

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Post-Effective Amendment No. 1  
to

**FORM S-3**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**Southern Union Company  
Panhandle Eastern Pipe Line Company, LP**  
(Exact name of registrant as  
specified in its charter)

**Delaware  
Delaware**  
(State or other jurisdiction  
or incorporation or organization)

**75-0571592  
44-0382470**  
(I.R.S. Employer  
Identification No.)

**5444 Westheimer Road  
Houston, Texas 77056  
(713) 989-2000**  
(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

**Monica M. Gaudiosi, Esq.  
Senior Vice President & General Counsel  
5444 Westheimer Road  
Houston, Texas 77056  
(713) 989-7567**  
(Name, address and telephone number,  
including area code, of agent for service)

**Copy to:**

**Seth M. Warner  
David F. Taylor**  
Locke Lord Bissell & Liddell LLP  
401 9<sup>th</sup> Street N.W., Suite 400 South  
Washington, D.C. 20004  
(202) 220-6900

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement.

If only the securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is a post-effective amendment filed pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be Registered (1)	Proposed maximum offering price per share (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee (1)
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Debt securities of Panhandle Eastern Pipe Line Company, LP

(1) An indeterminate amount of each identified class of securities to be offered at indeterminate prices is being registered pursuant to this Registration Statement. The Registrant is deferring payment of the registration fee pursuant to Rule 456(b) and is omitting this information in reliance on Rule 456(b) and Rule 457(r). Any registration fees will be paid subsequently on a pay-as-you-go basis in accordance with Rule 457(r).

## Explanatory Note

This Post-Effective Amendment No. 1 to the Registration Statement (File No. 333-137998) is being filed by Southern Union Company and Panhandle Eastern Pipe Line Company, LP for the purpose of (i) adding Panhandle Eastern Pipe Line Company, LP, a Delaware limited partnership, as a co-registrant to the Registration Statement hereunder, (ii) registering a class of securities of Panhandle Eastern Pipe Line Company, LP to the Registration Statement pursuant to Rule 413(b) of the Securities Act of 1933, as amended, (iii) updating the information in Part II with respect to the addition of Panhandle Eastern Pipe Line Company, LP and the additional class of securities referenced herein, and (iv) filing additional exhibits to the Registration Statement. This Post-Effective Amendment No. 1 shall become effective immediately upon filing with the Securities and Exchange Commission.

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### PANHANDLE EASTERN PIPE LINE COMPANY, LP

#### Debt Securities

Panhandle Eastern Pipe Line Company, LP may offer from time to time to sell debt securities consisting of debentures, notes or other evidence of indebtedness in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement to this prospectus that contains specific information about the offering and the terms of the securities. The prospectus supplement may also add, update or change information contained in this prospectus. You should carefully read this prospectus and any accompanying prospectus supplement before you invest in any of our securities. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement that describes the method and terms of the related offering.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.**

We may offer and sell these securities to or through one or more underwriters, dealers or agents, or directly to purchasers, on an immediate, continuous or delayed basis. We will set forth in the related prospectus supplement the name of the underwriters or agents, the discount or commission received by them from us as compensation, our other expenses for the offering and sale of these securities and the net proceeds we receive from the sale.

This prospectus is dated October 23, 2007

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#### TABLE OF CONTENTS

	<u>Page</u>
<a href="#">ABOUT THIS PROSPECTUS</a>	1
<a href="#">WHERE YOU CAN FIND MORE INFORMATION</a>	1
<a href="#">A WARNING ABOUT FORWARD-LOOKING STATEMENTS</a>	2
<a href="#">ABOUT SOUTHERN UNION</a>	3
<a href="#">ABOUT PANHANDLE</a>	3
<a href="#">USE OF PROCEEDS</a>	4
<a href="#">LEGAL MATTERS</a>	4
<a href="#">EXPERTS</a>	4

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#### ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or SEC, using a “shelf” registration process. Under this shelf registration process, we may sell any combination of the securities described in this prospectus in one or more offerings. The exhibits to our registration statement contain the full text of certain contracts and other important documents that we have summarized in this prospectus. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents. The registration statement and the exhibits can be obtained from the SEC as indicated under the heading “Where You Can Find More Information.”

Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the securities offered and the terms of that offering. The prospectus supplement may also add to, update or change information contained in this prospectus and, accordingly, to the extent inconsistent, information in this prospectus is superseded by the information in the prospectus supplement.

The prospectus supplement to be attached to the front of this prospectus may describe, as applicable:

- the terms of the securities offered;

- the initial public offering price;
- the price paid for the securities;
- the net offering proceeds; and
- the other specific terms related to the offering of the offered securities.

When acquiring any securities discussed in this prospectus, you should rely only on the information provided in this prospectus and the accompanying prospectus supplement, including the information incorporated by reference herein and therein. We have not authorized anyone to provide you with different information. We are not offering the securities in any state or jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus, any accompanying prospectus supplement or any document incorporated by reference herein or therein is accurate and complete as of any date other than the date on the front cover page of those documents.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus to “we,” “us,” “our” or similar references mean Southern Union Company (or *Southern Union*), and Panhandle Eastern Pipe Line Company, LP (*Panhandle* or the *Company*). References to “Southern Union” refer only to Southern Union Company and not any of its subsidiaries unless otherwise specified or the context requires otherwise.

### WHERE YOU CAN FIND MORE INFORMATION

Both Southern Union and Panhandle file annual, quarterly and current reports and other information with the SEC. Our SEC filings are available to the public from the SEC’s Internet site at <http://www.sec.gov> or from our Internet site at <http://www.sug.com>. You also may read and copy any document we file at the SEC’s public reference room in Washington, D.C., located at 100 F Street, N.E., Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Southern Union’s stock is listed and traded on the New York Stock Exchange (the “NYSE”). You may also inspect the information Southern Union files with the SEC at the NYSE’s offices at 20 Broad Street, New York, New York 10005. Information about us is also available at our Internet site at <http://www.sug.com>. However, the information on our Internet site is not a part of, and is not incorporated into, this prospectus.

The SEC allows us to “incorporate by reference” in this prospectus the information in the documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, and information in documents that we subsequently file with the SEC will automatically update and supersede information contained in documents filed earlier with the SEC or contained in this prospectus. We incorporate by reference in this prospectus the documents listed below and any future filings that we may make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), until we sell all of the securities that may be offered by this prospectus; provided, however, that we are not incorporating any information furnished under either Item 2.02 or Item 7.01 (or former Item 9 or Item 12) of any Current Report on Form 8-K.

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- Southern Union’s Annual Report on Form 10-K for the fiscal year ended December 31, 2006.
  - Southern Union’s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2007 and June 30, 2007.
  - Southern Union’s Current Reports on Form 8-K filed on January 3, 2007; January 3, 2007; January 4, 2007; January 19, 2007; February 1, 2007; February 20, 2007; March 1, 2007; March 6, 2007; March 21, 2007; March 23, 2007; April 2, 2007; July 6, 2007; and October 23, 2007.
  - Panhandle’s Annual Report on Form 10-K for the fiscal year ended December 31, 2006.
  - Panhandle’s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2007 and June 30, 2007.
  - Panhandle’s Current Reports on Form 8-K filed on March 21, 2007 and July 6, 2007.

You may request a copy of these filings (other than exhibits to such filings, unless the exhibits are specifically incorporated by reference in such filings) at no cost to you by calling (713) 989-2000 or writing to the following address:

Southern Union Company  
 5444 Westheimer Road  
 Houston, Texas 77056  
 Attn: Investor Relations

### A WARNING ABOUT FORWARD-LOOKING STATEMENTS

This prospectus contains some forward-looking statements that set forth anticipated results based on our management’s plans and assumptions. From time to time, we also provide forward-looking statements in other materials we release to the public as well as oral forward-looking statements. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. We have tried, wherever possible, to identify such statements by using words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “will” and similar expressions in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated products, expenses, interest rates, the outcome of contingencies, such as legal proceedings, and financial results.

We cannot guarantee that any forward-looking statement will be realized, although our management believes that we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. If known or unknown risks or

uncertainties should materialize, or if underlying assumptions should prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements.

We undertake no obligation publicly to update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-K, 10-Q and 8-K reports to the SEC. Also note that we provide cautionary

discussion of risks, uncertainties and possibly inaccurate assumptions relevant to our businesses in our reports to the SEC on Forms 10-K, 10-Q and 8-K incorporated by reference herein and in prospectus supplements and other offering materials. These are factors that, individually or in the aggregate, management believes could cause our actual results to differ materially from expected and historical results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider such disclosures to be a complete discussion of all potential risks or uncertainties.

#### **ABOUT SOUTHERN UNION**

Southern Union owns and operates assets in the regulated and unregulated natural gas industry and is primarily engaged in the gathering, processing, transportation, storage and distribution of natural gas in the United States. Through Southern Union's wholly-owned subsidiary, Panhandle Eastern Pipe Line Company, LP, and its subsidiaries, Southern Union owns and operates approximately 10,000 miles of interstate pipelines that transport up to 5.3 billion cubic feet per day (*Bcf/d*) of 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 regions. Through its investment in Citrus Corp., Southern Union has an interest in and operates Florida Gas Transmission Company, an interstate pipeline company that transports natural gas from producing areas in South Texas through the Gulf Coast region to Florida. Through its wholly-owned subsidiary, Southern Union Gas Services, Southern Union owns approximately 4,800 miles of natural gas and natural gas liquids gathering pipelines, four cryogenic plants and six natural gas treatment plants. Southern Union Gas Services is engaged in the gathering, transmission, treating, processing and redelivery of natural gas and natural gas liquids in Texas and New Mexico. Through its regulated utility operations - Missouri Gas Energy and the Massachusetts operations of New England Gas Company, Southern Union serves natural gas end-user customers in Missouri and Massachusetts, respectively.

Southern Union was incorporated in 1932 in the state of Delaware. Southern Union's principal offices are located at 5444 Westheimer Road, Houston, Texas 77056, and its telephone number is (713) 989-2000. Southern Union's website can be accessed at <http://www.sug.com>. Information contained in our website does not constitute part of, and is not incorporated into, this prospectus.

#### **ABOUT PANHANDLE**

Panhandle Eastern Pipe Line Company, LP, is an indirect wholly-owned subsidiary of Southern Union. Panhandle's business purpose is to provide natural gas transportation and storage in a safe, efficient and dependable manner. Panhandle also owns and operates a liquefied natural gas ("LNG") import terminal, located on Louisiana's Gulf Coast, which is one of the largest operating LNG facilities in North America. Panhandle operates approximately 10,000 miles of interstate pipelines that transport up to 5.3 Bcf/d of natural gas.

Originally organized as a Delaware corporation in 1929, Panhandle converted to a Delaware limited liability company in June 2003 and then converted to a Delaware limited partnership on June 29, 2004. Panhandle's principal offices are located at 5444 Westheimer Road, Houston, Texas 77056, and its telephone number is (713) 989-7000. Information about Panhandle can be found on Panhandle's website at <http://www.panhandleenergy.com>. Information contained in our website does not constitute part of, and is not incorporated into, this prospectus.

#### **USE OF PROCEEDS**

Unless otherwise indicated in the prospectus supplement, the net proceeds received by Panhandle from the sale of securities offered by this prospectus will be used to repay debt, to fund acquisitions and for general corporate purposes. Net proceeds may be temporarily invested prior to use.

#### **LEGAL MATTERS**

In connection with the particular offerings of the securities in the future, and if stated in the applicable prospectus supplement, the validity of those securities may be passed upon for us by Locke Lord Bissell & Liddell LLP, Washington, D.C. Legal counsel to any underwriters may pass upon legal matters for such underwriters.

#### **EXPERTS**

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated into this Post-Effective Amendment No. 1 to Registration Statement on Form S-3 by reference to the Annual Report on Form 10-K of Southern Union Company for the year ended December 31, 2006 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Panhandle Eastern Pipe Line Company, LP incorporated into this Post-Effective Amendment No. 1 to Registration Statement on Form S-3 by reference to the Annual Report on Form 10-K of Panhandle Eastern Pipe Line Company, LP for the year ended December 31, 2006 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.



Panhandle Eastern Pipe Line Company, LP

Debt Securities

PROSPECTUS

October 23, 2007

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

**Item 14. Other Expenses of Issuance and Distribution**

The following table sets forth an estimate of the fees and expenses payable by the Registrant in connection with the securities being registered under this registration statement. All of such fees and expenses are estimated:

Registration Fee — Securities and Exchange Commission	\$	*
Trustee Fees and Expenses		**
Accounting Fees and Expenses		**
Legal Fees and Expenses		**
Printing Fees and Expenses		**
Rating Agency Fees and Expenses		**
Transfer Agent Fees		**
Miscellaneous		**
Total		**

\* The registrant is deferring payment of the registration fees in reliance on Rule 456(b) and Rule 457(r) under the Securities Act.

\*\* These fees and expenses depend on the securities offered and the number of issuances, and accordingly cannot be estimated at this time.

**Item 15. Indemnification of Directors and Officers**

**Southern Union Company**

Section 102(b)(7) of the Delaware General Corporation Law (the “DGCL”) provides, generally, that the certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, *provided* that such provision may not eliminate or limit the liability of a director (i) for any breach of the director’s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. No such provision may eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision became effective.

Article Twelfth of our certificate of incorporation provides as follows:

TWELFTH: To the fullest extent permitted by the Delaware General Corporation Law, as it now exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Any repeal or modification of this section by the stockholders of the Corporation shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

Section 145 of the DGCL provides, generally, that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (except actions by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation against all expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best

interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. A corporation may similarly indemnify such person for expenses actually and reasonably incurred by such person in connection with the defense or settlement of any action or suit by or in the right of the corporation, *provided* that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in the case of claims, issues and matters as to which such person shall have been adjudged liable to

the corporation, *provided* that a court shall have determined, upon application, that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Article XI of our bylaws provides as follows:

Section 1. Power to Indemnify in Actions, Suits or Proceedings Other Than Those by or in the Right of the Company. Subject to Section 3 of this Article XI, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that such person (or the legal representative of such person) is or was a director or officer of the Company or any predecessor of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director or officer, employee or agent of another company, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Company. Subject to Section 3 of this Article XI, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person (or the legal representative of such person) is or was a director or officer of the Company or any predecessor of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another company, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article XI (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article XI, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders (but only if a majority of the directors who are not parties to such action, suit or proceeding, if they constitute a quorum of the board of directors, presents the issue of entitlement to indemnification

II-2

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to the stockholders for their determination). Such determination shall be made, with respect to former directors and officers, by any person or persons authorized by the Board to act on the matter on behalf of the Company. To the extent, however, that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article XI, to the fullest extent permitted by applicable law, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Company or another enterprise, or on information supplied to such person by the officers of the Company or another enterprise in the course of their duties, or on the advice of legal counsel for the Company or another enterprise or on information or records given or reports made to the Company or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other Company or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Company as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article XI, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article XI, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article XI. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standards of conduct set forth in Section 1 or 2 of this Article XI, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article XI nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Company promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. To the fullest extent not prohibited by the DGCL, or by any other applicable law, expenses incurred by a person who is or was a director in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding; provided, however, that if the DGCL requires, an advance of expenses incurred by any person in his or her capacity as a director or officer (and not in any other capacity) shall be made only upon receipt of an undertaking by or on behalf of such

person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Company as authorized in this Article XI.

Section 7. Nonexclusivity of Indemnification. The indemnification provided by or granted pursuant to this Article XI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Certificate of Incorporation, any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Company that indemnification of the persons specified in Sections 1 and 2 of this Article XI shall be made to the fullest extent permitted by law. The provisions of this Article XI shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or 2 of this Article XI but whom the Company has the power or obligation to indemnify under the provisions of the DGCL, or otherwise. The Company is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

II-3

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Section 8. Insurance. To the fullest extent permitted by the DGCL or any other applicable law, the Company shall undertake its best efforts to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was a director, officer, employee or agent of the Company serving at the request of the Company as a director, officer, employee or agent of another company, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power or the obligation to indemnify such person against such liability under the provisions of this Article XI. Such insurance shall be in such coverage amounts, and on such terms, as from time to time approved by a majority of the directors.

Section 9. Certain Definitions. For purposes of this Article XI, references to "the Company" shall include, in addition to the resulting company, any constituent company (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent company, or is or was a director or officer of such constituent company serving at the request of such constituent company as a director, officer, employee or agent of another company, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article XI with respect to the resulting or surviving company as such person would have with respect to such constituent company if its separate existence had continued. For purposes of this Article XI, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Article XI.

Section 10. Survival of Indemnification. The rights to indemnification conferred by this Article XI shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, administrators and other personal and legal representatives of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article XI to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Company shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Company.

Section 12. Indemnification of Employees and Agents. The Company may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification to employees and agents of the Company similar to those conferred in this Article XI to directors and officers of the Company.

Section 13. Effect of Amendment or Repeal. Neither any amendment or repeal of any Section of this Article XI, nor the adoption of any provision of the Certificate or the bylaws inconsistent with this Article XI, shall adversely affect any right or protection of any director, officer, employee or other agent established pursuant to this Article XI existing at the time of such amendment, repeal or adoption of an inconsistent provision, including without limitation by eliminating or reducing the effect of this Article XI, for or in respect of any act, omission or other matter occurring, or any action or proceeding accruing or arising (or that, but for this Article XI, would accrue or arise), prior to such amendment, repeal or adoption of an inconsistent provision.

***Panhandle Eastern Pipe Line Company, LP***

Subject to any terms, conditions or restrictions set forth in the Agreement of Limited Partnership (the "LP Agreement") of Panhandle Eastern Pipe Line Company, LP ("Panhandle"), Section 17-108 of the Delaware Revised Uniform Limited Partnership Act empowers a Delaware limited partnership to indemnify and hold harmless any partner or other person from and against any and all claims and demands whatsoever.

II-4

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Accordingly, Section 6.2(a)(ii) of the LP Agreement (filed as Exhibit 4.4 to this Registration Statement) provides that the general partner of Panhandle has full power and authority to indemnify any Person against liabilities and contingencies to the extent permitted by law. For purposes of the LP Agreement and as used herein, "Person" means an individual or corporation, limited liability company, partnership (general or limited), joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity. The general partner and Panhandle may purchase and maintain insurance, to the extent and in such amounts as the general partner shall, in its sole discretion, deem reasonable to cover the potential liabilities of the Indemnified Persons and such other Persons as the general partner determines. For purposes of the LP Agreement and as used herein, "Indemnified Persons" means general partner, its affiliates and all directors, officers, shareholders, partners, employees, representatives and agents of the general partner and its affiliates and all officers, employees, representatives and agents of Panhandle and its affiliates.

Southern Union has purchased liability insurance policies covering its directors and officers and Panhandle's officers to provide protection where we cannot legally indemnify a director or officer and where a claim arises under the Employee Retirement Income Security Act of 1974 against a director or

officer based on an alleged breach of fiduciary duty or other wrongful act.

#### **Item 16. Exhibits**

See Exhibit Index immediately following the signature page hereof, which is incorporated herein by reference.

#### **Item 17. Undertakings**

(a) The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by us pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

II-5

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(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by a registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof; *provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of a registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, each undersigned registrant undertakes that in a primary offering of securities of an undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, an undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of an undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of an undersigned registrant or used or referred to by an undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about an undersigned registrant or its securities provided by or on behalf of an undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by an undersigned registrant to the purchaser.

(b) Each undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration



statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the provisions referred to in Item 15 hereof, or otherwise, the registrants have been advised that in the opinion of the Securities and Exchange Commission such

II-6

indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a registrant of expenses incurred or paid by directors, officers or controlling persons of a registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by the registrant is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(d) Each undersigned registrant hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Securities Act.

II-7

### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on October 23, 2007.

SOUTHERN UNION COMPANY

By: /s/ RICHARD N. MARSHALL

Richard N. Marshall  
Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement on Form S-3 has been signed by the following persons in the capacities indicated on October 23, 2007.

<u>SIGNATURE</u>	<u>TITLE</u>
<u>*</u>	Chairman of the Board, President, and Chief Executive Officer (Principal Executive Officer)
<u>George L. Lindemann</u>	
<u>/s/ RICHARD N. MARSHALL</u>	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
<u>Richard N. Marshall</u>	
<u>*</u>	Vice President and Controller (Chief Accounting Officer)
<u>George E. Aldrich</u>	
<u>*</u>	Director
<u>David Brodsky</u>	
<u>*</u>	Director
<u>Frank W. Denius</u>	
<u>*</u>	Director
<u>Kurt A. Gitter, M.D.</u>	
<u>*</u>	Director
<u>Herbert H. Jacobi</u>	
<u>*</u>	Director
<u>Adam M. Lindemann</u>	
<u>*</u>	Director
<u>Thomas N. McCarter, III</u>	

II-8

\*  
\_\_\_\_\_  
**George Rountree, III**

Director

\*  
\_\_\_\_\_  
**Allan Scherer**

Director

\*By: \_\_\_\_\_  
/s/ ROBERT M. KERRIGAN, III  
**Robert M. Kerrigan, III**  
**Attorney-in-fact**

II-9

### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on October 23, 2007.

PANHANDLE EASTERN PIPE LINE COMPANY, LP

By: /s/ ROBERT O. BOND  
\_\_\_\_\_  
Robert O. Bond  
President and Chief Operating Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement on Form S-3 has been signed by the following persons in the capacities indicated on October 23, 2007.

SIGNATURE	TITLE
_____ /s/ ROBERT O. BOND <b>Robert O. Bond</b>	President, and Chief Operating Officer (Principal Executive Officer)
_____ /s/ RICHARD N. MARSHALL <b>Richard N. Marshall</b>	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
_____ /s/ GARY W. LEFELAR <b>Gary W. Lefelar</b>	Senior Vice President and Chief Accounting Officer (Chief Accounting Officer)
A majority of the Board of Directors of Southern Union Company, Sole Member of Southern Union Panhandle, LLC, General Partner of Panhandle Eastern Pipe Line Company, LP	
_____ /s/ GEORGE L. LINDEMANN <b>George L. Lindemann</b>	Chairman, Southern Union Company
_____ /s/ DAVID BRODSKY <b>David Brodsky</b>	Director, Southern Union Company
_____ /s/ FRANK W. DENIUS <b>Frank W. Denius</b>	Director, Southern Union Company
_____ /s/ KURT A. GITTER, M.D. <b>Kurt A. Gitter, M.D.</b>	Director, Southern Union Company
_____ /s/ HERBERT H. JACOBI <b>Herbert H. Jacobi</b>	Director, Southern Union Company

II-10

_____ /s/ ADAM M. LINDEMANN <b>Adam M. Lindemann</b>	Director, Southern Union Company
_____ /s/ THOMAS N. MCCARTER, III <b>Thomas N. McCarter, III</b>	Director, Southern Union Company
_____ /s/ GEORGE ROUNTREE, III <b>George Rountree, III</b>	Director, Southern Union Company

**Allan Scherer**

II-11

**EXHIBIT INDEX**

<b>EXHIBIT NUMBER</b>	<b>EXHIBIT DESCRIPTION</b>
1.1	Form of Underwriting Agreement for debt securities.*
1.2	Form of Underwriting Agreement for common stock.*
1.3	Form of Underwriting Agreement for preferred stock.*
1.4	Form of Underwriting Agreement for warrants.*
1.5	Form of Underwriting Agreement for securities purchase contracts.*
1.6	Form of Underwriting Agreement for securities purchase units.*
1.7	Form of Underwriting Agreement for depositary shares.*
4.1	Amended and Restated Certificate of Incorporation of Southern Union Company. (Filed as Exhibit 3(a) to Southern Union Company's Annual report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference.)
4.2	Amended and Restated Bylaws of Southern Union Company. (Filed as Exhibit 3(b) to Southern Union Company's Annual report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference.)
4.3	Certificate of Formation of Panhandle Eastern Pipe Line Company, LP. (Filed as Exhibit 3.A to Panhandle Eastern Pipe Line Company, LP's Form 10-K for the fiscal year ended December 31, 2004 and incorporated herein by reference.)
4.4	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 Panhandle Eastern Pipe Line Company, LP's Form 10-K for the fiscal year ended December 31, 2004 and incorporated herein by reference.)
4.5	Senior Debt Securities Indenture between Southern Union Company and JP Morgan Chase Bank (as successor to the Chase Manhattan Bank, N.A.), as Trustee. (Filed as Exhibit 4.1 to Southern Union's Current Report on Form 8-K dated February 15, 1994 and incorporated herein by reference.)
4.6	Supplemental Indenture No. 1 to Senior Debt Securities Indenture between Southern Union Company and JP Morgan Chase Bank, dated as of June 11, 2003. (Filed as Exhibit 4.5 to Southern Union's Current Report on Form 8-K dated June 20, 2003 and incorporated herein by reference.)
4.7	Supplemental Indenture No. 2 to Senior Debt Securities Indenture between Southern Union Company and JP Morgan Chase Bank, dated as of February 11, 2005. (Filed as Exhibit 4.4 to Southern Union's Report on Form 8-A/A dated February 22, 2005 and incorporated herein by reference.)
4.8	Subordinated Debt Securities Indenture between Southern Union Company and JP Morgan Chase Bank (as successor to The Chase Manhattan Bank, N.A.) as trustee. (Filed as Exhibit 4-G to Southern Union's Registration Statement on Form S-3 (No. 33-58297) and incorporated herein by reference.)
4.9	Indenture dated as of March 29, 1999, among CMS Panhandle Holding Company, Panhandle Eastern Pipe Line Company and NBD Bank, as Trustee (Filed as Exhibit 4(a) to Panhandle Eastern Pipe Line Company, LP's Form 10-Q for the quarter ended March 31, 1999 and incorporated herein by reference.)
4.10	1 <sup>st</sup> Supplemental Indenture dated as of March 29, 1999, among CMS Panhandle Holding Company, Panhandle Eastern Pipe Line Company and NBD Bank, 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 Panhandle Eastern Pipe Line Company, LP's Form 10-Q for the quarter ended March 31, 1999 and incorporated herein by reference.)
4.11	2 <sup>nd</sup> Supplemental Indenture dated as of March 27, 2000, between Panhandle Eastern Pipe Line Company, LP, as Issuer, and J.P. Morgan Trust Company, N.A. (formerly known as Bank One Trust Company, National Association), as Trustee (Filed as Exhibit 4(e) to Panhandle Eastern Pipe Line Company, LP's Form S-4 filed on June 22, 2000 and incorporated herein by reference.)
4.12	3 <sup>rd</sup> Supplemental Indenture dated as of March 12, 2004, between Panhandle Eastern Pipe Line Company, LP, as Issuer, and J.P. Morgan Trust Company, N.A. (formerly known as Bank One Trust Company, National Association), as Trustee (Filed as Exhibit 4(e) to Panhandle Eastern Pipe Line Company, LP's Form 10-Q for the quarter ended September 30, 2003 and incorporated herein by reference.)

II-12

- 4.13 4<sup>th</sup> Supplemental Indenture dated as of March 12, 2004, between Panhandle Eastern Pipe Line Company, LP, as Issuer, and J.P. Morgan Trust Company, N.A. (formerly known as Bank One Trust Company, National Association), as Trustee (Filed as Exhibit 4(e) to Panhandle Eastern Pipe Line Company, LP's Form S-4 (No. 115425) filed on May 12, 2004 and incorporated herein by reference.)
- 4.14 Form of 5<sup>th</sup> Supplemental Indenture between Panhandle Eastern Pipe Line Company, LP, as Issuer, and The Bank of New York, N.A. (formerly known as J.P. Morgan Trust Company, N.A., Bank One Trust Company, National Association and NBD Bank), as Trustee.
- 4.15 Form of Senior Debt Security of Southern Union Company.\*
- 4.16 Form of Subordinated Debt Security.\*
- 4.17 Form of Warrant Agreement.\*
- 4.18 Form of Warrant Certificate.\*
- 4.19 Form of Deposit Agreement.\*
- 4.20 Form of Depositary Receipt.\*
- 4.21 Form of Purchase Contract.\*
- 4.22 Form of Purchase Unit.\*
- 4.23 Form of Debt Security of Panhandle Eastern Pipe Line Company, LP.\*
- 5.1 Opinion of Locke Lord Bissell & Liddell LLP, including the consent of such firm.
- 12.1 Computation of Ratio of Earnings to Fixed Charges of Southern Union Company.
- 12.2 Computation of Ratio of Earnings to Fixed Charges of Panhandle Eastern Pipe Line Company, LP.
- 23.1 Consent of PricewaterhouseCoopers LLP.
- 23.2 Consent of PricewaterhouseCoopers LLP.
- 23.3 Consent of PricewaterhouseCoopers LLP.

II-13

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- 23.4 Consent of Locke Lord Bissell & Liddell LLP (contained in the opinion of counsel filed as Exhibit 5.1).
- 24.1 Power of Attorney for Southern Union Company. \*\*
- 24.2 Power of Attorney for Panhandle Eastern Pipe Line Company, LP.
- 25.1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of JP Morgan Chase Bank, as Trustee under the Senior Debt Securities Indenture (previously filed as Exhibit 25 to Southern Union's Registration Statement on Form S-3 (No. 033-51461) Amendment No. 1 and incorporated herein by reference.)
- 25.2 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of JP Morgan Chase Bank, as Trustee under the Subordinated Debt Securities Indenture (previously filed as Exhibit 25.1 to Southern Union's Registration Statement on Form S-3 (No. 333-102388) Amendment No. 1 and incorporated herein by reference.)
- 25.3 Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of J.P. Morgan Trust Company, N.A. (formerly known as Bank One Trust Company, National Association) (Filed as Exhibit 25 to Panhandle Eastern Pipe Line Company, LP's Registration Statement on Form S-4, filed December 15, 2003 (SEC File No. 333-111178) and incorporated herein by reference.)

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\* To be filed by amendment or by Issuer as part of a Current Report on Form 8-K.

\*\* Previously filed

II-14

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FIFTH SUPPLEMENTAL INDENTURE

between

PANHANDLE EASTERN PIPE LINE COMPANY, LP

Issuer

and

THE BANK OF NEW YORK TRUST COMPANY, N.A

Trustee

Dated as of October [•], 2007

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Table of Contents

ARTICLE I  
DEFINITIONS

SECTION 1.1	Definition of Terms	3
-------------	---------------------	---

ARTICLE II  
GENERAL TERMS AND CONDITIONS OF THE SENIOR NOTES

SECTION 2.1	Designation and Principal Amount of the Senior Notes	10
SECTION 2.2	Maturity of the Senior Notes	10
SECTION 2.3	Interest on the Senior Notes	10
SECTION 2.4	Form of the Senior Notes	10
SECTION 2.5	Redemption of the Senior Notes	10

ARTICLE III  
COVENANTS

SECTION 3.1	Limitation on Restricted Payments	11
SECTION 3.2	Limitation on Liens	12
SECTION 3.3	Restriction on Sale-Leasebacks	14
SECTION 3.4	Financial Information	15
SECTION 3.5	Applicability of Covenants	16

ARTICLE IV  
DEFAULT

SECTION 4.1	General	16
SECTION 4.2	Additional Event of Default	16

ARTICLE V  
DEFEASANCE

SECTION 5.1	General	16
SECTION 5.2	Covenant Defeasance	16

ARTICLE VI  
FORM OF SENIOR NOTES

SECTION 6.1	Form of Senior Notes	17
-------------	----------------------	----

ARTICLE VII  
ISSUANCE OF SENIOR NOTES

SECTION 7.1	Original Issue of Senior Notes	25
SECTION 7.2	Additional Senior Notes	25

ARTICLE VIII  
MISCELLANEOUS

SECTION 8.1	Ratification of Indenture	25
SECTION 8.2	Trustee Not Responsible for Recitals	26
SECTION 8.3	Governing Law	26
SECTION 8.4	Separability	26
SECTION 8.5	Counterparts	26

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FIFTH SUPPLEMENTAL INDENTURE, dated as of October [•], 2007 (the “Fifth Supplemental Indenture”), between Panhandle Eastern Pipe Line Company, LP (formerly known as Panhandle Eastern Pipe Line LLC and Panhandle Eastern Pipe Line Company), a Delaware limited partnership (the “Issuer”), and The Bank of New York Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association), as trustee (the “Trustee”) under the indenture, dated as of March 29, 1999, among the Issuer, CMS Panhandle Holding Company, a Michigan corporation, and NBD Bank, as trustee (the “Base Indenture” and, as so supplemented, the “Indenture”).

WHEREAS, CMS Panhandle Holding Company and the Issuer executed and delivered the Base Indenture to NBD Bank to provide for the future issuance of CMS Panhandle Holding Company’s unsecured debt securities guaranteed by the Issuer, to be issued from time to time in one or more series as might be determined by CMS Panhandle Holding Company under the Indenture, in an unlimited aggregate principal amount which may be authenticated and delivered as provided in the Base Indenture;

WHEREAS, the Issuer, CMS Panhandle Holding Company, and NBD Bank executed the First Supplemental Indenture, dated as of March 29, 1999, under which CMS Panhandle Holding Company issued a series of Debt Securities in three tranches known as its 6.125% Senior Notes due 2004, 6.500% Senior Notes due 2009 and 7.000% Senior Notes due 2029 in aggregate principal amounts of \$300,000,000, \$200,000,000 and \$300,000,000, respectively;

WHEREAS, Panhandle Eastern Pipe Line Company became the Issuer as provided for in the Base Indenture as a result of the merger of CMS Panhandle Holding Company into Panhandle Eastern Pipe Line Company, effective June 15, 1999, and Bank One Trust Company, National Association became the Trustee provided for in the Base Indenture as a result of the merger of NBD Bank into Bank One Trust Company, National Association;

WHEREAS, the Issuer and the Trustee executed the Second Supplemental Indenture, dated as of March 27, 2000, under which the Issuer issued a series of Debt Securities known as its 8.25% Senior Notes due 2010, Series A, in the principal amount of \$100,000,000 (the “2010 A Senior Notes”), and a series of senior notes to be issued in exchange for the 2010 A Senior Notes, known as the Issuer’s “8.25% Senior Notes Due 2010, Series B,” in the principal amount of \$100,000,000;

WHEREAS, in June, 2003, Southern Union Panhandle, LLC, a wholly-owned subsidiary of Southern Union Company (“Southern Union”), acquired all of the outstanding capital stock of the Issuer, after which Southern Union caused Panhandle Eastern Pipe Line Company to convert to a Delaware limited liability company;

WHEREAS, the Issuer and the Trustee executed the Third Supplemental Indenture, dated as of August 18, 2003, to provide for the establishment of two new series of its Debt Securities: (i) the 4.80% Senior Notes due 2008 in the initial principal amount of \$300,000,000, consisting of two tranches, the first tranche of 4.80% Senior Notes due 2008 known as “4.80% Senior Notes due 2008, Series A” (the “4.80% Series A Notes”), and the second tranche of 4.80% Senior Notes due 2008 to be issued in exchange for the 4.80% Series A Notes, known as “4.80% Senior Notes due 2008, Series B”; and (ii) the 6.05% Senior Notes due 2013 in the initial

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principal amount of \$250,000,000, consisting of two tranches, the first tranche of 6.05% Senior Notes due 2013 known as “6.05% Senior Notes due 2013, Series A” (the “6.05% Series A Notes”), and the second tranche of 6.05% Senior Notes due 2013 to be issued in exchange for the 6.05% Series A Notes, known as the “6.05% Senior Notes due 2013, Series B”;

WHEREAS, J.P. Morgan Trust Company, National Association became the Trustee provided for in the Base Indenture as a result of the assumption of certain assets of Bank One Trust Company, National Association by a merger subsidiary which later merged with and into J.P. Morgan Trust Company, National Association;

WHEREAS, the Issuer and Trustee executed the Fourth Supplemental Indenture, dated of a March 12, 2004, under which the Issuer issued two new series of its Debt Securities: (i) the 2.75% Senior Notes due 2007, Series A, in the initial principal amount of \$200,000,000 (the “Series A Notes”), and (ii) the second series, to be issued in exchange for the Series A Notes, known as the “2.75% Senior Notes due 2007, Series B”;

WHEREAS, in June 2004, the Issuer converted from a Delaware limited liability company to a Delaware limited partnership;

WHEREAS, in October 2006, The Bank of New York Trust Company, N.A. became the Trustee provided for in the Base Indenture as a result of the sale by The Bank of New York Company, Inc. of its retail and regional middle market banking business to JP Morgan Chase & Co. in exchange for, among other things, the acquisition of J.P. Morgan Trust Company, National Association;

WHEREAS, the Issuer desires to issue a new series of Debt Securities known as the [•]% Senior Notes due 2017, in the principal amount of \$[•] (the “Senior Notes”), the form and substance of such Senior Notes and the terms, provisions and conditions thereof to be set forth as provided in the Base Indenture and this Fifth Supplemental Indenture,

WHEREAS, there is no limit on the amount of Additional Senior Notes (as defined below) that may be issued after the initial issuance of the Initial Senior Notes (as defined below), *provided* that at the time of issuance of any Additional Senior Notes no Default or Event of Default shall have occurred and be continuing;

WHEREAS, on October [•], 2007, the Issuer registered the Senior Notes under the Securities Act pursuant to the Post-Effective Amendment No. 1 to Form S-3 Registration Statement (Registration No. 333-137998);

WHEREAS, the Issuer wishes to amend and add certain provisions to the Base Indenture for the benefit of the holders of the Senior Notes; and

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Fifth Supplemental Indenture, and all requirements necessary to make this Fifth Supplemental Indenture a valid instrument, in accordance with its terms, and to make the Senior Notes, when executed by the Issuer and authenticated and delivered by the Trustee, the valid obligations of the Issuer, have been performed, and the execution and delivery of this Fifth Supplemental Indenture has been duly authorized in all respects:

2

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NOW THEREFORE, in consideration of the purchase and acceptance of the Senior Notes to be issued hereunder by the holders thereof, and for the purpose of setting forth, as provided in the Indenture, the form and substance of the Senior Notes and the terms, provisions and conditions thereof, the Issuer covenants and agrees with the Trustee as follows:

## ARTICLE I DEFINITIONS

### SECTION 1.1      Definition of Terms.

Unless the context otherwise requires:

- (a) a term defined in the Base Indenture has the same meaning when used in this Fifth Supplemental Indenture;
- (b) a term defined anywhere in this Fifth Supplemental Indenture has the same meaning throughout;
- (c) the singular includes the plural and vice versa;
- (d) a reference to a Section or Article is to a Section or Article of this Fifth Supplemental Indenture;
- (e) headings are for convenience of reference only and do not affect interpretation;
- (f) the following terms have the meanings given to them in this Section 1.01(f):

“Additional Senior Notes” means any additional Senior Notes (other than Initial Senior Notes) issued from time to time under this Fifth Supplemental Indenture in accordance with Section 2.04 of the Base Indenture, as a part of the same series as the Initial Senior Notes; *provided*, that no Additional Senior Notes may be issued during the continuance of a Default or an Event of Default.

“Adjusted Consolidated Net Income” means, for any period, the net income of the Issuer and its Consolidated Subsidiaries, plus (i) depreciation and amortization expense of the Issuer and its Consolidated Subsidiaries, (ii) income taxes and deferred taxes of the Issuer and its Consolidated Subsidiaries and (iii) other non-cash charges, in each case, determined on a consolidated basis in accordance with generally accepted accounting principles; *provided, however*, that there shall not be included in such Adjusted Consolidated Net Income any net income of any Person if such Person is not a Subsidiary, except that (A) the Issuer’s equity in the net income of any such Person for such period shall be included in such Adjusted Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Issuer or a Consolidated Subsidiary of the Issuer as a dividend or other distribution and (B) the Issuer’s equity in a net loss of any such Person for such period shall be included in determining such Adjusted Consolidated Net Income.

“Capital Stock” means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) corporate stock or

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limited partnership interests, including any Preferred Stock or letter stock; *provided* that Hybrid Preferred Securities are not considered Capital Stock for purposes of this definition.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Senior Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Senior Notes.

“Comparable Treasury Price” means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Consolidated Debt” means the total Debt of the Issuer and its Consolidated Subsidiaries, as set forth on the consolidated balance sheet of the Issuer and its Consolidated Subsidiaries for the Issuer’s most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles.

“Consolidated Interest Expense” means, for any period, the total interest expense in respect of Consolidated Debt of the Issuer and its Consolidated Subsidiaries, including, without duplication, (i) interest expense attributable to capital leases, (ii) amortization of debt discount, (iii) capitalized interest, (iv) cash and noncash interest payments, (v) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing, (vi) net costs under Interest Rate Protection Agreements (including amortization of discount), and (vii) interest expense in respect of obligations of other Persons that constitutes Debt of the Issuer or any of its Consolidated Subsidiaries, *provided, however*, that Consolidated Interest Expense shall exclude any costs otherwise included in interest expense recognized on early retirement of debt.

“Consolidated Net Tangible Assets” means, at any date of determination, the total amount of assets after deducting therefrom (i) all current liabilities (excluding (A) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed, and (B) current maturities of long-term debt), and (ii) the value (net of any applicable reserves) of all goodwill, trade names, trademarks, patents and other like intangible assets, all as set forth on the consolidated balance sheet of the Issuer and its Consolidated Subsidiaries for the Issuer’s most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles. “Intangible assets” does not include any value write-up of tangible assets in connection with acquisition transactions accounted for on a purchase method.

“Consolidated Subsidiary” means any Subsidiary whose accounts are or are required to be consolidated with the accounts of the Issuer in accordance with generally accepted accounting principles.

“DTC” means The Depository Trust Company, or any successor thereto.

4

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“Debt” means any obligation created or assumed by any Person for the repayment of money borrowed and any purchase money obligation created or assumed by such Person.

“Depository” means, with respect to the Global Notes, DTC.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchangeable Stock” means any Capital Stock of a corporation or a limited liability company that is exchangeable or convertible into another security (other than Capital Stock of such corporation or limited liability company that is neither Exchangeable Stock nor Redeemable Stock).

“Fixed Charge Coverage Ratio” means the ratio of Adjusted Consolidated Net Income plus Consolidated Interest Expense to Consolidated Interest Expense, for the four fiscal quarters of the Issuer ending immediately prior to the date of determination.

“Funded Debt” means all Debt maturing one year or more from the date of the creation thereof, all Debt directly or indirectly renewable or extendable, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating thereto, to a date one year or more from the date of the creation thereof, and all Debt under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.

“Global Note” means a Senior Note evidencing all or part of a series of Senior Notes, issued to the Depository or its nominee with respect to such series of Senior Notes and registered in the name of such Depository or nominee.

“Holder” means a Person in whose name a Senior Note is registered.

“Hybrid Preferred Securities” means preferred securities issued by a Hybrid Preferred Securities Subsidiary, where such preferred securities have the following characteristics: (i) such Hybrid Preferred Securities Subsidiary lends substantially all of the proceeds from the issuance of such preferred securities to the Issuer in exchange for subordinated debt issued by the Issuer; (ii) such preferred securities contain terms providing for the deferral of distributions corresponding to provisions providing for the deferral of interest payments on such subordinated debt; and (iii) the Issuer makes periodic interest payments on such subordinated debt, which interest payments are in turn used by the Hybrid Preferred Securities Subsidiary to make corresponding payments to the holders of the Hybrid Preferred Securities.

“Hybrid Preferred Securities Subsidiary” means any business trust or limited partnership (or similar entity) (i) all of the common equity interest of which is owned (either directly or indirectly through one or more wholly-owned Subsidiaries of the Issuer) at all times by the Issuer, (ii) that has been formed for the purpose of issuing Hybrid Preferred Securities and (iii) substantially all of the assets of which consist at all times solely of subordinated debt issued by the Issuer and payments made from time to time on such subordinated debt.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Trustee after consultation with the Issuer.

5

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“Initial Senior Notes” means the initial \$[\*] aggregate principal amount of Senior Notes issued under this Fifth Supplemental Indenture.

“Interest Rate Protection Agreement” means any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement designed to protect the Issuer or any of its Subsidiaries against fluctuations in interest rates.

“Leverage Ratio” means 100% multiplied by the ratio of Consolidated Debt to Total Capital at the end of the most recent fiscal quarter preceding the date of determination.

“Lien” means any mortgage, pledge, security interest, charge, lien or other encumbrance of any kind, whether or not filed, recorded or perfected under applicable law.



“Loan” means any direct or indirect advance (other than advances to customers in the ordinary course of business that are recorded as receivables on the balance sheet of the Person making such advances), loan or other extension of credit (including by way of guarantee or similar arrangement) to another Person or any purchase of Debt issued by another Person, where such advance, loan, extension of credit or Debt is subordinated in right of payment to the senior creditors of the borrower.

“Moody’s” means Moody’s Investors Service, Inc., and any successor thereto which is a nationally recognized statistical rating organization, or if such entity shall cease to rate the Senior Notes or shall cease to exist and there shall be no such successor thereto, any other nationally recognized statistical rating organization selected by the Issuer which is acceptable to the Trustee.

“Non-Convertible Capital Stock” means, with respect to any corporation or any limited liability company, any non-convertible Capital Stock of such corporation or limited liability company and any Capital Stock of such corporation or limited liability company convertible solely into non-convertible Capital Stock other than Preferred Stock of such corporation or limited liability company; *provided, however*, that Non-Convertible Capital Stock shall not include any Redeemable Stock or Exchangeable Stock.

“Permitted Liens” means:

- (i) Liens upon rights-of-way for pipeline purposes;
- (ii) any governmental Lien, mechanics’, materialmen’s, carriers’ or similar Lien incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined Lien which is incidental to construction;
- (iii) the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture or to designate a purchaser of, any property;

6

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(iv) Liens for taxes and assessments which are (A) for the then current year, (B) not at the time delinquent, or (C) delinquent but the validity of which is being contested at the time by the Issuer or any of its Subsidiaries in good faith;

(v) Liens of, or to secure performance of, leases;

(vi) any Lien upon, or deposits of, any assets in favor of any surety company or clerk of court for the purpose of obtaining indemnity or stay of judicial proceedings;

(vii) any Lien upon property or assets acquired or sold by the Issuer or any Restricted Subsidiary resulting from the exercise of any rights arising out of defaults on receivables;

(viii) any Lien incurred in the ordinary course of business in connection with workmen’s compensation, unemployment insurance, temporary disability, social security, retiree health or similar laws or regulations or to secure obligations imposed by statute or governmental regulations;

(ix) any Lien upon any property or assets in accordance with customary banking practice to secure any Debt incurred by the Issuer or any Restricted Subsidiary in connection with the exporting of goods to, or between, or the marketing of goods in, or the importing of goods from, foreign countries; or

(x) any Lien in favor of the United States of America or any state thereof, or any other country, or any political subdivision of any of the foregoing, to secure partial, progress, advance or other payments pursuant to any contract or statute, or any Lien securing industrial development, pollution control or similar revenue bonds.

“Principal Property” means any natural gas pipeline system, natural gas gathering system or natural gas storage facility located in the United States, except any such property that in the opinion of the Board of Directors is not of material importance to the business conducted by the Issuer and its Consolidated Subsidiaries taken as a whole.

“Prospectus” shall mean the prospectus included in the Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including any such prospectus supplement with respect to the terms of the offering of any portion of the Senior Notes covered by the Registration Statement, and by all other amendments and supplements to a prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

“Redeemable Stock” means any Capital Stock that by its terms or otherwise is required to be redeemed prior to the 90th day before the stated maturity of any of the outstanding Senior Notes of any series or is redeemable at the option of the holder thereof at any time prior to the 90th day before the stated maturity of any of the outstanding Senior Notes of either series.

“Reference Treasury Dealer” means each of Banc of America Securities LLC and J.P. Morgan Securities Inc. or their affiliates plus two others which are primary U.S. Government securities dealers, and their respective successors; *provided, however*, that if any of the foregoing

7

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or their affiliates shall cease to be a primary U.S. Government securities dealer in The City of New York (a “Primary Treasury Dealer”), the Issuer shall substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

“Registration Statement” means that certain Post-Effective Amendment No. 1 to Form S-3 Registration Statement (Registration no. 333-137998) filed with the SEC by Issuer and Southern Union on October [22], 2007.

“Restricted Subsidiary” means any Subsidiary of the Issuer owning or leasing any Principal Property.

“Rule 144A” means Rule 144A under the Securities Act.

“Sale-Leaseback Transaction” means, with respect to the Issuer or any Restricted Subsidiary, the sale or transfer by the Issuer or such Restricted Subsidiary of any Principal Property to a Person (other than the Issuer or a Subsidiary of the Issuer) and the taking back by the Issuer or such Restricted Subsidiary, as the case may be, of a lease of such Principal Property. With respect to the Issuer, “Sale-Leaseback Transaction” means the sale or transfer by the Issuer of any assets or property to another Person and the taking back by the Issuer of a lease of such assets or property.

“SEC” means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, as amended, or, if at any time after the execution of this Fifth Supplemental Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

“Securities Act” means the Securities Act of 1933, as amended.

“Senior Notes” has the meaning assigned to it in the recitals to this Fifth Supplemental Indenture. The Initial Senior Notes and the Additional Senior Notes shall be treated as a single class for all purposes under this Fifth Supplemental Indenture, and unless the context otherwise requires, all references to the Senior Notes shall include the Initial Senior Notes and any Additional Senior Notes.

“Standard & Poor’s” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., and any successor thereto which is a nationally recognized statistical rating organization, or if such entity shall cease to rate the Senior Notes or shall cease to exist and there shall be no such successor thereto, any other nationally recognized statistical rating organization selected by the Issuer which is acceptable to the Trustee.

8

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“Subsidiary” means, with respect to any Person, (i) any corporation at least a majority of whose outstanding Voting Stock shall at the time be owned, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, (ii) any limited liability company, general partnership, joint venture or similar entity, at least a majority of whose outstanding membership, partnership or similar interests shall at the time be owned by such Person, or by one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries and (iii) any limited partnership of which such Person or any of its Subsidiaries is a general partner.

“Total Capital” means the sum of (i) Consolidated Debt and (ii) Capital Stock, Hybrid Preferred Securities, premium on Capital Stock, capital surplus, capital in excess of par value and retained earnings (however the foregoing may be designated), less, to the extent not otherwise deducted, the cost of shares of Capital Stock of the Issuer held in treasury, all as set forth on the consolidated balance sheet of the Issuer and its Consolidated Subsidiaries for the Issuer’s most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles.

“Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Voting Stock” means securities of any class or classes the holders of which are ordinarily, in the absence of contingencies, entitled to vote for corporate directors or managers (in the case of a limited liability company) (or persons performing similar functions).

(g) solely for purposes of this Fifth Supplemental Indenture,

(1) the defined term “Business Day” contained in Section 1.01 of the Base Indenture shall be replaced in its entirety by the following new definition:

“Business Day” means a day on which banking institutions in the Borough of Manhattan, New York, New York are not authorized or required by law or regulation to close; and

(2) the defined term “Board of Directors” contained in Section 1.01 of the Base Indenture shall be deemed to include the Board of Managers of a limited liability company.

9

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## ARTICLE II GENERAL TERMS AND CONDITIONS OF THE SENIOR NOTES

### SECTION 2.1 Designation and Principal Amount of the Senior Notes.

There is hereby authorized a single series of Debt Securities designated as the “[•]% Senior Notes due 2017”, the principal amount of which shall be as set forth in any written order of the Issuer for the authentication and delivery of Senior Notes pursuant to Section 2.4 of the Base Indenture; *provided*,

however, that Additional Senior Notes may be issued by the Issuer at any time subject to the terms and conditions of the Base Indenture and this Fifth Supplemental Indenture, *provided*, that at the time of such issuance no Default or Event of Default shall have occurred and be continuing.

The initial principal amount of the Senior Notes shall be \$[•].

SECTION 2.2 Maturity of the Senior Notes.

The Senior Notes will mature on November 1, 2017.

SECTION 2.3 Interest on the Senior Notes.

Interest shall accrue from the date set forth, and shall be payable on the Senior Notes in the amount and as otherwise set forth, in the form of such Senior Note appearing in Article VI of this Fifth Supplemental Indenture.

SECTION 2.4 Form of the Senior Notes.

The form of the Senior Notes shall be substantially in the form provided for in Article VI. The terms of the Senior Notes form part of this Fifth Supplemental Indenture. The Senior Notes shall be represented by one or more Global Notes in definitive, registered form, without interest coupons. The Senior Notes will be represented by one or more Global Notes in definitive, registered form, without interest coupons. The Senior Notes will be initially issued as Global Notes registered in the name of Cede & Co. (as nominee for DTC, New York, New York, which, together with its nominees and their successors, is hereby designated the Depository for the Senior Notes).

SECTION 2.5 Redemption of the Senior Notes.

The Senior Notes will be redeemable as a whole or in part, at the option of the Issuer at any time, at a redemption price equal to the greater of (i) 100% of the principal amount of such Senior Notes and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus accrued and unpaid interest thereon to the date of redemption.

10

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Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date by the Issuer or by the Trustee on the Issuer's behalf to each Holder of Senior Notes to be redeemed.

Unless the Issuer defaults in payment of the redemption price, on and after the applicable redemption date interest will cease to accrue on the Senior Notes or portions thereof called for redemption.

**ARTICLE III  
COVENANTS**

SECTION 3.1 Limitation on Restricted Payments.

(a) So long as any of the Senior Notes are outstanding and during any time that such Senior Notes are rated below Baa3 (or an equivalent rating) by Moody's and below BBB- (or an equivalent rating) by Standard & Poor's, the Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

- (i) declare or pay any dividend or make any distribution on the Partnership Interest of the Issuer to the direct or indirect holders of its Partnership Interests (except dividends or distributions payable solely in its Non-Convertible Capital Stock or in options, warrants or other rights to purchase such Non-Convertible Capital Stock and except dividends or distributions payable to the Issuer or a Subsidiary of the Issuer);
- (ii) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Issuer; or
- (iii) make any Loan to Southern Union or any of its Affiliates that is not a Subsidiary of the Issuer;
- (iv) (any such dividend, distribution, purchase, redemption, other acquisition, retirement or Loan described in (i) through (iii) above being hereinafter referred to as a "Restricted Payment"), unless at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment and after giving effect thereto:
  - (1) no Default or Event of Default shall have occurred and be continuing (or would result therefrom);
  - (2) the Issuer's Fixed Charge Coverage Ratio is greater than or equal to 2.2; and
  - (3) the Issuer's Leverage Ratio is less than or equal to 55%.

Notwithstanding the foregoing, the Issuer or any of its Restricted Subsidiaries may declare, make or pay any Restricted Payment, if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment and after giving effect thereto:

11

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- (1) no Default or Event of Default shall have occurred and be continuing (or would result therefrom); and

(2) the aggregate amount of such Restricted Payment and all other Restricted Payments made since the original date of issuance of the Initial Senior Notes would not exceed the sum of:

(A) \$175 million;

(B) 75% of Adjusted Consolidated Net Income accumulated since the original date of issuance of the Initial Senior Notes to the end of the most recent fiscal quarter ending at least 45 days prior to the date of such Restricted Payment; and

(C) the aggregate net cash proceeds received by the Issuer after the original date of issuance of the Initial Senior Notes from capital contributions or the issuance of Capital Stock of the Issuer to a Person who is not a Subsidiary of the Issuer, or from the issuance to such a Person of options, warrants or other rights to acquire such Capital Stock of the Issuer.

None of the foregoing provisions will prohibit:

(i) dividends or other distributions paid in respect of any class of Capital Stock issued by the Issuer in connection with the acquisition of any business or assets by the Issuer or a Restricted Subsidiary where the dividends or other distributions with respect to such Capital Stock are payable solely from the net earnings of such business or assets;

(ii) any purchase or redemption of Capital Stock of the Issuer made by exchange for, or out of the proceeds of the substantially concurrent sale of, Non-Convertible Capital Stock of the Issuer; or

(iii) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividends would have complied with this covenant.

#### SECTION 3.2 Limitation on Liens.

(a) The Issuer shall not, nor will it permit any Restricted Subsidiary to, create, assume, incur or suffer to exist any Lien upon any Principal Property, whether owned or leased on the date of the Indenture or thereafter acquired, to secure any Debt of the Issuer or any other Person (other than the Senior Notes), without in any such case making effective provision whereby all of the Senior Notes outstanding shall be secured equally and ratably with, or prior to, such Debt so long as such Debt shall be so secured. There is excluded from this restriction:

(i) any Lien upon any property or assets of the Issuer or any Restricted Subsidiary in existence on the date of the Indenture or created pursuant to an "after-acquired property" clause or similar term in existence on the date of the Indenture or

12

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any mortgage, pledge agreement, security agreement or other similar instrument in existence on the date of the Indenture;

(ii) any Lien upon any property or assets created at the time of acquisition of such property or assets by the Issuer or any Restricted Subsidiary or within 18 months after such time to secure all or a portion of the purchase price for such property or assets or Debt incurred to finance such purchase price, whether such Debt was incurred prior to, at the time of or within 18 months of such acquisition;

(iii) any Lien upon any property or assets existing thereon at the time of the acquisition thereof by the Issuer or any Restricted Subsidiary (whether or not the obligations secured thereby are assumed by the Issuer or any Restricted Subsidiary);

(iv) any Lien upon any property or assets of a Person existing thereon at the time such Person becomes a Restricted Subsidiary by acquisition, merger or otherwise (whether or not such Lien was created in anticipation of such acquisition);

(v) any Lien securing obligations assumed by the Issuer or any Restricted Subsidiary existing at the time of the acquisition by the Issuer or any Restricted Subsidiary of the property or assets subject to such Lien or at the time of the acquisition of the Person which owns such property or assets;

(vi) any Lien on property to secure all or part of the cost of construction or improvements thereon or to secure Debt incurred prior to, at the time of, or within 18 months after completion of such construction or making of such improvements, to provide funds for any such purpose;

(vii) any Lien in favor of the Issuer or any Restricted Subsidiary;

(viii) any Lien created or assumed by the Issuer or any Restricted Subsidiary in connection with the issuance of Debt the interest on which is excludable from gross income of the holder of such Debt pursuant to the Internal Revenue Code of 1986, as amended, or any successor statute, for the purpose of financing, in whole or in part, the acquisition or construction of property or assets to be used by the Issuer or any Subsidiary;

(ix) any Lien upon property or assets of any foreign Restricted Subsidiary to secure Debt of that foreign Restricted Subsidiary;

(x) Permitted Liens;

(xi) any Lien created by any program providing for the financing, sale or other disposition of trade or other receivables classified as current assets in accordance with United States generally accepted accounting principles entered into by the Issuer or by a Subsidiary of the Issuer, *provided* that such program is on terms customary for similar transactions, or any document executed by any Subsidiary of the Issuer in

(xii) any Lien upon any additions, improvements, replacements, repairs, fixtures, appurtenances or component parts thereof attaching to or required to be attached to property or assets pursuant to the terms of any mortgage, pledge agreement, security agreement or other similar instrument, creating a Lien upon such property or assets permitted by clauses (i) through (xi), inclusive, above; or

(xiii) any extension, renewal, refinancing, refunding or replacement (or successive extensions, renewals, refinancing, refundings or replacements) of any Lien, in whole or in part, that is referred to in clauses (i) through (vi), inclusive, above (and Liens related thereto referred to in clause (xii) above), or of any Debt secured thereby; *provided, however*, that the principal amount of Debt secured thereby shall not exceed the greater of the principal amount of Debt so secured at the time of such extension, renewal, refinancing, refunding or replacement and the original principal amount of Debt so secured (plus in each case the aggregate amount of premiums, other payments, costs and expenses paid or incurred in connection with such extension, renewal, refinancing, refunding or replacement); *provided further, however*, that such extension, renewal, refinancing, refunding or replacement shall be limited to all or a part of the property (including improvements, alterations and repairs on such property) subject to the encumbrance so extended, renewed, refinanced, refunded or replaced (plus improvements, alterations and repairs on such property).

Notwithstanding the foregoing, the Issuer may, and may permit any Restricted Subsidiary to, create, assume, incur, or suffer to exist any Lien upon any Principal Property to secure Debt of the Issuer or any other Person (other than the Senior Notes) that is not otherwise excepted by clauses (i) through (xiii), inclusive, above without securing the Senior Notes, *provided* that the aggregate principal amount of all Debt then outstanding secured by such Lien and all similar Liens, together with all net sale proceeds from Sale-Leaseback Transactions (excluding Sale-Leaseback Transactions permitted by clauses (i) through (iv), inclusive, of Section 3.3(a) of this Fifth Supplemental Indenture) does not exceed the greater of 15% of Consolidated Net Tangible Assets or 15% of Total Capital.

### SECTION 3.3 Restriction on Sale-Leasebacks.

(a) The Issuer shall not, nor shall it permit any Restricted Subsidiary to, engage in a Sale-Leaseback Transaction, unless:

- (i) the Sale-Leaseback Transaction occurs within 18 months from the date of acquisition of the Principal Property subject thereto or the date of the completion of construction or commencement of full operations on such Principal Property, whichever is later;
- (ii) the Sale-Leaseback Transaction involves a lease for a period, including renewals, of not more than four years;
- (iii) the Issuer or such Restricted Subsidiary would be entitled to incur Debt secured by a Lien on the Principal Property subject thereto (pursuant to clauses (i) through (xiii), inclusive, of the first paragraph of Section 3.2(a) of this Fifth

Supplemental Indenture) in a principal amount equal to or exceeding the net sale proceeds from the Sale-Leaseback Transaction without securing the Senior Notes; or

(iv) the Issuer or such Restricted Subsidiary, within an 18-month period after such Sale-Leaseback Transaction, applies or causes to be applied an amount not less than the net sale proceeds from such Sale-Leaseback Transaction to (A) the repayment, redemption or retirement of Funded Debt of the Issuer or any Subsidiary of the Issuer, or (B) investment in another Principal Property or in a Subsidiary of the Issuer which owns another Principal Property.

Notwithstanding the foregoing, the Issuer may, and may permit any Restricted Subsidiary to, effect any Sale-Leaseback Transaction that is not otherwise excepted by clauses (i) through (iv), inclusive, above, *provided* that the net sale proceeds from such Sale-Leaseback Transaction, together with the aggregate principal amount of outstanding Debt (other than the Senior Notes) secured by Liens upon any Principal Properties not excepted by clauses (i) through (xiii), inclusive, of Section 3.2(a) of this Fifth Supplemental Indenture, do not exceed the greater of 15% of Consolidated Net Tangible Assets or 15% of Total Capital.

### SECTION 3.4 Financial Information.

Whether or not required by the SEC's rules and regulations, so long as any Senior Notes are outstanding, the Issuer shall furnish to the Holders of the Senior Notes, within the time periods specified in the SEC's rules and regulations:

- (1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if the Issuer was required to file such reports; and
- (2) all current reports that would be required to be filed with the SEC on Form 8-K if the Issuer was required to file such reports.

The Issuer will be required to prepare all such reports in all material respects in accordance with all applicable rules and regulations. The Issuer will include in each annual report on Form 10-K a report on its consolidated financial statements by its certified independent public accountant. In addition, whether or not required by the SEC, the Issuer shall file a copy of each of the reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the SEC's applicable rules and regulations (unless the SEC will not accept such a filing) and make that information available to securities analysts and prospective investors upon request.

The Issuer is currently required under the Exchange Act to file reports with the SEC. If the Issuer is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, the Issuer will nevertheless continue filing the reports specified in the preceding paragraphs with the SEC

within the time periods specified above unless the SEC will not accept such a filing. The Issuer agrees not to take any action for the purpose of causing the SEC not to accept any such filings. If, notwithstanding the foregoing, the SEC will not accept the Issuer's filings for any reason, the Issuer will post the reports referred to in this Section 3.4 on the website www.panhandleenergy.com within the time periods that would apply if the Issuer was required to file those reports with the SEC.

For so long as any Senior Notes remain outstanding, at any time the Issuer is not required to file the reports required by this Section 3.4 with the SEC, the Issuer shall furnish at the Issuer's cost to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

SECTION 3.5      Applicability of Covenants.

Unless otherwise stated herein, the foregoing covenants contained in this Article III shall only be in effect so long as any of the Senior Notes are outstanding.

**ARTICLE IV  
DEFAULT**

SECTION 4.1      General.

All of the events specified in paragraphs (1) through (6) in Section 6.01(a) of the Base Indenture shall be "Events of Default" with respect to the Senior Notes.

SECTION 4.2      Additional Event of Default.

The following event shall be an "Event of Default" with respect to the Senior Notes: as a result of any action taken by the Issuer or its direct or indirect equity holders, there is a change in the Issuer's federal income tax status or a change in the deemed issuer of the indebtedness evidenced by the Senior Notes for federal income tax purposes, unless (i) Holders of more than 50% in principal amount of the Senior Notes consent to such change or (ii) (a) the Issuer certifies to the Trustee that it has received a ruling from the Internal Revenue Service or (b) the Issuer delivers to the Trustee an opinion of nationally recognized independent counsel reasonably acceptable in form and substance to the Trustee, in either case to the effect that the Holders of the Senior Notes will not recognize income, gain or loss for federal income tax purposes as a result of the change and that such Holders will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the change had not occurred.

**ARTICLE V  
DEFESANCE**

SECTION 5.1      General.

All of the provisions of Article XI of the Base Indenture shall be applicable to the Senior Notes.

SECTION 5.2      Covenant Defeasance.

With respect to and pursuant to the terms of Section 11.02(b) of the Base Indenture, the release of covenant obligations provided for therein shall, with respect to the Senior Notes, also apply to Section 3.1, Section 3.2, and Section 3.3 of this Fifth Supplemental Indenture.

**ARTICLE VI  
FORM OF SENIOR NOTES**

SECTION 6.1      Form of Senior Notes.

The Senior Notes, and the Trustee's Certificate of Authentication to be endorsed thereon, are to be substantially in the following forms:

[FORM OF FACE OF SENIOR NOTES DUE 2017]

This Senior Note is a Global Note within the meaning of the Indenture hereinafter referred to and is registered in the name of the Depository or a nominee of the Depository. This Senior Note is exchangeable for Senior Notes registered in the name of a person other than the Depository or its nominee only in the limited circumstances described in the Indenture, and may not be transferred except as a whole by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such a successor Depository.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Unless and until it is exchanged in whole or in part for Senior Notes in definitive registered form in accordance with the provisions of the Indenture applicable to such exchange, this certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor Depository or a nominee of such successor Depository.

CUSIP No. [•]

\$( )

Panhandle Eastern Pipe Line Company, LP

[•]% SENIOR NOTE DUE 2017

PANHANDLE EASTERN PIPE LINE COMPANY, LP, a Delaware limited partnership (the "Issuer"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of [AMOUNT IN WORDS] dollars (\$[ ]) on November 1, 2017 ("Maturity") and to pay interest thereon from October [•], 2007 (the "Original Issue Date") or from the most recent interest payment date (each such date, an "Interest Payment Date") to which interest has been paid or duly provided for, semi-annually in arrears on May 1<sup>st</sup> and November 1st in each year, commencing May 1, 2008 and at Maturity at the rate of [•]% per annum, until the principal hereof shall have become due and payable, and on any overdue principal and premium, if any, and (without duplication and to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which interest is payable on this Senior Note is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Senior Note (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the regular record date for such interest installment which shall be the close of business on the 1<sup>st</sup> day of the calendar month in which such Interest Payment Date occurs. Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered holders on such regular record date, and may be paid to the person in whose name this Senior Note (or one or more Predecessor Securities) is registered at the close of business on a special record date to be fixed by the Trustee (as defined below) for the payment of such defaulted interest, notice whereof shall be given to the registered holders of this series of Senior Notes not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Senior Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. The principal of (and premium, if any) and the interest on this Senior Note shall be payable at the office or agency of the Trustee maintained for that purpose in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; *provided, however*, that payment of interest may be made at the option of the Issuer by check mailed to the registered holder at such address as shall appear in the Security Register.

This Senior Note shall not be entitled to any benefit under the Indenture hereinafter referred to, be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by or on behalf of the Trustee.

The provisions of this Senior Note are continued on the reverse side hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be executed.

Dated [ ]

PANHANDLE EASTERN PIPE LINE  
COMPANY, LP

By \_\_\_\_\_

Name:

Title:

Attest:

By \_\_\_\_\_

Name:

Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Senior Notes of the series of Senior Notes described in the within-mentioned Indenture.

THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee

By \_\_\_\_\_  
[Authorized Signatory]

[FORM OF REVERSE OF SENIOR NOTE]

This Senior Note is one of a duly authorized series of Securities of the Issuer (herein sometimes referred to as the "Senior Notes"), specified in the Indenture, issued or to be issued in one or more series under and pursuant to an indenture (the "Base Indenture") dated as of March 29, 1999 among the Issuer, CMS Panhandle Holding Company, a Michigan corporation (which has merged into the Issuer), and NBD Bank, as trustee (predecessor to The Bank of New York Trust Company, N.A.), further supplemented by the Fifth Supplemental Indenture dated as of March 12, 2004 between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee") (the Base Indenture as so supplemented, hereinafter being referred to as the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Issuer and the holders of the Senior Notes. By the terms of the Indenture, the Senior Notes are issuable in series which may vary as to amount, date of maturity, rate of interest and in other respects as in the Indenture provided. This series of Senior Notes is not limited in aggregate principal amount, as specified in said Fifth Supplemental Indenture.

The Senior Notes are redeemable at the option of the Issuer at any time and from time to time, in whole or in part, upon not less than 30 days nor more than 60 days notice to each holder of such Senior Notes, at a redemption price equal to the greater of (i) 100% of the principal amount of such Senior Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus accrued and unpaid interest thereon to the date of redemption. Unless there is a default in the payment of the redemption price, on and after the applicable redemption date, interest will cease to accrue on the Senior Notes or portions thereof called for redemption.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Senior Notes to be redeemed that would be

21

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utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Senior Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Trustee after consultation with the Issuer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Issuer may purchase the Senior Notes in the open market, by tender or otherwise. Senior Notes so purchased may be held, resold or surrendered to the Trustee for cancellation. If applicable, the Issuer will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other securities laws and regulations in connection with any such purchase.

No sinking fund is provided for the Senior Notes.

If an Event of Default with respect to this Senior Note shall occur and be continuing, the principal of this Senior Note may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (i) the entire indebtedness of this Senior Note or (ii) certain restrictive covenants and certain other obligations with respect to this Senior Note, in each case upon compliance with certain conditions set forth therein.

22

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The Indenture permits, with certain exceptions as therein provided, modifications and amendments of the Indenture by the Issuer and the Trustee with the consent of the holders of a majority in aggregate principal amount of the outstanding Senior Notes.

The Indenture provides that the holders of a majority in aggregate principal amount of the outstanding Senior Notes may, on behalf of the holders of all Senior Notes,

modify or eliminate restrictive covenants, which right includes the right to waive insofar as the Senior Notes are concerned, compliance by the Issuer with certain restrictive provisions of the Indenture.

The Indenture provides that the holders of a majority in aggregate principal amount of the outstanding Senior Notes may, on behalf of all holders of Senior Notes, waive any past default under the Indenture with respect to any Senior Notes, except a default (i) in the payment of principal of, or premium, if any, or any interest on any Senior Note; or (ii) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the holder of each outstanding Senior Note affected.

The Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the outstanding Senior Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Senior Notes; *provided, however*, that the Trustee shall not be obligated to take any action unduly prejudicial to holders not joining in such direction or involving the Trustee in personal liability.

No reference herein to the Indenture and no provision of this Senior Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and interest on this Senior Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Senior Note is registrable in the Security Register, upon surrender of this Senior Note for registration of transfer at the office or agency of the Issuer in any place where the principal of and any premium and interest on this Senior Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Registrar duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Senior Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Senior Notes are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Senior Notes are exchangeable for a like aggregate

23

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principal amount of Senior Notes and of like tenor of a different authorized denomination, as requested by the holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer shall not be required to (a) issue, exchange or register the transfer of this Senior Note for a period of 15 days next preceding the mailing of the notice of redemption of Senior Notes or (b) exchange or register the transfer of any Senior Note or any portion thereof selected, called or being called for redemption, except in the case of any Senior Note to be redeemed in part, the portion thereof not so to be redeemed.

Prior to due presentment of this Senior Note for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Senior Note is registered as the owner hereof for all purposes, whether or not this Senior Note be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Senior Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Issuer or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

All terms used in this Senior Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

#### CERTIFICATE OF TRANSFER

FOR VALUE RECEIVED, THE UNDERSIGNED HEREBY SELL(S), ASSIGN(S) AND TRANSFER(S) UNTO

(Please print or typewrite name and address including postal zip code, of assignee)

(PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE)

24

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the within Senior Note and all rights thereunder, and hereby irrevocably constitutes and appoints

to transfer said Senior Note on the books of the Issuer, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_ ]  
[Name of Assignor]

**ARTICLE VII  
ISSUANCE OF SENIOR NOTES**

**SECTION 7.1**      Original Issue of Senior Notes.

Upon execution of this Fifth Supplemental Indenture, the Senior Notes in the initial principal amount of \$[\*] may be executed by the Issuer. Such Senior Notes may be delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Senior Notes to or upon the written order of the Issuer, signed by its Chairman, President or any Vice President and its Secretary or an Assistant Secretary, without any further action by the Issuer.

**SECTION 7.2**      Additional Senior Notes.

Upon execution of this Fifth Supplemental Indenture, subject to Section 2.1 hereof, Additional Senior Notes may be executed by the Issuer. Such Additional Senior Notes may be delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Additional Senior Notes to or upon the written order of the Issuer, signed by its Chairman, President or any Vice President and its Secretary or an Assistant Secretary, without any further action by the Issuer.

**ARTICLE VIII  
MISCELLANEOUS**

**SECTION 8.1**      Ratification of Indenture.

The Base Indenture, as supplemented by this Fifth Supplemental Indenture, is in all respects ratified and confirmed, and this Fifth Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided. The provisions of this Fifth Supplemental Indenture shall supersede the provisions of the Indenture to the extent the Indenture is inconsistent herewith.

25

**SECTION 8.2**      Trustee Not Responsible for Recitals.

The recitals herein contained are made by the Issuer and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Fifth Supplemental Indenture.

**SECTION 8.3**      Governing Law.

This Fifth Supplemental Indenture and each Senior Note shall be deemed to be a contract made under the internal laws of the State of New York, and for all purposes shall be construed in accordance with the laws of said State.

**SECTION 8.4**      Separability.

In case any one or more of the provisions contained in this Fifth Supplemental Indenture or in the Senior Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Fifth Supplemental Indenture or of the Senior Notes, but this Fifth Supplemental Indenture and the Senior Notes shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

**SECTION 8.5**      Counterparts.

This Fifth Supplemental Indenture may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

26

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Indenture to be duly executed as of the day and year first above written.

PANHANDLE EASTERN PIPE LINE COMPANY, LP,  
as Issuer

By \_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

THE BANK OF NEW YORK TRUST COMPANY,  
as Trustee

By: \_\_\_\_\_

Name:

Title:

LOCKE LORD BISSELL & LIDDELL LLP  
ATTORNEYS & COUNSELORS

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ATLANTA • AUSTIN • CHICAGO • DALLAS • HOUSTON • LONDON  
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October 23, 2007

Southern Union Company  
Panhandle Eastern Pipe Line Company, LP  
5444 Westheimer Road  
Houston, Texas 77056

Ladies and Gentlemen:

We have acted as counsel to Southern Union Company, a Delaware corporation ("*Southern Union*"), and Panhandle Eastern Pipe Line Company, LP, a Delaware limited partnership ("*Panhandle*"), in connection with the Post Effective Amendment No. 1 to the registration statement on Form S-3 (Registration No. 333-137998) (the "*Amendment*") being filed by Southern Union and Panhandle with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "*Securities Act*").

We have reviewed the Amendment, including the prospectus that is part of the Amendment (the "*Prospectus*"). The Prospectus provides that it will be supplemented in the future by one or more supplements to the Prospectus (each, a "*Prospectus Supplement*"). The Prospectus, as supplemented by one or more Prospectus Supplements will provide for the issuance and sale by Panhandle of senior debt securities of Panhandle ("*Debt Securities*").

The Debt Securities are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, and are to be issued pursuant to the Indenture, dated March 29, 1999, between Panhandle and The Bank of New York Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association, Bank One Trust Company, National Association, and NBD Bank), as trustee (in such capacity, the "*Trustee*"), as amended and supplemented by a supplemental indenture with respect to the Debt Securities (the "*Indenture*").

We have examined the Amendment and the documents filed as exhibits thereto with the Securities and Exchange Commission. We have also examined the originals, or duplicates or certified or conformed copies, of such records, agreements, instruments and other documents and have made such other and further investigations as we have deemed relevant and necessary in connection with the opinions expressed herein. As to questions of fact material to this opinion, we have relied upon certificates of public officials and of officers and representatives of Southern Union and Panhandle.

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates

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or certified or conformed copies and the authenticity of the originals of such latter documents. We have also assumed that:

A. at any time Panhandle issues Debt Securities, Panhandle will be validly existing and in good standing under the laws of the State of Delaware, the Amendment shall be effective and such effectiveness shall not have been terminated or rescinded, and there shall not have occurred any change in law affecting the validity or enforceability of such Debt Securities from the date hereof until the time of their issuance;

B. at any time Panhandle issues the Debt Securities, the Board of Directors of Southern Union (as sole member of Southern Union Panhandle LLC, acting as the general partner of Panhandle) shall have duly established the terms of such Debt Securities and duly authorized the issuance and sale of such Debt Securities, and such authorization shall not have been modified or rescinded;

C. none of the terms of the Debt Securities to be established subsequent to the date hereof, nor the issuance and delivery of such Debt Securities, nor the compliance by Panhandle thereof with the terms of such Debt Securities, will violate any applicable law or will result in a violation of any provision of any instrument or agreement then binding upon Panhandle, or any restriction imposed by any court or governmental body having jurisdiction over Panhandle; and

D. to the extent the obligations of Panhandle under the Indenture may be dependent thereon, the Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture is now, and at the time of execution, authentication, issuance and delivery of any Debt Securities will be, the valid and legally binding obligation of the Trustee; the Trustee for the Indenture is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; the Trustee is duly qualified to engage in the activities contemplated by the Indenture; the Trustee is in compliance, generally and with respect to acting as Trustee under the Indenture, with all applicable laws and regulations; and the Trustee has the requisite organizational and legal power and authority to perform its obligations under the applicable Indenture.

We, as your counsel, have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion.

Based upon the foregoing, and subject to the additional qualifications and limitations set forth below, we are of the opinion that:

1. When (i) the Board of Directors of Southern Union (as sole member of Southern Union Panhandle LLC, acting as the general partner of Panhandle) adopts resolutions authorizing the issuance of particular Debt Securities and (ii) Panhandle and the Trustee duly execute and deliver the Indenture that establishes the specific terms of such Debt Securities, and such Debt Securities have been duly authenticated by the Trustee and duly executed and delivered on behalf

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of Panhandle against payment therefore in accordance with the terms and provisions of the Indenture as contemplated by the Amendment, the Prospectus and the related Prospectus Supplement(s), and assuming that (a) the terms of the Debt Securities as executed and delivered are as described in the Amendment, the Prospectus and the related Prospectus Supplement(s), and (b) the Debt Securities are then issued and sold as contemplated in the Amendment, the Prospectus and the Prospectus Supplement(s), the Debt Securities will constitute valid and binding obligations of Panhandle.

The opinion set forth above is subject to the following exceptions, limitations and qualifications: (i) the effect of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights and remedies of creditors; (ii) the effect of general principals of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether enforcement is considered in a proceeding in equity or at law, and the discretion of the court before which any proceeding therefore may be brought, (iii) the unenforceability under certain circumstances under law or court decisions of provisions providing for the indemnification of, or contribution to, a party with respect to a liability where such indemnification or contribution is contrary to public policy; (iv) the unenforceability of any waiver of rights or defenses with respect to stay, extension or usury laws; and (v) the effect of acceleration of Debt Securities on the collectibility of any portion of the stated principal amount thereof that might be determined to constitute unearned interest thereon.

The opinions rendered herein are limited to the internal law of the State of New York, the General Corporation Law of the State of Delaware, the Delaware Revised Uniform Limited Partnership Act and the federal laws of the United States.

We hereby consent to the filing of this opinion as an exhibit to the Amendment and further consent to the reference to our name under the caption "Legal Matters" in the prospectus, which is a part of the Amendment. In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or under the rules and regulations of the Securities and Exchange Commission relating thereto. This opinion speaks as of its date, and we undertake no (and hereby disclaim any) obligation to update this opinion.

This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by or furnished to any other person without our prior written consent.

Locke Lord Bissell & Liddell LLP

By: /s/ Seth M. Warner  
Seth M. Warner

## 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 six months ended June 30, 2007, each of the years ended December 31, 2006, 2005 and 2004, for the periods June 12 through December 31, 2003 and January 1 through June 11, 2003, and the year ended December 31, 2002. Post-acquisition financial statements reflect a new basis of accounting and pre-acquisition period and post-acquisition period financial results (separated by a heavy black line) are presented but are not comparable. The heavy black line separating January 1 through June 11, 2003 from June 12 through December 31, 2003 relates to the acquisition of Panhandle by Southern Union from CMS Energy, effective June 11, 2003.

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 FIN 48 liabilities is excluded from the computation of fixed charges as it is recorded by the Company in income tax expense versus interest expense.

	Post-acquisition					Pre-acquisition	
	6 Months Ended June 30, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004	June 12 - December 31, 2003	January 1 - June 11, 2003	Year Ended December 31, 2002
<b>FIXED CHARGES:</b>							
Interest Expense	\$ 43,884	\$ 63,322	\$ 49,578	\$ 52,435	\$ 29,098	\$ 37,802	\$ 73,879
Net amortization of debt discount, premium and issuance expense	(397)	(1,333)	(1,293)	(4,006)	(3,561)	(2,386)	2,650
Capitalized Interest	4,406	4,645	8,838	4,812	1,624	987	3,008
Interest portion of rental expense	1,862	3,780	4,284	4,453	745	595	1,777
<b>Total Fixed Charges</b>	<b>\$ 49,755</b>	<b>\$ 70,414</b>	<b>\$ 61,407</b>	<b>\$ 57,694</b>	<b>\$ 27,906</b>	<b>\$ 36,998</b>	<b>\$ 81,314</b>
<b>EARNINGS:</b>							
Consolidated pre-tax income (loss) from continuing operations	\$ 131,325	\$ 225,794	\$ 166,189	\$ 143,989	\$ 84,773	\$ 78,543	\$ 115,909
Earnings of equity investments	(145)	(172)	(226)	(216)	(136)	(411)	7,038
Distributed income from equity investments	—	174	203	174	—	1,066	231
Capitalized interest	(4,406)	(4,645)	(8,838)	(4,812)	(1,624)	(987)	(3,008)
SFAS 145 Adjustment	—	—	—	—	—	—	920
Minority interest	—	—	—	—	—	—	(3,527)
<b>Total fixed charges (from above)</b>	<b>49,755</b>	<b>70,414</b>	<b>61,407</b>	<b>57,694</b>	<b>27,906</b>	<b>36,998</b>	<b>81,314</b>
<b>Earnings Available for Fixed Charges</b>	<b>\$ 176,529</b>	<b>\$ 291,565</b>	<b>\$ 218,735</b>	<b>\$ 196,829</b>	<b>\$ 110,919</b>	<b>\$ 115,209</b>	<b>\$ 198,877</b>
<b>Ratio of Earnings to Fixed Charges</b>	<b>3.5</b>	<b>4.1</b>	<b>3.6</b>	<b>3.4</b>	<b>4.0</b>	<b>3.1</b>	<b>2.4</b>

## RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of earnings to fixed charges for Southern Union on a historical basis for the six months ended June 30, 2007, the years ended December 31, 2006 and 2005, the six months ended December 31, 2004, and the years ended June 30, 2004, 2003 and 2002. 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 FIN 48 liabilities is excluded from the computation of fixed charges as it is recorded by Southern Union in income tax expense versus interest expense.

	6 Months Ended June 30, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	6 Months Ended December 31, 2004	Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002
<b>FIXED CHARGES:</b>							
Interest Expense	\$ 102,770	\$ 202,513	\$ 132,971	\$ 65,344	\$ 137,967	\$ 91,731	\$ 98,269
Net amortization of debt discount, premium and issuance expense	561	12,130	2,186	(446)	(10,100)	1,612	2,936
Capitalized Interest	4,632	5,492	8,950	2,614	3,865	26	177
Interest portion of rental expense	3,254	6,234	6,700	3,152	5,940	2,012	3,049
<b>Total Fixed Charges</b>	<b>\$ 111,217</b>	<b>\$ 226,369</b>	<b>\$ 150,807</b>	<b>\$ 70,664</b>	<b>\$ 137,672</b>	<b>\$ 95,381</b>	<b>\$ 104,431</b>
<b>EARNINGS:</b>							
Consolidated pre-tax income (loss) from continuing operations	\$ 174,590	\$ 326,330	\$ 203,148	\$ 16,954	\$ 106,468	\$ (14,371)	\$ (78,626)
Earnings of equity investments	(57,166)	(141,370)	(70,742)	(4,745)	(200)	(422)	(1,420)
Distributed income from equity investments	69,654	62,637	15,203	—	174	—	—
Capitalized interest	(4,632)	(5,492)	(8,950)	(2,614)	(3,865)	(26)	(177)
Total fixed charges (from above)	111,217	226,369	150,807	70,664	137,672	95,381	104,431
<b>Earnings Available for Fixed Charges</b>	<b>\$ 293,663</b>	<b>\$ 468,474</b>	<b>\$ 289,466</b>	<b>\$ 80,259</b>	<b>\$ 240,249</b>	<b>\$ 80,562</b>	<b>\$ 24,208</b>
<b>Ratio of Earnings to Fixed Charges</b>	<b>2.6</b>	<b>2.1</b>	<b>1.9</b>	<b>1.1</b>	<b>1.7</b>	<b>(a)</b>	<b>(a)</b>

(a) The earnings were inadequate to cover fixed charges by approximately \$14.8 million and \$80.2 million for the years ended June 30, 2003 and 2002, respectively. In accordance with accounting principles generally accepted in the United States of America, we did not allocate interest expense or other corporate costs to discontinued operations for any periods presented (except where the underlying debt was assumed by the buyers of these operations), resulting in the recognition of losses from continuing operations for the years ended June 30, 2003 and 2002. All outstanding debt of Southern Union Company and its subsidiaries, other than Panhandle Eastern Pipe Line Company, L.P, is maintained at Southern Union Company.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-137998) of Southern Union Company and Panhandle Eastern Pipe Line Company, LP of our report dated March 1, 2007 relating to the consolidated financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in Southern Union Company's Annual Report on Form 10-K for the year ended December 31, 2006. We also consent to the references to us under the headings "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Houston, Texas  
October 19, 2007

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-137998) of Southern Union Company and Panhandle Eastern Pipe Line Company, LP of our report dated March 1, 2007 relating to the consolidated financial statements, which appears in Panhandle Eastern Pipe Line Company, LP's Annual Report on Form 10-K for the year ended December 31, 2006. We also consent to the references to us under the headings "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Houston, Texas

October 19, 2007

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-137998) of Southern Union Company and Panhandle Eastern Pipe Line Company, LP of our report dated February 26, 2007, relating to the consolidated financial statements of Citrus Corp., which appears in Southern Union Company's Annual Report on Form 10-K for the year ended December 31, 2006.

/s/ PricewaterhouseCoopers LLP

Houston, Texas  
October 19, 2007

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## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each person whose signature appears below hereby constitutes and appoints Richard N. Marshall and Robert O. Bond and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Registration Statement on Form S-3 and any and all amendments (including any pre- and post-effective amendments) and supplements thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, for the purpose of registering the debt securities of Panhandle Eastern Pipe Line Company, LP offered pursuant thereto, and hereby grants to such attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

October 23, 2007

/s/ ROBERT O. BOND

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**Robert O. Bond**

/s/ RICHARD N. MARSHALL

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**Richard N. Marshall**

/s/ GARY W. LEFELAR

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**Gary W. Lefelar**

/s/ GEORGE L. LINDEMANN

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**George L. Lindemann**

/s/ DAVID BRODSKY

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**David Brodsky**

/s/ FRANK W. DENIUS

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**Frank W. Denius**

/s/ KURT A. GITTER, M.D.

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**Kurt A. Gitter, M.D.**

/s/ HERBERT H. JACOBI

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**Herbert H. Jacobi**

/s/ ADAM M. LINDEMANN

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**Adam M. Lindemann**

/s/ THOMAS N. MCCARTER, III

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**Thomas N. McCarter, III**

/s/ GEORGE ROUNTREE, III

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**George Rountree, III**

/s/ ALAN D. SCHERER

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**Allan Scherer**

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