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

FORM 10-Q

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

For the quarterly period ended

March 31, 2012

Commission File No. 1-2921

PANHANDLE EASTERN PIPE LINE COMPANY, LP

(Exact name of registrant as specified in its charter)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes **R** No **£**

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer **£**   Accelerated filer **£**   Non-accelerated filer **R**   Smaller reporting company **£**

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

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

PANHANDLE EASTERN PIPE LINE COMPANY, LP
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March 31, 2012
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GLOSSARY

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

Bcf	Billion cubic feet
Bcf/d	Billion cubic feet per day
CFO	Chief Financial Officer
Company	PEPL and its subsidiaries
COO	Chief Operating Officer
CrossCountry Citrus	CrossCountry Citrus, LLC
EITR	Effective Income Tax Rate
EPA	United States Environmental Protection Agency
ETE	Energy Transfer Equity, L.P.
ETP	Energy Transfer Partners, L.P.
Exchange Act	Securities Exchange Act of 1934
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
HAPs	Hazardous air pollutants
KDHE	Kansas Department of Health and Environment
LNG	Liquefied Natural Gas
LNG Holdings	Trunkline LNG Holdings, LLC
OPEB plans	Other postretirement employee benefit plans
Panhandle	PEPL and its subsidiaries
PCBs	Polychlorinated biphenyls
PEPL	Panhandle Eastern Pipe Line Company, LP
PEPL Holdings	PEPL Holdings, LLC
PRPs	Potentially responsible parties
Sea Robin	Sea Robin Pipeline Company, LLC
SEC	United States Securities and Exchange Commission
Southern Union	Southern Union Company and its subsidiaries
Southwest Gas Storage	Pan Gas Storage, LLC (d.b.a. Southwest Gas)
SPCC	Spill Prevention, Control and Countermeasure
TBtu	Trillion British thermal units
Trunkline	Trunkline Gas Company, LLC
Trunkline LNG	Trunkline LNG Company, LLC

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

(In thousands)

ASSETS

	Successor	Predecessor
	March 31, 2012	December 31, 2011
Current assets		
Cash and cash equivalents	$ 52	$ 50
Accounts receivable, billed and unbilled,		
net of allowances of nil and $993, respectively	74,135	75,775
Accounts receivable – related parties (Note 4)	34,974	6,319
Natural gas imbalances - receivable	48,244	52,939
Note receivable - related party (Note 4)	-	342,386
System natural gas and operating supplies	92,658	114,739
Other	20,665	20,886
Total current assets	270,728	613,094
Property, plant and equipment		
Plant in service	4,237,913	4,045,688
Construction work in progress	60,058	41,828
	4,297,971	4,087,516
Less accumulated depreciation and amortization	2,847	733,228
Net property, plant and equipment	4,295,124	3,354,288
Goodwill (Note 3)	925,824	-
Note receivable - related party (Note 4)	775,730	688,330
Other	112,406	19,325
Total assets	$ 6,379,812	$ 4,675,037

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

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

(In thousands)

PARTNERS' CAPITAL AND LIABILITIES

	Successor	Predecessor
	March 31, 2012	December 31, 2011
Partners' capital		
Partners' capital	$ 3,225,172	$ 1,809,346
Accumulated other comprehensive loss (Note 6)	-	(16,176)
Tax sharing note receivable - related party	-	(1,156)
Total partners' capital	3,225,172	1,792,014
Long-term debt (Note 7)	1,779,568	1,624,229
Total capitalization	5,004,740	3,416,243
Current liabilities:		
Current portion of long-term debt (Note 7)	-	342,386
Accounts payable	9,727	13,295
Accounts payable - related parties (Note 4)	168,908	52,055
Natural gas imbalances - payable	115,242	144,697
Accrued taxes	17,699	17,541
Accrued interest	23,049	14,280
Capital accruals	6,866	10,814
Other	52,384	55,146
Total current liabilities	393,875	650,214
Deferred income taxes, net	862,681	538,284
Other	118,516	70,296
Commitments and contingencies (Note 12)		
Total partners' capital and liabilities	$ 6,379,812	$ 4,675,037

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

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

(In thousands)

	Successor	Predecessor	
	Period from Acquisition (March 26, 2012) to March 31, 2012	Period from January 1, 2012 to March 25, 2012	Three months ended March 31, 2011
Operating revenues			
Transportation and storage of natural gas	$ 9,772	$ 140,140	$ 145,516
LNG terminalling	3,526	51,127	54,172
Other	178	2,654	2,606
Total operating revenues	13,476	193,921	202,294
Operating expenses			
Operating, maintenance and general	(3,657)	52,681	56,301
Operating, maintenance and general - affiliate (Note 4)	39,252	13,837	13,398
Depreciation and amortization	2,697	30,225	32,274
Taxes, other than on income	637	8,801	9,305
Total operating expenses	38,929	105,544	111,278
Operating income (loss)	(25,453)	88,377	91,016
Other income (expenses)			
Interest expense	(907)	(25,226)	(26,934)
Interest income - affiliates (Note 4)	8	2,204	2,169
Other, net	4	68	62
Total other expenses, net	(895)	(22,954)	(24,703)
Earnings (loss) before income taxes	(26,348)	65,423	66,313
Income taxes (Note 9)	(7,408)	24,941	20,701
Net earnings (loss)	$ (18,940)	$ 40,482	$ 45,612

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

PANHANDLE EASTERN PIPE LINE COMPANY, LP
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

(In thousands)

	Successor	Predecessor	
	Period from Acquisition (March 26, 2012) to March 31, 2012	Period from January 1, 2012 to March 25, 2012	Three months ended March 31, 2011
Net earnings (loss)	$ (18,940)	$ 40,482	$ 45,612
Other comprehensive income, net of tax:			
Reclassification of unrealized loss on interest rate hedges into earnings	-	2,515	3,222
Change in fair value of interest rate hedges	-	-	(428)
Reclassification of prior service cost (credit) relating to other postretirement benefits into earnings	-	398	(378)
	-	2,913	2,416
Comprehensive income (loss)	$ (18,940)	$ 43,395	$ 48,028

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

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

(In thousands)

	Successor	Predecessor	
	Period from Acquisition (March 26, 2012) to March 31, 2012	Period from January 1, 2012 to March 25, 2012	Three months ended March 31, 2011
Cash flows provided by (used in) operating activities:			
Net earnings (loss)	$ (18,940)	$ 40,482	$ 45,612
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	2,697	30,225	32,274
Deferred income taxes, net	820	18,958	30,140
Gain on curtailment of OPEB benefits	(10,527)	-	-
Changes in operating assets and liabilities, net of Merger impact	35,142	21,902	5,257
Net cash flows provided by operating activities	9,192	111,567	113,283
Cash flows provided by (used in) investing activities:			
Net increase (decrease) in note receivable - related parties (Note 4)	250	254,736	(93,300)
Net increase (decrease) in income taxes payable - related parties (Note 4)	(8,228)	5,158	(9,947)
Additions to property, plant and equipment	(1,273)	(27,588)	(10,828)
Plant retirements and other	32	345	1,806
Net cash flows provided by (used in) investing activities	(9,219)	232,651	(112,269)
Cash flows provided by (used in) financing activities:			
Issuance of long-term debt	-	455,000	-
Repayment of debt	-	(797,386)	-
Issuance costs of debt	-	(1,803)	-
Other	-	-	(1,012)
Net cash flows provided by (used in) financing activities	-	(344,189)	(1,012)
Change in cash and cash equivalents	(27)	29	2
Cash and cash equivalents at beginning of period	79	50	56
Cash and cash equivalents at end of period	$ 52	$ 79	$ 58

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

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

(In thousands)

	Partners' Capital	Accumulated Other Comprehensive Loss	Tax Sharing Note Receivable-Related Party	Total
		(In thousands)		
Predecessor				
Balance December 31, 2011	$ 1,809,346	$ (16,176)	$ (1,156)	$ 1,792,014
Tax sharing receivable - Southern Union	-	-	288	288
Net earnings	40,482	-	-	40,482
Other comprehensive income, net of tax	-	2,913	-	2,913
Balance March 25, 2012	$ 1,849,828	$ (13,263)	$ (868)	$ 1,835,697
Successor				
Balance March 26, 2012	$ 3,244,112	$ -	$ -	$ 3,244,112
Net loss	(18,940)	-	-	(18,940)
Balance March 31, 2012	$ 3,225,172	$ -	$ -	$ 3,225,172

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

The accompanying unaudited interim condensed consolidated financial statements of PEPL, a Delaware limited partnership, and its subsidiaries have been prepared pursuant to the rules and regulations of the SEC for quarterly reports on Form 10-Q. These statements do not include all of the information and annual note disclosures required by GAAP, and should be read in conjunction with the Company's financial statements and notes thereto for the year ended December 31, 2011, which are included in the Company's Form 10-K filed with the SEC. The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with GAAP and reflect adjustments that are, in the opinion of management, necessary for a fair statement of results for the interim period. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. Due to the seasonal nature of the Company's operations, the results of operations and cash flows for any interim period are not necessarily indicative of the results that may be expected for the full year.

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

1. Description of Business

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

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

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

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

See *Note 3 – ETE Merger* for information related to Southern Union's merger with ETE on March 26, 2012.

2. Summary of Significant Accounting Policies

There have been no changes in the Company's accounting policies as disclosed in its Annual Report on Form 10-K for the year ended December 31, 2011, except as noted below.

Business Combination Accounting. Southern Union's March 26, 2012 merger transaction with ETE was accounted for by ETE using business combination accounting. Under this method, the purchase price paid by the acquirer is allocated to the assets acquired and liabilities assumed as of the acquisition date based on their fair value. By the application of "push-down" accounting, PEPL's assets, liabilities and partners' capital were accordingly adjusted to fair value on March 26, 2012. Determining the fair value of certain assets and liabilities assumed is judgmental in nature and often involves the use of significant estimates and assumptions. Southern Union has used outside appraisers to assist in the initial determination of fair value. The appraisal related to Southern Union's merger with ETE is expected to be finalized in the third quarter of 2012. See *Note 3 – ETE Merger*.

3. ETE Merger

On March 26, 2012, Southern Union, ETE, and Sigma Acquisition Corporation, a wholly-owned subsidiary of ETE (*Merger Sub*), completed their previously announced merger transaction. Pursuant to the Second Amended and Restated Agreement and Plan of Merger, dated as of July 19, 2011, as amended by Amendment No. 1 thereto dated as of September 14, 2011 (as amended, the *Merger Agreement*), among Southern Union, ETE and Merger Sub, Merger Sub was merged with and into Southern Union, with Southern Union continuing as the surviving corporation as an indirect, wholly-owned subsidiary of ETE (the *Merger*). The Merger became effective on March 26, 2012 at 12:59 p.m., Eastern Time (the *Effective Time*).

In connection with, and immediately prior to the Effective Time of the Merger, CrossCountry Energy, LLC, an indirect wholly-owned subsidiary of Southern Union (*CrossCountry Energy*), ETP, Citrus ETP Acquisition, L.L.C. (*ETP Merger Sub*), Citrus ETP Finance LLC, ETE, PEPL Holdings, LLC, a newly created indirect wholly-owned subsidiary of Southern Union (*PEPL Holdings*), and Southern Union consummated the transactions contemplated by that certain Amended and Restated Agreement and Plan of Merger, dated as of July 19, 2011, as amended by Amendment No. 1 thereto dated as of September 14, 2011 and Amendment No. 2 thereto dated as of March 23, 2012 (as amended, the *Citrus Merger Agreement*) by and among ETP, ETP Merger Sub and Citrus ETP Finance LLC, on the one hand, and ETE, CrossCountry Energy, PEPL Holdings and Southern Union, on the other hand.

Immediately prior to the Effective Time, Southern Union, Crosscountry Energy and PEPL Holdings became parties to the Citrus Merger Agreement by joinder to, and Southern Union assumed the obligations and rights of ETE thereunder. Southern Union made certain customary representations, warranties, covenants and indemnities in the Citrus Merger Agreement. Pursuant to the Citrus Merger Agreement, ETP Merger Sub was merged with and into CrossCountry Energy (the *Citrus Merger*), with CrossCountry Energy continuing as the surviving entity in the Citrus Merger as a wholly-owned subsidiary of ETP and, as a result thereof, ETP, through its subsidiaries, indirectly owns 50 percent of the outstanding capital stock of Citrus Corp. (*Citrus*). As consideration for the Citrus Merger, Southern Union received from ETP \$2.0 billion, consisting of \$1.895 billion in cash and \$105 million of common units representing limited partner interests in ETP.

Immediately prior to the Effective Time, \$1.45 billion of the total cash consideration received in respect of the Citrus Merger was contributed to Merger Sub in exchange for an equity interest in Merger Sub. In connection with the Merger, at the Effective Time, such equity interest in Merger Sub held by CCE Holdings was cancelled and retired.

Pursuant to the Citrus Merger Agreement, immediately prior to the Effective Time, (i) Southern Union contributed its ownership interests in Panhandle Eastern Pipe Line Company, LP and Southern Union Panhandle, LLC (collectively, the *Panhandle Interests*) to PEPL Holdings (the *Panhandle Contribution*); and (ii) following the Panhandle Contribution, Southern Union entered into a contingent residual support agreement (the *Support Agreement*) with ETP and Citrus ETP Finance LLC, pursuant to which Southern Union agreed to provide contingent, residual support to Citrus ETP Finance LLC (on a non-recourse basis to Southern Union) with respect to Citrus ETP Finance LLC's obligations to ETP to support the payment of $2.0 billion in principal amount of senior notes issued by ETP on January 17, 2012.

Expenses Related to the Merger

Merger-related costs of $41.4 million include charges related to employment agreements with certain executives that provide for compensation when their employment was terminated and severance costs associated with administrative headcount reductions, as well as an allocation of such charges for Southern Union employees.

The Company also recognized a $10.5 million net gain due to the curtailment of certain other postretirement employee benefit plans. See *Note 8 – Benefits* for more information on the curtailment.

Allocation of Consideration Transferred

The Merger was accounted for using business combination accounting under applicable accounting principles. Business combination accounting requires, among other things, that assets acquired and liabilities assumed be recognized on the balance sheet at their fair values as of the acquisition date. The table below represents the allocation of the total consideration to Southern Union's tangible and intangible assets and liabilities as of March 26, 2012 based upon management's estimate of their respective fair values. The goodwill resulting from the Merger is primarily due to expected commercial and operational synergies and is not deductible for tax purposes.

	(In thousands)
Cash and cash equivalents	$ 79
Other current assets	230,466
Property and equipment	4,296,154
Goodwill	925,824
Identified intangibles (1)	47,000
Other noncurrent assets	782,942
Long-term debt, including current portion	(1,780,068)
Deferred income taxes	(862,699)
Other liabilities	(395,586)
Total fair value of partners' capital	$ 3,244,112

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(1) Identified intangibles will be amortized over a life of approximately 19 years and are included in *Other non-current assets* in the unaudited Condensed Consolidated Balance Sheet.

Southern Union used appraisers to assist in the initial determination of fair value. The appraisal related to the Merger is expected to be finalized in the third quarter of 2012.

4. Related Party Transactions

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

	Successor	Predecessor	
Related Party Transactions	**Period from Acquisition (March 26, 2012) to March 31, 2012**	**Period from January 1, 2012 to March 25, 2012**	**Three months ended March 31, 2011**
	(In thousands)	(In thousands)	
Transportation and storage of natural gas (1)	$ 65	$ 938	$ 1,008
Operation and maintenance:			
Management and royalty fees	337	4,843	5,055
Other expenses (2)	38,915	8,994	8,343
Other income, net:			
Interest income - Southern Union	8	612	387
Interest income - CrossCountry Citrus	-	1,592	1,782
Other	4	68	66

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

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

The interest rate under the note receivable with CrossCountry Citrus was based on the variable interest rate under the term loan facility due in 2012 plus a credit spread over LIBOR of 112.5 basis points. The note receivable was repaid on March 26, 2012.

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

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

	Successor	Predecessor
	March 31, 2012	December 31, 2011
	(In thousands)	(In thousands)
Notes receivable - related parties		
Current:		
CrossCountry Citrus	$ -	$ 342,386
Noncurrent:		
Southern Union	775,730	688,330
Accounts receivable - related parties (1)	$ 34,974	$ 6,319
Accounts payable - related parties:		
Southern Union - income taxes (2)	$ 30,614	$ 33,148
Southern Union - other (3)	138,120	18,729
Other (4)	174	178
	$ 168,908	$ 52,055

(1) Primarily related to amounts due from Southern Union for value received, interest income associated with the *Note receivable – CrossCountry Citrus*, and services provided for Citrus.
(2) Related to income taxes payable to Southern Union per the tax sharing agreement to provide for taxes to be remitted upon the filing of the tax return.
(3) Primarily related to payroll funding including Merger-related expenses, provided by Southern Union. The March 31, 2012 and December 31, 2011 amounts are net of insurance proceeds of nil and $2.2 million, respectively, owed by Southern Union to the Company.
(4) Primarily related to various administrative and operating costs paid by other affiliate companies on behalf of the Company.

5. Regulation and Rates

In October 2011, Trunkline and Sea Robin jointly filed with FERC to transfer all of Trunkline's offshore facilities, and certain related onshore facilities, by abandonment and sale to Sea Robin to consolidate and streamline the ownership and operation of all regulated offshore assets under one entity and better position the offshore assets competitively. Several parties have filed interventions and protests of this filing. The Company is responding to information requests from FERC on this filing. The transfer is subject to approval by FERC.

In November 2011, FERC commenced an audit of PEPL to evaluate its compliance with the Uniform System of Accounts as prescribed by FERC, annual and quarterly financial reporting to FERC, reservation charge crediting policy and record retention. The audit is related to the period from January 1, 2010 to present and is estimated to take approximately one year to complete.

6. Comprehensive Income

The table below sets forth the tax amounts included in the respective components of C*omprehensive income* for the periods presented.

	Successor	Predecessor	
	Period from Acquisition (March 26, 2012) to March 31, 2012	Period from January 1, 2012 to March 25, 2012	Three months ended March 31, 2011
		(In thousands)	
Tax benefit included in comprehensive income			
Reclassification of unrealized loss on interest rate hedges into earnings	$ -	$ 1,700	$ 2,164
Change in fair value of interest rate hedges	-	-	(287)
Reclassification of prior service credit relating to other postretirement benefits into earnings	-	14	(144)
Tax benefit included in comprehensive income	$ -	$ 1,714	$ 1,733

The table presents the components in *Accumulated comprehensive income* as of the dates indicated.

	Successor	Predecessor
	March 31, 2012	December 31, 2011
	(In thousands)	(In thousands)
Other postretirement plan - net actuarial loss and prior service costs, net	$ -	$ (12,781)
Interest rate hedges, net	-	(3,395)
Total Accumulated other comprehensive loss, net of tax	$ -	$ (16,176)

7. Debt Obligations

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

	Successor	Predecessor
	March 31, 2012 (In thousands)	December 31, 2011 (In thousands)
6.05% Senior Notes due 2013	$ 250,000	$ 250,000
6.20% Senior Notes due 2017	300,000	300,000
8.125% Senior Notes due 2019	150,000	150,000
7.00% Senior Notes due 2029	66,305	66,305
7.00% Senior Notes due 2018	400,000	400,000
Term Loans due 2012	-	797,386
Term Loan due 2015	455,000	-
Net premiums on long-term debt	-	2,924
Unamortized fair value adjustments	158,263	-
Total debt outstanding	1,779,568	1,966,615
Current portion of long-term debt	-	(342,386)
Total long-term debt	$ 1,779,568	$ 1,624,229
Total fair value of consolidated debt obligations	$ 1,758,437	$ 2,128,319

The fair value of the Company's term loans as of March 31, 2012 and December 31, 2011 was determined using the market approach, which utilized Level 2 inputs consisting of reported recent loan transactions for parties of similar credit quality and remaining life, as there is no active secondary market for loans of that type and size.

The fair value of the Company's other long-term debt as of March 31, 2012 and December 31, 2011 was also determined using the market approach, which utilized observable market data to corroborate the estimated credit spreads and prices for the Company's non-bank long-term debt securities in the secondary market. Those valuations were based in part upon the reported trades of the Company's non-bank long-term debt securities where available and the actual trades of debt securities of similar credit quality and remaining life where no secondary market trades were reported for the Company's non-bank long-term debt securities.

Term Loans. On March 26, 2012, the Company retired the $465 million term loan due June 2012 ($342.4 million of which was outstanding) of its wholly-owned LNG Holdings subsidiary, utilizing a portion of the $445 million in merger consideration received in connection with the Citrus Merger.

In February 2012, the Company refinanced LNG Holdings' $455 million term loan due March 2012 with an unsecured three-year term loan facility due February 2015, with LNG Holdings as borrower and PEPL and Trunkline LNG as guarantors and a floating interest rate tied to LIBOR plus a margin based on the rating of PEPL's senior unsecured debt.

8. Benefits

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

	Successor	Predecessor	
	Period from Acquisition (March 26, 2012) to March 31, 2012	Period from January 1, 2012 to March 25, 2012	Three months ended March 31, 2011
	(In thousands)	(In thousands)	
Service cost	$ -	$ 624	$ 637
Interest cost	18	836	950
Expected return on plan assets	(92)	(918)	(950)
Prior service credit amortization	-	(472)	(522)
Actuarial loss amortization	-	298	-
Curtailment recognition (1)	(10,527)	-	-
Net periodic benefit cost	$ (10,601)	$ 368	$ 115

(1) Subsequent to the Merger, the Company amended certain of its other postretirement employee benefit plans, which prospectively restrict participation in the plans for the impacted active employees. The plan amendments resulted in the plans becoming currently over-funded and, accordingly, the Company recorded a gross pre-tax curtailment gain of $69.8 million, $59.3 million of which is refundable to customers, thus the net curtailment gain recognition was $10.5 million.

9. Income Taxes

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

	Successor	Predecessor	
	Period from Acquisition (March 26, 2012) to March 31, 2012	Period from January 1, 2012 to March 25, 2012	Three months ended March 31, 2011
	(In thousands)	(In thousands)	
Income tax expense (benefit)	$ (7,408)	$ 24,941	$ 20,701
Effective tax rate	28%	38%	31%

The EITR for the successor period is lower than the combined federal and state income tax statutory rates primarily due to non deductible excess parachute payments resulting from Merger-related employee severance expenses.

10. Derivative Instruments and Hedging Activities

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

Interest Rate Contracts

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

Interest Rate Swaps. The Company had outstanding pay-fixed interest rate swaps with a total notional amount of $455 million to hedge the LNG Holdings $455 million term loan, which was refinanced in February 2012. These interest rate swaps were accounted for as cash flow hedges, with the effective portion of changes in their fair value recorded in *Accumulated other comprehensive income* and reclassified into *Interest expense* in the same periods during which the related interest payments on long-term debt impacted earnings. These swaps terminated in the first quarter of 2012.

For the predecessor period in 2012 that hedge accounting treatment was applied, there was no swap ineffectiveness.

Treasury Rate Locks. As of March 31, 2012, the Company had no outstanding treasury rate locks. However, certain of its treasury rate locks that settled in prior periods were associated with interest payments on outstanding long-term debt. During the predecessor periods, these treasury rate locks were accounted for as cash flow hedges, with the effective portion of their settled value recorded in *Accumulated other comprehensive loss* and reclassified into *Interest expense* in the same periods during which the related interest payments on long-term debt impact earnings.

The Company had no asset derivative instruments at March 31, 2012 and December 31, 2011. The following table summarizes the fair value amounts of the Company's liability derivative instruments and their location reported in the unaudited interim Condensed Consolidated Balance Sheet at the dates indicated.

		Fair Value (1)	
		Successor	Predecessor
	Balance Sheet Location	March 31, 2012	December 31, 2011
		(In thousands)	(In thousands)
Cash Flow Hedges:			
Interest rate contracts	Other current liabilities	$ -	$ 4,148

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

	Successor	Predecessor	
	Period from Acquisition (March 26, 2012) to March 31, 2012	Period from January 1, 2012 to March 25, 2012	Three months ended March 31, 2011
	(In thousands)	(In thousands)	
Cash Flow Hedges: (1)			
Change in fair value - increase in *Accumulated other comprehensive loss*, excluding tax expense effect of $0, $0 and $287, respectively	$ -	$ -	$ 715
Reclassification of unrealized loss (gain) from *Accumulated other comprehensive loss* - increase (decrease) of *Interest expense*, excluding tax expense effect of $0, $1,700 and $2,164, respectively	-	4,215	5,386

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

11. Fair Value Measurement

The Company did not have any assets or liabilities that are measured at fair value on a recurring basis at March 31, 2012. The Company did not have any Level 3 instruments measured at fair value using significant unobservable inputs at March 31, 2012 or December 31, 2011 and there were no transfers between levels.

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

12. Commitments and Contingencies

Litigation and Other Claims

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

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

Liabilities for Litigation and Other Claims

The Company records accrued liabilities for litigation and other claim costs when management believes a loss is probable and reasonably estimable. When management believes there is at least a reasonable possibility that a material loss or an additional material loss may have been incurred, the Company discloses (i) an estimate of the possible loss or range of loss in excess of the amount accrued; or (ii) a statement that such an estimate cannot be made. As of March 31, 2012 and December 31, 2011, the Company recorded litigation and other claim-related accrued liabilities of $1 million and $1.3 million, respectively. The Company does not have any material litigation or other claim contingency matters assessed as probable or reasonably possible that would require disclosure in the financial statements.

Environmental Matters

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

Environmental Remediation

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

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

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

Environmental Remediation Liabilities

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

	Successor	Predecessor
	March 31, 2012	December 31, 2011
	(In thousands)	(In thousands)
Current	$ 2,271	$ 2,848
Noncurrent	4,409	4,287
Total environmental liabilities	$ 6,680	$ 7,135

Other Commitments and Contingencies

Controlled Group Pension Liabilities. Southern Union Company (including certain of its divisions) sponsors a number of defined benefit pension plans for employees. Under applicable pension and tax laws, upon being acquired by Southern Union, the Company became a member of Southern Union Company's "controlled group" with respect to those plans and, along with Southern Union Company and any other members of that group, is jointly and severally liable for any failure by Southern Union (along with any other persons that may be or become a sponsor of any such plan) to fund any of these pension plans or to pay any unfunded liabilities that these plans may have if they are ever terminated. In addition, if any of the obligations of any of these pension plans is not paid when due, a lien in favor of that plan or the Pension Benefit Guaranty Corporation may be created against the assets of each member of Southern Union Company's controlled group, including the Company and each of its subsidiaries. Based on the latest actuarial information available as of March 26, 2012, the aggregate amount of the projected benefit obligations of these pension plans was approximately $227.5 million and the estimated fair value of all of the assets of these plans was approximately $144.0 million.

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

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

Future Regulatory Compliance Commitments

Air Quality Control. On April 17, 2012 the EPA issued the Oil and Natural Gas Sector New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants. The standards revise the new source performance standards for volatile organic compounds from leaking components at onshore natural gas processing plants and new source performance standards for sulfur dioxide emissions from natural gas processing plants. The EPA also established standards for certain oil and gas operations not covered by the existing standards. In addition to the operations covered by the existing standards, the newly established standards regulate volatile organic compound emissions from gas wells, centrifugal compressors, reciprocating compressors, pneumatic controllers and storage vessels. The Company is reviewing the new standards to determine the impact on its operations.

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

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

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

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

The KDHE set certain contingency measures as part of the agency’s ozone maintenance plan for the Kansas City area. Previously, it was anticipated that these measures would be revised to conform to the requirements of the EPA ozone standard discussed above. KDHE recently indicated that the Kansas City area will be designated as attainment for the ozone standard in 2012, and will not be pursing any emissions reductions from the Company’s operations unless there are changes in the future regarding the status of the Kansas City area.

SPCC Rules. In 2008 and 2009, the EPA adopted amendments to the SPCC rules with the stated intention of providing greater clarity, tailoring requirements and streamlining requirements. On November 10, 2011, the amendments to the SPCC rules went into effect. The Company modified its programs, assets and operations and is finalizing implementation in accordance with the provisions found in the rule. Costs associated with these activities have not had a material adverse effect on the Company’s consolidated financial position, results of operations or cash flows.

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

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

Overview

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

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

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

Results of Operations

The Merger, which was completed on March 26, 2012, was accounted for by ETE using business combination accounting. The Company allocated the purchase price paid by ETE to its assets, liabilities and partners' capital as of the acquisition date based on preliminary estimates. Accordingly, the successor financial statements reflect a new basis of accounting and predecessor and successor period financial results (separated by a heavy black line) are presented, but are not comparable. The results of operations reported below are presented on a combined predecessor and successor basis since results for the matching prior year stub periods are not available. Assets acquired and liabilities assumed are recorded at their estimated fair value and are subject to further assessment and adjustment pending the results of independent third party appraisals of the assets acquired and liabilities assumed.

The most significant impacts of the new basis of accounting going forward are expected to be, based on preliminary estimates, higher depreciation expense due to the step-up of depreciable assets and assignment of purchase price to certain amortizable intangible assets, and lower interest expense (though not cash payments) for the remaining life of the related long-term debt due to its revaluation and related debt premium amortization. However, these continuing impacts from the Merger only had minor impacts on the results of operations for the three months ended March 31, 2012 (on a combined predecessor and successor basis), because the combined three-month period only reflects six days of activity for the successor period. In future quarters, results of operations will reflect a full three months of incremental depreciation expense from the step-up basis of approximately $9 million related to property, plant and equipment, which will be depreciated over an estimated weighted average life of 25-30 years, subject to further company assessment and input from third party appraisers.

Results for the combined three-month period reflect certain merger-related expenses, which are not expected to have a continuing impact on the results going forward, and those amounts are discussed in the segment results below.

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

	Three Months Ended March 31,	
	2012	2011
	Combined	
	(In thousands, except volumes)	
Operating revenues		
Transportation and storage of natural gas	$ 149,912	$ 145,516
LNG terminalling	54,653	54,172
Other	2,832	2,606
Total operating revenues (1)	207,397	202,294
Operating expenses		
Operating, maintenance and general	102,113	69,699
Depreciation and amortization	32,922	32,274
Taxes, other than on income	9,438	9,305
Total operating expenses	144,473	111,278
Operating income	62,924	91,016
Other income (expenses):		
Interest expense	(26,133)	(26,934)
Other, net	2,284	2,231
Total other expenses, net	(23,849)	(24,703)
Earnings before income taxes	39,075	66,313
Income taxes	17,533	20,701
Net earnings	$ 21,542	$ 45,612
Panhandle natural gas volumes transported (TBtu): (2)		
PEPL	161	171
Trunkline	189	195
Sea Robin	22	34

(1) Reservation revenues comprised 88 percent and 90 percent of total operating revenues in the 2012 and 2011 periods, respectively.
(2) Includes transportation deliveries made throughout the Company's pipeline network.

Three months ended March 31, 2012 versus the Three months ended March 31, 2011.

Operating Revenue. For the three-month period ended March 31, 2012, operating revenue increased $5.1 million versus the same time period in 2011 primarily due to higher parking revenues attributable to higher volumes and rates and one extra day of reservation charges due to the 2012 leap year.

Operating Expenses. Operating expenses for the three-month period ended March 31, 2012 increased $33.2 million versus the same period in 2011 primarily as the result of higher operating, maintenance and general expenses of $32.4 million in 2012 versus 2011 primarily attributable to the impact in 2012 of Merger-related employee severance expenses of $41.4 million, partially offset by a net $10.5 million other postretirement employee benefit plan curtailment gain.

Other Expense, Net. Other expense, net for the three-month period ended March 31, 2012 decreased $0.9 million versus the same period in 2011 primarily as a result of lower interest expense of $0.8 million principally attributable to debt revaluation and the related change in the debt premium amortization associated with the merger and the refinancing in February 2012 of the LNG Holdings' $455 million term loan due March 2012 with an unsecured three-year term loan facility due February 2015.

Income Taxes. Income taxes during the 2012 period, versus the same period in 2011, decreased $3.2 million primarily due to the impact of merger related expenses, partially offset by $5.3 million of lower state income tax expense (net of the federal tax expense) recorded in the 2011 period mainly due to state investment tax credits.

For information regarding expenses related to the merger, see *Part I, Item 1. Financial Statements (Unaudited), Note 3 – ETE Merger*, in this Quarterly Report on Form 10-Q.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

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

ITEM 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that information required to be disclosed by the Company, including consolidated entities, in reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports it files or submits under the Exchange Act is accumulated and communicated to management, including the Company's COO and CFO, as appropriate, to allow timely decisions regarding required disclosure. The Company performed an evaluation under the supervision and with the participation of management, including its COO and CFO, and with the participation of personnel from its Legal, Internal Audit, Risk Management and Financial Reporting Departments, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on that evaluation, Panhandle's COO and CFO concluded that the Company's disclosure controls and procedures were effective as of March 31, 2012.

Changes in Internal Controls

Subsequent to the merger with ETE in March 2012, the Company's internal controls over financial reporting have been impacted by changes made to conform to the existing controls of ETE. For the three months ended March 31, 2012, certain disclosure controls and corporate governance procedures were changed to conform to certain of ETE's related controls and procedures. Additional changes are expected to occur in future periods. None of these changes are in response to any identified deficiency or weakness in the Company's internal control over financial reporting.

There were no other changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to affect, its internal controls over financial reporting.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- changes in demand for natural gas and related services by customers, in the composition of the Company's customer base and in the sources of natural gas available to the Company;
- the effects of inflation and the timing and extent of changes in the prices and overall demand for and availability of natural gas as well as electricity, oil, coal and other bulk materials and chemicals;
- adverse weather conditions, such as warmer or colder than normal weather in the Company's service territories, as applicable, and the operational impact of natural disasters;
- changes in laws or regulations, third-party relations and approvals, and decisions of courts, regulators and/or governmental bodies affecting or involving the Company, including deregulation initiatives and the impact of rate and tariff proceedings before FERC and various state regulatory commissions;
- the speed and degree to which additional competition, including competition from alternative forms of energy, is introduced to the Company's business and the resulting effect on revenues;
- the impact and outcome of pending and future litigation and/or regulatory investigations, proceedings or inquiries;
- the ability to comply with or to successfully challenge existing and/or or new environmental, safety and other laws and regulations;
- unanticipated environmental liabilities;
- the uncertainty of estimates, including accruals and costs of environmental remediation;
- the impact of potential impairment charges;
- the ability to acquire new businesses and assets and to integrate those operations into its existing operations, as well as its ability to expand its existing businesses and facilities;
- the timely receipt of required approvals by applicable governmental entities for the construction and operation of the pipelines and other projects;
- the ability to complete expansion projects on time and on budget;
- the ability to control costs successfully and achieve operating efficiencies, including the purchase and implementation of new technologies for achieving such efficiencies;
- the impact of factors affecting operations such as maintenance or repairs, environmental incidents, natural gas pipeline system constraints and relations with labor unions representing bargaining-unit employees;
- the performance of contractual obligations by customers, service providers and contractors;
- exposure to customer concentrations with a significant portion of revenues realized from a relatively small number of customers and any credit risks associated with the financial position of those customers;
- changes in the ratings of the Company's debt securities;
- the risk of a prolonged slow-down in growth or decline in the United States economy or the risk of delay in growth or decline in the United States economy, including liquidity risks in United States credit markets;
- the impact of unsold pipeline capacity being greater than expected;
- changes in interest rates and other general market and economic conditions, and in the Company's ability to obtain additional financing on acceptable terms, whether in the capital markets or otherwise;
- declines in the market prices of equity and debt securities and resulting funding requirements for other postretirement benefit plans;
- acts of nature, sabotage, terrorism or other similar acts that cause damage to the facilities or those of the Company's suppliers' or customers' facilities;

- market risks beyond the Company's control affecting its risk management activities including market liquidity, commodity price volatility and counterparty creditworthiness;
- the availability/cost of insurance coverage and the ability to collect under existing insurance policies;
- the risk that material weaknesses or significant deficiencies in internal controls over financial reporting could emerge or that minor problems could become significant;
- changes in accounting rules, regulations and pronouncements that impact the measurement of the results of operations, the timing of when such measurements are to be made and recorded and the disclosures surrounding these activities;
- the effects of changes in governmental policies and regulatory actions, including changes with respect to income and other taxes, environmental compliance, climate change initiatives, authorized rates of recovery of costs (including pipeline relocation costs), and permitting for new natural gas production accessible to the Company's system;
- market risks affecting the Company's pricing of its services provided and renewal of significant customer contracts;
- actions taken to protect species under the Endangered Species Act and the effect of those actions on the Company's operations;
- the impact of union disputes, employee strikes or work stoppages and other labor-related disruptions; and
- other risks and unforeseen events, including other financial, operational and legal risks and uncertainties detailed from time to time in filings with the SEC.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of the Company's forward-looking statements. Other factors could also have material adverse effects on the Company's future results. These and other risks are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 and its other reports filed with the SEC. In light of these risks, uncertainties and assumptions, the events described in forward-looking statements might not occur or might occur to a different extent or at a different time than the Company has described. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

The Company is a party to or has property subject to litigation and other proceedings, including matters arising under provisions relating to the protection of the environment, as described in *Part I, Item 1. Financial Statements (Unaudited), Note 12 – Commitments and Contingencies,* in this Quarterly Report on Form 10-Q and in the *Item 8. Financial Statements and Supplementary Data, Note 15 – Commitments and Contingencies,* information included in the Company's Form 10-K for the year ended December 31, 2011.

The Company is subject to federal and state requirements for the protection of the environment, including those for the discharge of hazardous materials and remediation of contaminated sites. As a result, the Company is a party to or has its property subject to various other lawsuits or proceedings involving environmental protection matters. For information regarding these matters, see *Part I, Item 1. Financial Statements (Unaudited), Note 12 – Commitments and Contingencies,* in this Quarterly Report on Form 10-Q and in the *Item 8. Financial Statements and Supplementary Data, Note 15 – Commitments and Contingencies*, information included in the Company's Form 10-K for the year ended December 31, 2011.

ITEM 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed in the Company's Form 10-K filed with the SEC on February 24, 2011.

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

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

ITEM 3. Defaults Upon Senior Securities.

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

ITEM 4. Mine Safety Disclosures.

N/A

ITEM 5. Other Information.

All information required to be reported on Form 8-K for the quarter ended March 31, 2012 was appropriately reported.

ITEM 6. Exhibits.

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

3(a)	Certificate of Formation of Panhandle Eastern Pipe Line Company, LP. (Filed as Exhibit 3.A to the Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.)
3(b)	Limited Partnership Agreement of Panhandle Eastern Pipe Line Company, LP, dated as of June 29, 2004, between Southern Union Company and Southern Union Panhandle LLC. (Filed as Exhibit 3.B to the Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.)
4(a)	Indenture dated as of March 29, 1999, among CMS Panhandle Holding Company, Panhandle Eastern Pipe Line Company and NBD Bank (the predecessor to Bank One Trust Company, National Association, J.P. Morgan Trust Company, National Association, The Bank of New York Trust Company, N.A. and The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4(a) to the Form 10-Q for the quarter ended March 31, 1999, and incorporated herein by reference.)
4(b)	First Supplemental Indenture dated as of March 29, 1999, among CMS Panhandle Holding Company, Panhandle Eastern Pipe Line Company and NBD Bank (the predecessor to Bank One Trust Company, National Association, J.P. Morgan Trust Company, National Association, The Bank of New York Trust Company, N.A. and The Bank of New York Mellon Trust Company, N.A.), as Trustee, including a form of Guarantee by Panhandle Eastern Pipe Line Company of the obligations of CMS Panhandle Holding Company. (Filed as Exhibit 4(b) to the Form 10-Q for the quarter ended March 31, 1999, and incorporated herein by reference.)
4(c)	Second Supplemental Indenture dated as of March 27, 2000, between Panhandle and Bank One Trust Company, National Association (succeeded to by The Bank of New York Mellon Trust Company, N.A., which changed its name to The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4(e) to the Form S-4 (File No. 333-39850) filed on June 22, 2000, and incorporated herein by reference.)
4(d)	Third Supplemental Indenture dated as of August 18, 2003, between Panhandle and Bank One Trust Company, National Association (succeeded to by The Bank of New York Mellon Trust Company, N.A., which changed its name to The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4(d) to the Form 10-Q for the quarter ended September 30, 2003, and incorporated herein by reference.)
4(e)	Fourth Supplemental Indenture dated as of March 12, 2004, between Panhandle and J.P. Morgan Trust Company, National Association (succeeded to by The Bank of New York Trust Company, N.A., which changed its name to The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4.E to the Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.)
4(f)	Fifth Supplemental Indenture dated as of October 26, 2007, between Panhandle and The Bank of New York Trust Company, N.A. (now known as The Bank of New York Mellon Trust Company, N.A.), as Trustee (Filed as Exhibit 4.1 to Panhandle's Current Report on Form 8-K filed on October 29, 2007 and incorporated herein by reference.)
4(g)	Form of Sixth Supplemental Indenture, dated as of June 12, 2008, between Panhandle and The Bank of New York Trust Company, N.A. (now known as The Bank of New York Mellon Trust Company, N.A.), as Trustee (Filed as Exhibit 4.1 to Panhandle's Current Report on Form 8-K filed on June 11, 2008 and incorporated herein by reference.)
10(a)	Credit Agreement between Trunkline LNG Holdings, LLC, as borrower, Panhandle Eastern Pipe Line Company, LP and Trunkline LNG Company, LLC, as guarantors, the financial institutions listed therein and Bank of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent, dated as of February 23, 2012 (Filed as Exhibit 10(a) to the Form 10-K for the year ended December 31, 2011 and incorporated herein by reference.)
10(b)	Form of Seventh Supplemental Indenture, to be dated as of June 2, 2009, between Panhandle and The Bank of New York Mellon Trust Company, N.A. (Filed as Exhibit 4.1 to Panhandle's Current Report on Form 8-K filed on May 28, 2009 and incorporated herein by reference).
31.1	Certificate by President and Chief Operating Officer pursuant to Rule 13a – 14(a) or 15d – 14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate by Vice President and Chief Financial Officer pursuant to Rule 13a – 14(a) or 15d – 14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate by President and Chief Operating Officer pursuant to Rule 13a – 14(b) or 15d – 14(b) promulgated under the Securities Exchange Act of 1934 and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.

32.2	Certificate by Vice President and Chief Financial Officer pursuant to Rule 13a – 14(b) or 15d – 14(b) promulgated under the Securities Exchange Act of 1934 and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document **
101.SCH	XBRL Taxonomy Extension Schema Document **
101.CAL	XBRL Taxonomy Calculation Linkbase Document **
101.DEF	XBRL Taxonomy Extension Definitions Document **
101.LAB	XBRL Taxonomy Label Linkbase Document **
101.PRE	XBRL Taxonomy Presentation Linkbase Document **

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

SIGNATURES

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

PANHANDLE EASTERN PIPE LINE COMPANY, LP

Date: May 9, 2012

By: /s/ MARTIN SALINAS, JR.
Martin Salinas, Jr.
(Chief Financial Officer duly authorized to sign on behalf of the registrant)

Exhibit 31.1

CERTIFICATION

I, Kelcy L. Warren, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2012

/s/ KELCY L. WARREN
Kelcy L. Warren
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Martin Salinas, Jr., certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2012

/s/ MARTIN SALINAS, JR.
Martin Salinas, Jr.
Chief Financial Officer

Exhibit 32.1

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

In connection with the quarterly report on Form 10-Q of Panhandle Eastern Pipe Line Company, LP (the "Company") for the quarter ended March 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kelcy L. Warren, Chief Executive Officer, of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge (i) the Report fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934, as amended, except as otherwise noted under Item 9A therein, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ KELCY L. WARREN
Kelcy L. Warren
Chief Executive Officer

May 9, 2012

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

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

Exhibit 32.2

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

In connection with the quarterly report on Form 10-Q of Panhandle Eastern Pipe Line Company, LP (the "Company") for the quarter ended March 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin Salinas, Jr., Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge (i) the Report fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934, as amended, except as otherwise noted under Item 9A therein, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MARTIN SALINAS, JR.
Martin Salinas, Jr.
Chief Financial Officer

May 9, 2012

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

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