the potential impacts of the August 2010 Area Source National Emissions Standards for Hazardous Air Pollutants rule, implementation of the 2008 ozone standard and the new nitrogen dioxide standard on its operations and the potential costs associated with the installation of emission control systems on its existing engines. The ultimate costs associated with these activities cannot be estimated with any certainty at this time, but the Company believes, based on the current understanding of the current and proposed rules, such costs will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

The Kansas Department of Health and Environment set certain contingency measures as part of the agency's ozone maintenance plan for the Kansas City area. These measures must be revised to conform to the requirements of the EPA ozone standard discussed above. As such, the costs associated with these activities cannot be estimated with any certainty at this time, but the Company believes, based on the current understanding of the proposed plan, such costs will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

SPCC Rules. In 2008 and 2009, the EPA adopted amendments to the SPCC rules with the stated intention of providing greater clarity, tailoring requirements and streamlining requirements. On October 7, 2010, the EPA amended the compliance date for certain facilities from November 10, 2010 to November 10, 2011. The Company has reviewed the impact of the modified regulations on its operations and is finalizing implementation in accordance with the provisions found in the updated rule. Costs associated with these activities have not had a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations is provided as a supplement to the accompanying unaudited interim condensed consolidated financial statements and notes to help provide an understanding of the Company's financial condition, changes in financial condition and results of operations. The following section includes an overview of the Company's business as well as recent developments that management of the Company believes are important in understanding its results of operations and anticipating future trends in those operations. Subsequent sections include an analysis of the Company's results of operations on a consolidated basis and information relating to the Company's liquidity and capital resources and other matters. The information required by this Item is presented in a reduced disclosure format pursuant to General Instruction H to Form 10-Q.

Overview

The Company's business purpose is to provide interstate transportation and storage of natural gas in a safe, efficient and dependable manner. The Company operates approximately 10,000 miles of interstate pipelines that transport up to 5.5 Bcf/d of natural gas. Demand for natural gas transmission services on the Company's pipeline system is seasonal, with the highest throughput and a higher portion of annual total operating revenues occurring in the traditional winter heating season, which occurs during the first and fourth calendar quarters.

The Company's business is conducted through both short- and long-term contracts with customers. Shorter-term contracts, both firm and interruptible, tend to have a greater impact on the volatility of revenues. Short-term and long-term contracts are affected by changes in market conditions and competition with other pipelines, changing supply sources and volatility in natural gas prices and basis differentials. Since the majority of the Company's revenues are related to firm capacity reservation charges, which customers pay whether they utilize their contracted capacity or not, volumes transported do not have as significant an impact on revenues over the short-term. However, longer-term demand for capacity may be affected by changes in the customers' actual and anticipated utilization of their contracted capacity and other factors.

The Company's regulated transportation and storage businesses can file (or be required to file) for changes in their rates, which are subject to approval by FERC. Although a significant portion of the Company's contracts are discounted or negotiated rate contracts, changes in rates and other tariff provisions resulting from regulatory proceedings have the potential to negatively impact the Company's results of operations and financial condition.

Results of Operations

The following table illustrates the results of operations of the Company for the periods presented.

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
	(In thousands, except volumes)			
Operating revenues				
Transportation and storage of natural gas	$ 134,476	$ 130,568	$ 412,232	$ 407,897
LNG terminalling	55,327	53,783	164,609	145,561
Other	2,896	2,212	7,912	6,870
Total operating revenues (1)	192,699	186,563	584,753	560,328
Operating expenses				
Operating, maintenance and general	70,141	69,996	201,498	204,246
Depreciation and amortization	31,881	31,191	96,118	91,264
Taxes, other than on income	8,653	8,734	26,392	26,856
Total operating expenses	110,675	109,921	324,008	322,366
Operating income	82,024	76,642	260,745	237,962
Other income (expenses)				
Interest expense	(26,937)	(26,910)	(80,851)	(76,450)
Other, net	2,241	2,357	6,702	6,655
Total other expenses, net	(24,696)	(24,553)	(74,149)	(69,795)
Earnings before income taxes	57,328	52,089	186,596	168,167
Income taxes	21,903	20,577	65,340	69,310
Net earnings	$ 35,425	$ 31,512	$ 121,256	$ 98,857
Panhandle natural gas volumes transported (TBtu): (2)				
PEPL	122	123	421	413
Trunkline	172	160	549	481
Sea Robin	24	43	92	133

(1) Reservation revenues comprised 89 percent of total operating revenues in the three- and nine-month periods ended September 30, 2011 and September 30, 2010, respectively.
(2) Includes transportation deliveries made throughout the Company's pipeline network.

Three-month period ended September 30, 2011 versus the three-month period ended September 30, 2010.

Operating Revenues. For the three-month period ended September 30, 2011, operating revenues increased $6.1 million versus the same time period in 2010 primarily as the result of:

- Increased transportation and storage revenue of $3.9 million primarily attributable to:
  - Higher reservation revenues on Trunkline of $2.3 million attributable to increased supply area capacity sold; and
  - Higher reservation revenues on PEPL of $1.4 million primarily due to higher short-term capacity sold; and
- Higher LNG revenues of $1.5 million primarily due to a higher rate effective March 2011, partially offset by lower volumes from decreased LNG cargoes during 2011.

Operating Expenses. Operating expenses for the three-month period ended September 30, 2011 increased $800,000 versus the same period in 2010 primarily as the result of:

- Higher operating, maintenance and general expenses of $100,000 in 2011 versus 2010 primarily attributable to:
  - A $1.3 million increase in medical costs;
  - A $1.3 million increase in hydrostatic testing costs to meet pipeline safety requirements;
  - A $1.2 million decrease in legal expenses primarily due to higher 2010 expense incurred for certain litigation with several contractors related to the Company's East End project, which was settled in the second quarter of 2011; and
  - Lower plant service costs of $1.2 million primarily due to inspection costs incurred in the 2010 period related to the LNG terminal infrastructure enhancement project placed in service in March 2010; and
- Increased depreciation and amortization expense of $700,000 in 2011 versus 2010 primarily due to a $97.3 million increase in property, plant and equipment placed in service after September 30, 2010. Depreciation and amortization expense is expected to continue to increase primarily due to ongoing capital additions.

Income Taxes. The Company's EITR was 38 percent and 40 percent for the three-month period ended September 30, 2011 and 2010, respectively. Income taxes during the 2011 period, versus the same period in 2010, increased $1.3 million primarily due to higher pre-tax earnings.

Nine-month period ended September 30, 2011 versus the nine-month period ended September 30, 2010.

Operating Revenue. For the nine-month period ended September 30, 2011, operating revenue increased $24.4 million versus the same time period in 2010 primarily as the result of:

- Higher LNG revenues of $19 million primarily due to the LNG terminal infrastructure enhancement project placed in service in March 2010; and
- Increased transportation and storage revenues of $4.3 million primarily attributable to higher transportation reservation revenues of $7 million primarily due to higher short-term capacity sold based on operational availability and increased Trunkline supply area capacity sold, partially offset by lower transportation interruptible revenues of $2.3 million largely attributable to lower volumes in 2011 on Sea Robin primarily resulting from market conditions.

Operating Expenses. Operating expenses for the nine-month period ended September 30, 2011 increased $1.6 million versus the same period in 2010 primarily as the result of:

- Lower operating, maintenance and general expenses of $2.7 million in 2011 versus 2010 primarily attributable to:
  - A $12.8 million reduction in legal expenses primarily resulting from the settlement of certain litigation in the second quarter of 2011 with several contractors related to the Company's East End project, which settlement includes a prior year expense recovery of $9.4 million;
  - Impact of a net reduction of $3.6 million in the 2010 period in the repair and abandonment cost provision for Hurricanes Ike and Gustav resulting from favorable weather conditions experienced and increased project efficiencies;
  - A $3.2 million increase in fuel tracker costs primarily due to a net under-recovery in 2011 versus an over-recovery in 2010; and
  - A $2.6 million increase in benefit expenses primarily due to higher medical costs; and
- Increased depreciation and amortization expense of $4.9 million in 2011 versus 2010 primarily due to the LNG terminal infrastructure enhancement project placed in service in March 2010 and a $97.3 million increase in property, plant and equipment placed in service after September 30, 2010. Depreciation and amortization expense is expected to continue to increase primarily due to ongoing capital additions.

Other Expense, Net. Other expense, net for the nine-month period ended September 30, 2011 increased $4.4 million versus the same period in 2010 primarily as a result of higher interest expense of $4.4 million principally attributable to lower capitalized interest resulting from the LNG terminal infrastructure enhancement construction project placed in service in March 2010, partially offset by lower interest expense resulting from the repayment of the $40.5 million 8.25% Senior Notes in April 2010.

Income Taxes. The Company's EITR was 35 percent and 41 percent for the nine-month period ended September 30, 2011 and 2010, respectively. Income taxes during the 2011 period, versus the same period in 2010, decreased $4 million primarily due to the impact of $5.3 million of state investment tax credits (net of the federal tax benefit) recorded in 2011 and $2.9 million of higher income tax expense in 2010 resulting from the elimination of the Medicare Part D tax subsidy in the Patient Protection and Affordable Care Act legislation signed into law in March 2010, partially offset by the impact of higher pre-tax earnings.

OTHER MATTERS

Contingencies

See *Part I, Item 1. Financial Statements (Unaudited), Note 12 – Commitments and Contingencies* in this Quarterly Report on Form 10-Q.

Inflation

The Company believes that inflation has caused, and may continue to cause, increases in certain operating expenses, and will continue to require higher capital replacement and construction costs. The Company continually reviews the adequacy of its rates in relation to such increasing cost of providing services, the inherent regulatory lag experienced in adjusting its rates and the rates it is actually able to charge in its markets.

Regulatory

The following table summarizes the status of rate proceedings applicable to the Company.

Company	**Date of Last Rate Filing**	**Rate Proceedings Status**
PEPL	May 1992	Settlement effective April 1997
Trunkline	January 1996	Settlement effective May 2001
Sea Robin	June 2007	Settlement effective December 2008 (1)
Trunkline LNG	June 2001	Settlement effective January 2002 (2)
Southwest Gas Storage	August 2007	Settlement effective February 2008

(1) Settlement requires another rate case to be filed by January 2014.
(2) Settlement provides for a rate moratorium through 2015. Current fixed rates apply through 2015 covering all facilities, except the IEP expansion facilities placed in service in March 2010 which have a negotiated rate through March 2030.

See *Part I, Item 1. Financial Statements (Unaudited), Note 5 – Regulation and Rates* in this Quarterly Report on Form 10-Q.

Trunkline LNG Cost and Revenue Study. On July 1, 2009, Trunkline LNG filed a Cost and Revenue Study with respect to the Trunkline LNG facility expansions completed in 2006, in compliance with FERC orders. Such filing, which was as of March 31, 2009, reflected an annualized cost of service level for these expansions of $54.7 million, less than the associated actual revenues during the same period of $68.5 million. These expansion revenues are currently at negotiated rates totaling $72.6 million annually through 2015. BG LNG Services (*BGLS*) filed a motion to intervene and protest on July 14, 2009. By order dated July 26, 2010, FERC determined that since (i) Trunkline LNG has fixed negotiated rates with BGLS through 2015, which would be unaffected by any rate change that might be determined through hearing at this time, and (ii) current costs and revenues are not necessarily representative of Trunkline LNG's costs and revenues at the termination of the negotiated rate period in 2015, there was no reason to expend FERC's and the parties' resources on a Natural Gas Act Section 5 proceeding at this time. The order is final and not subject to rehearing.

LNG Export License. On July 22, 2011, the United States Department of Energy, Office of Fossil Energy issued an order authorizing Lake Charles Exports, LLC, a jointly-owned subsidiary of the Company and BG Group plc, to export domestically produced LNG by vessel from Trunkline LNG's Lake Charles LNG terminal. The authorization, for a 25-year term beginning on the earlier of the date of first export or 10 years from the issuance of the order, permits export of up to approximately 2 Bcf/d to countries that have or will enter into a free trade agreement (*FTA*) with the United States that requires national treatment for trade in natural gas. Lake Charles Exports, LLC is permitted to use the authorization to export LNG on its own behalf or as an agent for BGLS. A proceeding for approval to export to non-FTA countries is ongoing. The companies are developing plans to install liquefaction facilities at the Lake Charles terminal to export LNG. Modifications to the Lake Charles terminal would be subject to approval by the FERC. The Company and BG Group plc have not finalized the economic terms of their arrangement, but the Company expects that any such arrangement will take into account, among other things, the December 31, 2015 termination of certain contracted rates at the existing Trunkline LNG terminal which otherwise revert to tariff rates in 2016 and the term of BGLS contracts related to the Trunkline LNG terminal which otherwise all expire in 2030.

Liquidity and Capital Resources

Cash generated from operations constitutes the Company's primary source of liquidity. The $523.4 million working capital deficit at September 30, 2011 is expected to be funded from refinancings of existing indebtedness, cash flows from operations or from repayments from Southern Union of intercompany loans. Based on the Company's current level of operations, management believes that cash flow from operations, available existing cash, and other sources, including liquid working capital and new borrowings, will be adequate to meet liquidity needs for the next several years, although no assurances can be given as to the sufficiency of cash flows or the ability to refinance existing obligations.

Retirement of Debt Obligations. The Company expects to refinance and/or extend the $455 million term loan due March 2012 and the $465 million term loan due June 2012 ($360.4 million of which is outstanding at September 30, 2011). Alternatively, should the Company not be successful in its refinancing efforts, the Company may choose to retire such debt upon maturity by utilizing some combination of cash flows from operations, repayments from Southern Union of accumulated intercompany balances related to amounts previously advanced by the Company, utilizing a portion of the $455 million to be received from the Citrus Merger, and altering the timing of controllable expenditures, among other things. The Company believes, based on its investment grade credit ratings and general financial condition, successful historical access to capital and debt markets and market expectations regarding the Company's future earnings and cash flows, that it will be able to refinance and/or retire these obligations, as applicable, under acceptable terms prior to their maturity. There can be no assurance, however, that the Company will be able to achieve acceptable refinancing terms in any negotiation of new capital market debt or bank financings. Moreover, there can be no assurance the Company will be successful in its implementation of these refinancing and/or retirement plans and the Company's inability to do so would cause a material adverse effect on the Company's financial condition and liquidity.

Potential Sea Robin Impairment. Sea Robin, comprised primarily of offshore facilities, suffered damage from Hurricane Ike related to several platforms and gathering pipelines. As there were no new indicators of potential impairment during 2011, the impairment test on Sea Robin was not performed as of September 30, 2011. Approximately $115 million of the approximately $150 million total estimated capital replacement and retirement expenditures to replace property and equipment damaged by Hurricane Ike are related to Sea Robin and are substantially completed. As of September 30, 2011, the Company has received approximately $51 million for claims submitted with respect to Hurricane Ike-related damage to Sea Robin. The Company estimates approximately $10 million of additional insurance proceeds will ultimately be received for the claims related to Sea Robin.

Additionally, Sea Robin has implemented a rate surcharge initially approved by FERC in September 2009, subject to refund and final FERC decision, to recover Hurricane Ike-related costs not otherwise recovered from insurance proceeds or from other third parties. To the extent the Company's capital expenditures are not recovered from insurance proceeds or through its hurricane rate surcharge, its net investment in Sea Robin's property, plant and equipment would have increased without necessarily generating additional revenues unless the incremental costs are recovered through future rate proceedings or additional throughput. See *Item 1. Financial Statements (Unaudited), Note 5 – Regulation and Rates* for information related to the surcharge filing. If Sea Robin's hurricane surcharge is not ultimately approved for recovery from all shippers or Sea Robin experiences other adverse developments impacting anticipated future cash flows that are not remedied through rate proceedings, the Company could potentially be required to record an impairment of its net investment in Sea Robin.

Credit Ratings. As of September 30, 2011, the Company's debt was rated BBB- by Fitch Ratings, Baa3 by Moody's Investor Services, Inc. and BBB- by Standard & Poor's. Due to the merger activities involving the Company, Standard and Poor's has placed Panhandle on Credit Watch with developing implications and Fitch has placed Panhandle on Rating Watch Negative. The Company is not party to any lending agreement that would accelerate the maturity date of any obligation due to a failure to maintain any specific credit rating, nor would a reduction in any credit rating, by itself, cause an event of default under any of the Company's lending agreements. However, if its current credit ratings are downgraded below investment grade or if there are times when it is placed on "credit watch," the Company could be negatively impacted as follows:

- Borrowing costs associated with existing debt obligations could increase annually up to approximately $4.3 million in the event of a credit rating downgrade;
- The costs of refinancing debt that is maturing or any new debt issuances could increase due to being placed on credit watch or due to a credit rating downgrade; and
- FERC may be unwilling to allow the Company to pass along increased debt service costs to natural gas customers.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

Item 3, Quantitative and Qualitative Disclosures About Market Risk, has been omitted from this report pursuant to the reduced disclosure format permitted by General Instruction H to Form 10-Q.

ITEM 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that information required to be disclosed by the Company, including consolidated entities, in reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports it files or submits under the Exchange Act is accumulated and communicated to management, including the Company's COO and CFO, as appropriate, to allow timely decisions regarding required disclosure. The Company performed an evaluation under the supervision and with the participation of management, including its COO and CFO, and with the participation of personnel from its Legal, Internal Audit, Risk Management and Financial Reporting Departments, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on that evaluation, Panhandle's COO and CFO concluded that the Company's disclosure controls and procedures were effective as of September 30, 2011.

Changes in Internal Controls

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Forward-looking statements are based on management's beliefs and assumptions. These forward-looking statements, which address the Company's expected business and financial performance, among other matters, are identified by terms and phrases such as: anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will, potential, forecast and similar expressions. Forward-looking statements involve risks and uncertainties that may or could cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

- changes in demand for natural gas and related services by customers, in the composition of the Company's customer base and in the sources of natural gas accessible to the Company's system;
- the effects of inflation and the timing and extent of changes in the prices and overall demand for and availability of natural gas as well as electricity, oil, coal and other bulk materials and chemicals;
- adverse weather conditions, such as warmer or colder than normal weather in the Company's service territories, as applicable, and the operational impact of natural disasters;
- changes in laws or regulations, third-party relations and approvals, and decisions of courts, regulators and/or governmental bodies affecting or involving the Company, including deregulation initiatives and the impact of rate and tariff proceedings before FERC and various state regulatory commissions;
- the speed and degree to which additional competition, including competition from alternative forms of energy, is introduced to the Company's business and the resulting effect on revenues;
- the impact and outcome of pending and future litigation and/or regulatory investigations, proceedings or inquiries;
- the ability to comply with or to successfully challenge existing and/or or new environmental, safety and other laws and regulations;
- unanticipated environmental liabilities;
- the uncertainty of estimates, including accruals and costs of environmental remediation;
- the impact of potential impairment charges;
- the ability to acquire new businesses and assets and to integrate those operations into its existing operations, as well as its ability to expand its existing businesses and facilities;
- the timely receipt of required approvals by applicable governmental entities for the construction and operation of the pipelines and other projects;
- the ability to complete expansion projects on time and on budget;
- the ability to control costs successfully and achieve operating efficiencies, including the purchase and implementation of new technologies for achieving such efficiencies;
- the impact of factors affecting operations such as maintenance or repairs, environmental incidents, natural gas pipeline system constraints and relations with labor unions representing bargaining-unit employees;
- the performance of contractual obligations by customers, service providers and contractors;
- exposure to customer concentrations with a significant portion of revenues realized from a relatively small number of customers and any credit risks associated with the financial position of those customers;
- changes in the ratings of the Company's debt securities;
- the risk of a prolonged slow-down in growth or decline in the United States economy or the risk of delay in growth or decline in the United States economy, including liquidity risks in United States credit markets;
- the impact of unsold pipeline capacity being greater than expected;
- changes in interest rates and other general market and economic conditions, and in the Company's ability to obtain additional financing on acceptable terms, whether in the capital markets or otherwise;
- declines in the market prices of equity and debt securities and resulting funding requirements for other postretirement benefit plans;
- acts of nature, sabotage, terrorism or other similar acts that cause damage to the facilities or those of the Company's suppliers' or customers' facilities;
- market risks beyond the Company's control affecting its risk management activities including market liquidity, commodity price volatility and counterparty creditworthiness;
- the availability/cost of insurance coverage and the ability to collect under existing insurance policies;
- the risk that material weaknesses or significant deficiencies in internal controls over financial reporting could emerge or that minor problems could become significant;
- changes in accounting rules, regulations and pronouncements that impact the measurement of the results of operations, the timing of when such measurements are to be made and recorded and the disclosures surrounding these activities;
- the effects of changes in governmental policies and regulatory actions, including changes with respect to income and other taxes, environmental compliance, climate change initiatives, authorized rates of recovery of costs (including pipeline relocation costs), and permitting for new natural gas production accessible to the Company's system;
- market risks affecting the Company's pricing of its services provided and renewal of significant customer contracts;
- other risks and unforeseen events, including other financial, operational and legal risks and uncertainties detailed from time to time in filings with the SEC;
- actions taken to protect species under the Endangered Species Act and the effect of those actions on the Company's operations; and
- the likelihood and timing of the completion of Southern Union's proposed merger with ETE, the terms and conditions of any required regulatory approvals of the proposed merger, the impact of the proposed merger on the Company's employees and potential diversion of management's time and attention from ongoing business during this time period.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of the Company's forward-looking statements. Other factors could also have material adverse effects on the Company's future results. These and other risks are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 and its other reports filed with the SEC. In light of these risks, uncertainties and assumptions, the events described in forward-looking statements might not occur or might occur to a different extent or at a different time than the Company has described. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

The Company is a party to or has property subject to litigation and other proceedings, including matters arising under provisions relating to the protection of the environment, as described in *Part I, Item 1. Financial Statements (Unaudited), Note 12 – Commitments and Contingencies,* in this Quarterly Report on Form 10-Q and in the *Item 8. Financial Statements and Supplementary Data, Note 14 – Commitments and Contingencies*, information included in the Company's Form 10-K for the year ended December 31, 2010.

The Company is subject to federal and state requirements for the protection of the environment, including those for the discharge of hazardous materials and remediation of contaminated sites. As a result, the Company is a party to or has its property subject to various other lawsuits or proceedings involving environmental protection matters. For information regarding these matters, see *Part I, Item 1. Financial Statements (Unaudited), Note 12 – Commitments and Contingencies*, in this Quarterly Report on Form 10-Q and in the *Item 8. Financial Statements and Supplementary Data, Note 14 – Commitments and Contingencies*, information included in the Company's Form 10-K for the year ended December 31, 2010.

ITEM 1A. Risk Factors.

Except for the additional risk factor information described below, there have been no material changes to the risk factors previously disclosed in the Company's Form 10-K filed with the SEC on February 25, 2011. The following additional risk factor information should be read in conjunction with the related disclosure in *Part I. Item 1A. Risk Factors*, in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Risks Related to the Merger

The failure to successfully complete the merger of ETE and Southern Union in the expected time frame may adversely affect the Company's business.

The Company has operated and, until the completion of the merger, will continue to operate (as a wholly-owned subsidiary of Southern Union) independently from ETE. It is possible that the integration process could result in the loss of key employees, as well as the disruption of the Company's ongoing businesses or inconsistencies in its standards, controls, procedures and policies. Any or all of those occurrences could adversely affect the Company's ability to maintain relationships with customers and employees after the merger or to achieve the anticipated benefits of the merger. Integration efforts associated with the merger will also divert management attention and resources. These integration matters could have an adverse effect on the Company.

The pendency of the merger could materially adversely affect the future business and operations of the Company or result in a loss of its employees or employees of Southern Union that provide certain support services for the Company.

In connection with the pending merger, it is possible that some customers, suppliers and other persons with whom the Company has a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationship with the Company as a result of the merger, which could negatively impact its revenues, earnings and cash flows, regardless of whether the merger is completed. Similarly, current and prospective employees of the Company and/or Southern Union may experience uncertainty about their future roles with ETE, the Company and/or Southern Union following completion of the merger, which may materially adversely affect the ability of the Company and Southern Union to attract and retain key employees. Additionally, under the merger agreement, the Company is subject to certain restrictions on the conduct of its business prior to completing the merger, which may adversely affect its ability to execute certain of its business strategies.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Item 2, Unregistered Sales of Equity Securities and Use of Proceeds, has been omitted from this report pursuant to the reduced disclosure format permitted by General Instruction H to Form 10-Q.

ITEM 3. Defaults Upon Senior Securities.

Item 3, Defaults Upon Senior Securities, has been omitted from this report pursuant to the reduced disclosure format permitted by General Instruction H to Form 10-Q.

ITEM 4. Reserved.

ITEM 5. Other Information.

All information required to be reported on Form 8-K for the quarter ended September 30, 2011 was appropriately reported.

ITEM 6. Exhibits.

The following exhibits are filed as part of this Quarterly Report on Form 10-Q:

3(a)	Certificate of Formation of Panhandle Eastern Pipe Line Company, LP. (Filed as Exhibit 3.A to the Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.)
3(b)	Limited Partnership Agreement of Panhandle Eastern Pipe Line Company, LP, dated as of June 29, 2004, between Southern Union Company and Southern Union Panhandle LLC. (Filed as Exhibit 3.B to the Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.)
4(a)	Indenture dated as of March 29, 1999, among CMS Panhandle Holding Company, Panhandle Eastern Pipe Line Company and NBD Bank (the predecessor to Bank One Trust Company, National Association, J.P. Morgan Trust Company, National Association, The Bank of New York Trust Company, N.A. and The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4(a) to the Form 10-Q for the quarter ended March 31, 1999, and incorporated herein by reference.)
4(b)	First Supplemental Indenture dated as of March 29, 1999, among CMS Panhandle Holding Company, Panhandle Eastern Pipe Line Company and NBD Bank (the predecessor to Bank One Trust Company, National Association, J.P. Morgan Trust Company, National Association, The Bank of New York Trust Company, N.A. and The Bank of New York Mellon Trust Company, N.A.), as Trustee, including a form of Guarantee by Panhandle Eastern Pipe Line Company of the obligations of CMS Panhandle Holding Company. (Filed as Exhibit 4(b) to the Form 10-Q for the quarter ended March 31, 1999, and incorporated herein by reference.)
4(c)	Second Supplemental Indenture dated as of March 27, 2000, between Panhandle and Bank One Trust Company, National Association (succeeded to by The Bank of New York Mellon Trust Company, N.A., which changed its name to The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4(e) to the Form S-4 (File No. 333-39850) filed on June 22, 2000, and incorporated herein by reference.)
4(d)	Third Supplemental Indenture dated as of August 18, 2003, between Panhandle and Bank One Trust Company, National Association (succeeded to by The Bank of New York Mellon Trust Company, N.A., which changed its name to The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4(d) to the Form 10-Q for the quarter ended September 30, 2003, and incorporated herein by reference.)
4(e)	Fourth Supplemental Indenture dated as of March 12, 2004, between Panhandle and J.P. Morgan Trust Company, National Association (succeeded to by The Bank of New York Trust Company, N.A., which changed its name to The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4.E to the Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.)
4(f)	Fifth Supplemental Indenture dated as of October 26, 2007, between Panhandle and The Bank of New York Trust Company, N.A. (now known as The Bank of New York Mellon Trust Company, N.A.), as Trustee (Filed as Exhibit 4.1 to Panhandle's Current Report on Form 8-K filed on October 29, 2007 and incorporated herein by reference.)
4(g)	Form of Sixth Supplemental Indenture, dated as of June 12, 2008, between Panhandle and The Bank of New York Trust Company, N.A. (now known as The Bank of New York Mellon Trust Company, N.A.), as Trustee (Filed as Exhibit 4.1 to Panhandle's Current Report on Form 8-K filed on June 11, 2008 and incorporated herein by reference.)
10(a)	Form of Seventh Supplemental Indenture, to be dated as of June 2, 2009, between Panhandle and The Bank of New York Mellon Trust Company, N.A. (Filed as Exhibit 4.1 to Panhandle's Current Report on Form 8-K filed on May 28, 2009 and incorporated herein by reference).
10(b)	Amended and Restated Credit Agreement between Trunkline LNG Holdings, LLC, as borrower, Panhandle Eastern Pipe Line Company, LP and CrossCountry Citrus, LLC, as guarantors, the financial institutions listed therein and Bayerische Hypo-Und Vereinsbank AG, New York Branch, as administrative agent, dated as of June 29, 2007 (Filed as Exhibit 10.1 to Panhandle's Current Report on Form 8-K filed on July 6, 2007 and incorporated herein by reference.)
10(c)	Amendment Number 1 to the Amended and Restated Credit Agreement between Trunkline LNG Holdings, LLC as borrower, Panhandle Eastern Pipe Line Company, LP and CrossCountry Citrus, LLC, as guarantors, the financial institutions listed therein and Bayerische Hypo-Und Vereinsbank AG, New York Branch, as administrative agent, dated as of June 13, 2008 (Filed as Exhibit 10(b) to the Form 10-Q for the quarter ended June 30, 2008 and incorporated herein by reference.)
10(d)	Credit Agreement between Trunkline LNG Holdings, LLC, as borrower, Panhandle Eastern Pipe Line Company, LP and Trunkline LNG Company, LLC, as guarantors, the financial institutions listed therein and Bayerische Hypo- Und Vereinsbank AG, New York Branch, as administrative agent, dated as of March 15, 2007. (Filed as Exhibit 10.1 to Panhandle's Current Report on Form 8-K filed on March 21, 2007 and incorporated herein by reference.)
10(e)	Amended and Restated Promissory Note made by CrossCountry Citrus, LLC, as borrower, in favor of Trunkline LNG Holdings LLC, as holder, dated as of June 13, 2008 (Filed as Exhibit 10(d) to the Form 10-Q for the quarter ended June 30, 2008 and incorporated herein by reference.)
12	Ratio of Earnings to Fixed Charges. (Filed herewith as Exhibit 12.)
31.1	Certificate by President and Chief Operating Officer pursuant to Rule 13a – 14(a) or 15d – 14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate by Vice President and Chief Financial Officer pursuant to Rule 13a – 14(a) or 15d – 14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate by President and Chief Operating Officer pursuant to Rule 13a – 14(b) or 15d – 14(b) promulgated under the Securities Exchange Act of 1934 and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
32.2	Certificate by Vice President and Chief Financial Officer pursuant to Rule 13a – 14(b) or 15d – 14(b) promulgated under the Securities Exchange Act of 1934 and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.

101.INS	XBRL Instance Document **
101.SCH	XBRL Taxonomy Extension Schema Document **
101.CAL	XBRL Taxonomy Calculation Linkbase Document **
101.DEF	XBRL Taxonomy Extension Definitions Document **
101.LAB	XBRL Taxonomy Label Linkbase Document **
101.PRE	XBRL Taxonomy Presentation Linkbase Document **

** XBRL information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934, and is not subject to liability under those sections, is not part of any registration statement or prospectus to which it relates and is not incorporated or deemed to be incorporated by reference into any registration statement, prospectus or other document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Panhandle Eastern Pipe Line Company, LP has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PANHANDLE EASTERN PIPE LINE COMPANY, LP

Date: November 8, 2011

By: /s/ ROBERT O. BOND
Robert O. Bond
President and Chief Operating Officer
(authorized officer)

/s/ GARY W. LEFELAR
Gary W. Lefelar
Vice President and Chief Accounting Officer
(principal accounting officer)

Exhibit 12

PANHANDLE EASTERN PIPE LINE COMPANY
RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the consolidated ratio of earnings to fixed charges on an historical basis for the nine months ended September 30, 2011 and the years ended December 31, 2010, 2009, 2008, 2007 and 2006. For the purpose of calculating such ratios, "earnings" consist of pre-tax income from continuing operations before income or loss from equity investees, adjusted to reflect distributed income from equity investments, and fixed charges, less capitalized interest. "Fixed charges" consist of interest costs, amortization of debt discount, premiums and issuance costs and an estimate of interest implicit in rentals. No adjustment has been made to earnings for the amortization of capital interest for the periods presented as such amount is immaterial. Interest on unrecognized tax liabilities is excluded from the computation of fixed charges as it is recorded by the Company in income tax expense versus interest expense.

	9 Months Ended September 30, 2011	Year Ended December 31, 2010	2009	2008	2007	2006
	(In thousands)					
FIXED CHARGES:						
Interest Expense	$ 79,750	$ 102,001	$ 82,881	$ 90,514	$ 83,748	$ 63,322
Net amortization of debt discount, premium and issuance expense	1,101	1,457	1,615	(1,457)	(1,197)	(1,333)
Capitalized Interest	835	6,629	25,701	18,910	14,203	4,645
Interest portion of rental expense	3,181	4,497	4,122	3,050	3,582	3,780
Total Fixed Charges	$ 84,867	$ 114,584	$ 114,319	$ 111,017	$ 100,336	$ 70,414
EARNINGS:						
Consolidated pre-tax income (loss) from continuing operations	$ 186,596	$ 244,456	$ 242,315	$ 247,206	$ 246,742	$ 225,794
Earnings of equity investments	(162)	(237)	(224)	(304)	(299)	(172)
Distributed income from equity investments	580	-	-	-	-	174
Capitalized interest	(835)	(6,629)	(25,701)	(18,910)	(14,203)	(4,645)
Total fixed charges (from above)	84,867	114,584	114,319	111,017	100,336	70,414
Earnings Available for Fixed Charges	$ 271,046	$ 352,174	$ 330,709	$ 339,009	$ 332,576	$ 291,565
Ratio of Earnings to Fixed Charges	3.2	3.1	2.9	3.1	3.3	4.1

Exhibit 31.1

CERTIFICATION

I, Robert O. Bond, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Panhandle Eastern Pipe Line Company, LP;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

(5) The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 8, 2011

/s/ ROBERT O. BOND
Robert O. Bond
President and Chief Operating Officer

Exhibit 31.2

CERTIFICATION

I, Richard N. Marshall, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Panhandle Eastern Pipe Line Company, LP;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2011

/s/ RICHARD N. MARSHALL
Richard N. Marshall
Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PUSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Panhandle Eastern Pipe Line Company, LP (the "Company") for the quarter ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert O. Bond, President and Chief Operating Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge (i) the Report fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934, as amended, except as otherwise noted under Item 9A therein, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROBERT O. BOND
Robert O. Bond
President and Chief Operating Officer
November 8, 2011

This Certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Report, irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by Section 906, or other documents authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PUSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Panhandle Eastern Pipe Line Company, LP (the "Company") for the quarter ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard N. Marshall, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge (i) the Report fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934, as amended, except as otherwise noted under Item 9A therein, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD N. MARSHALL
Richard N. Marshall
Vice President and Chief Financial Officer
November 8, 2011

This Certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Report, irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by Section 906, or other documents authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.