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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

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

For the Quarter Ended September 30, 1995
Commission File No. 1-2921

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

A Delaware Corporation
(State of Incorporation or Organization)

44-0382470
(IRS Employer Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes: No:

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

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

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

Class	Outstanding at October 31, 1995
----- Common Stock, no par value	----- 1,000

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements - Unaudited

Panhandle Eastern Pipe Line Company and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME

Millions	Three Months		Periods Ended September 30		
	1995	1994	1995	1994	
Operating Revenues					
Transportation and storage					
of natural gas	\$134.5	\$128.2	\$390.1	\$397.3	
Sales of natural gas	-	47.7	-	163.5	
Other	5.9	6.9	17.6	20.1	
Total (Note 2)	140.4	182.8	407.7	580.9	
Costs and Expenses					
Natural gas purchased	-	47.7	-	163.5	
Operating and maintenance	49.2	54.7	148.2	149.5	
General and administrative		17.5	21.3	53.1	63.9
Depreciation and amortization		14.6	10.7	44.0	37.5
Miscellaneous taxes	6.7	6.5	21.6	20.8	
Total	88.0	140.9	266.9	435.2	
Operating Income	52.4	41.9	140.8	145.7	
Other Income and Deductions					
Equity in earnings of					
unconsolidated affiliates		1.1	1.4	6.2	4.2
Interest income - parent	-	12.2	0.3	29.7	
Other income, net of deductions		(1.4)	0.1	(2.8)	0.9
Total	(0.3)	13.7	3.7	34.8	
Gross Income	52.1	55.6	144.5	180.5	
Interest Expense	7.3	12.7	31.5	38.0	
Income Before Income Tax	44.8	42.9	113.0	142.5	
Income Tax	17.7	17.4	44.5	56.1	
NET INCOME	\$ 27.1	\$ 25.5	\$ 68.5	\$ 86.4	

See accompanying notes to consolidated financial statements

Item 1. Financial Statements - Unaudited (Continued)

Panhandle Eastern Pipe Line Company and Subsidiaries
 CONSOLIDATED BALANCE SHEET
 ASSETS

Millions -----	September 30, 1995	December 31, 1994	
	-----	-----	
Current Assets			
Cash and cash equivalents	\$ 0.2	\$ 0.4	
Note receivable - parent	-	8.0	
Accounts receivable, net	25.8	38.9	
Inventory and supplies	57.6	65.7	
Current deferred income tax		-	10.7
Other (Note 2)	58.3	52.9	
	-----	-----	
Total	141.9	176.6	
	-----	-----	
Investments			
Advances and note receivable - parent	48.8	656.4	583.8
Other		45.1	
	-----	-----	
Total	705.2	628.9	
	-----	-----	
Plant, Property and Equipment			
Original cost	2,767.5	2,742.8	
Accumulated depreciation and amortization		(1,814.2)	(1,763.2)
	-----	-----	
Net plant, property and equipment		953.3	979.6
	-----	-----	
Deferred Charges (Notes 2 and 4)		161.3	198.5
	-----	-----	
TOTAL ASSETS	\$ 1,961.7	\$ 1,983.6	
	=====	=====	

See accompanying notes to consolidated financial statements

Item 1.

Financial Statements - Unaudited (Continued)

Panhandle Eastern Pipe Line Company and Subsidiaries

CONSOLIDATED BALANCE SHEET

LIABILITIES AND STOCKHOLDER'S EQUITY

Millions -----	September 30, 1995 -----	December 31, 1994 -----
Current Liabilities		
Long-term debt due within one year		\$ 129.5 \$ -
Rate refund provisions (Note 2)	20.2	51.2
Accounts payable	20.6	29.8
Accrued income tax - parent		43.5 69.0
Other accrued taxes	31.3	19.2
Other (Note 4)	56.6	59.8
	-----	-----
Total	301.7	229.0
	-----	-----
Deferred Liabilities and Credits		
Deferred income tax	160.7	191.9
Rate refund provisions (Note 2)		93.3 81.8
Other (Note 4)	131.2	139.2
	-----	-----
Total	385.2	412.9
	-----	-----
Long-term Debt	299.1	428.5
	-----	-----
Commitments and Contingent Liabilities (Notes 2, 3, 4 and 5)		
Common Stockholder's Equity		
Common stock, one thousand shares authorized, issued and outstanding, no par value	1.0	1.0
Paid-in capital	465.8	471.8
Retained earnings	508.9	440.4
	-----	-----
Total	975.7	913.2
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		\$1,961.7 \$1,983.6
	=====	=====

See accompanying notes to consolidated financial statements

Item 1. Financial Statements - Unaudited (Continued)

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

Millions -----	Nine Months Ended September 30 -----			
	1995 -----	1994 -----		
Operating Activities				
Net income	\$ 68.5	\$ 86.4		
Adjustments to reconcile net income to operating cash flows:				
Depreciation and amortization		44.0	37.5	
Deferred income tax expense		(5.7)	2.0	
Interest income - parent		(0.3)	(29.7)	
Other non-cash items in net income			(15.2)	(18.4)
Net change in operating assets and liabilities	2.6	83.0		
	-----	-----		
Net Cash Flows Provided by Operating Activities		93.9	160.8	
	-----	-----		
Investing Activities				
Additions to plant, property and equipment		(36.9)	(69.0)	
Net increase in advances/note receivable - parent		(64.3)	(153.9)	
Property retirements and other		10.6	13.0	
	-----	-----		
Net Cash Flows Used in Investing Activities		(90.6)	(209.9)	
	-----	-----		
Financing Activities				
Retirement of debt	-	(50.0)		
Issuance of debt	-	99.9		
Other	(3.5)	(0.9)		
	-----	-----		
Net Cash Flows Provided by (Used in) Financing Activities	(3.5)	49.0		
	-----	-----		
Net Change in Cash				
Decrease in cash and cash equivalents		(0.2)	(0.1)	
Cash and cash equivalents, beginning of period		0.4	0.4	
	-----	-----		
Cash and Cash Equivalents, End of Period			\$ 0.2	\$ 0.3
	=====	=====		
Supplemental Disclosures				
Cash paid for interest (net of amount capitalized)		\$ 32.7	\$ 29.3	
Cash paid for income tax (including intercompany amounts)	70.4	83.1		

See accompanying notes to consolidated financial statements

PANHANDLE EASTERN PIPE LINE COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. References

Panhandle Eastern Pipe Line Company (PEPL) and its subsidiaries (the Company), including Trunkline Gas Company (Trunkline), are involved in the interstate transportation and storage of natural gas. PEPL is a wholly-owned subsidiary of Panhandle Eastern Corporation (PEC). The interstate gas transmission operations of PEPL and Trunkline are subject to the rules, regulations and accounting procedures of the Federal Energy Regulatory Commission (FERC). Certain amounts for the prior periods have been reclassified in the consolidated financial statements to conform to the current presentation.

2. Natural Gas Revenues and Regulatory Matters

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

FERC Order 636 and the Termination of Merchant Services

During 1993, PEPL and Trunkline began providing restructured services pursuant to FERC Order 636. This order, which is on appeal to the courts, requires pipeline service restructuring that "unbundles" sales, transportation and storage services. Order 636 provides for the use of the straight fixed-variable (SFV) rate design, which assigns return on equity, related taxes and other fixed costs to the reservation component of rates. In addition, Order 636 allows pipelines to recover eligible costs resulting from implementation of the order (transition costs).

At September 30, 1995, the Company had incurred approximately \$60 million of transition costs, including amounts that have been recovered from customers. PEPL's transition cost recoveries, which are subject to certain challenges that are pending before FERC, will occur through 1998.

In the past, during the normal course of business, PEPL and Trunkline entered into certain gas purchase contracts containing take-or-pay provisions, which exposed the Company to financial risk. As of June 30, 1995, all such contracts had been terminated or assigned to third parties. PEPL and Trunkline are currently collecting certain take-or-pay settlement costs through volumetric surcharges with interest through 1997.

The U.S. Department of the Interior announced its intention to seek additional royalties from gas producers as a result of payments received by such producers in connection with past take-or-pay settlements, and buyouts and buydowns of gas sales contracts with natural gas pipelines. PEPL and Trunkline, with respect to certain producer contract settlements, may be contractually required to reimburse or, in some instances, to indemnify producers against such royalty claims. The potential liability of the producers to the government and of the pipelines to the producers involves complex issues of law and fact which are likely to take a substantial period of time to resolve. If PEPL and Trunkline ultimately have to reimburse or indemnify the producers, PEPL and Trunkline will file with FERC to recover a portion of these costs from pipeline customers.

The Company believes that Order 636 transition cost issues and take-or-pay settlement matters will not have a material adverse effect on future consolidated results of operations or financial position.

Jurisdictional Transportation and Sales Rates

PEPL - On April 1, 1992 and November 1, 1992, PEPL placed into effect, subject to refund, general rate increases incorporating the SFV rate design. Hearings in these rate proceedings were completed in the first half of 1994. The FERC issued an order on May 25, 1995 on the earlier rate proceeding and PEPL has requested rehearing of certain matters in that order. The latter rate proceeding is pending FERC review of the initial Administrative Law Judge decision.

Effective April 1, 1989, PEPL placed into effect, subject to refund, sales and transportation rates reflecting a restructuring of rates, including seasonal rate structures. PEPL and others are appealing various FERC orders related to these rates. On December 7, 1994, FERC approved a settlement agreement with a majority of the customers which resolves refund matters and terminates other actions for the period these rates were effective for the settling parties.

Trunkline - On September 1, 1994, Trunkline placed into effect, subject to refund, a general rate increase as a result of a filing made in accordance with terms of a rate case settlement in 1993. An offer of settlement, supported by Trunkline's customers, was approved by FERC on July 6, 1995 and is currently pending rehearing.

Other - PEPL and Trunkline have, pursuant to FERC requirements, requested FERC approval to record the impact of adopting Statement of Financial Accounting Standards (Accounting Standard) No. 109, "Accounting for Income Taxes," including the recognition of a portion of the impact as an increase to stockholder's equity. The FERC accounting branch has denied approval of these requests, pending future rate proceedings, and PEPL and Trunkline have filed for rehearing. The Company believes the ultimate resolution of this matter will not have a material adverse effect on consolidated financial position.

3. Other Contingency

Under the terms of a settlement related to a transportation agreement between PEPL and Northern Border Pipeline Company (Northern Border), PEPL guarantees payment to Northern Border under a transportation agreement by an affiliate of Pan-Alberta Gas Limited. The transportation agreement requires estimated total payments of \$184 million for the years 1995 through 2001. In the opinion of management, the probability that PEPL will be required to perform under this guarantee is remote.

4. Environmental Matters

The Company has identified environmental contamination at up to 53 sites on the PEPL and Trunkline systems and is undertaking cleanup programs at these sites. The contamination resulted from the past use of lubricants containing PCBs (polychlorinated biphenyls) and the prior use of wastewater collection facilities and other on-site disposal areas. Soil and sediment testing, to date, has detected no significant off-site contamination. The Company has communicated with the U.S. Environmental Protection Agency and appropriate state regulatory agencies on these matters. The environmental cleanup programs are expected to continue until 2002.

At September 30, 1995 and December 31, 1994, the Company had undiscounted liabilities recorded of \$70.4 million and \$70 million, respectively, relating to PEPL and Trunkline PCB, wastewater and disposal area cleanup programs and had regulatory assets recorded of \$80.3 million and \$82.4 million, respectively, representing costs to be recovered from customers.

The federal and state cleanup programs are not expected to interrupt or diminish the Company's ability to deliver natural gas to customers. The Company believes the ultimate resolution of matters relating to the cleanup programs will not have a material adverse effect on consolidated results of operations or financial position.

5. Litigation

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

6. Fair Presentation

The information as furnished reflects all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the Company's financial position as of September 30, 1995, results of operations for the three and nine months ended September 30, 1995 and 1994, and cash flows for the nine months ended September 30, 1995 and 1994.

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

The following information is provided to facilitate increased understanding of the 1995 and 1994 interim consolidated financial statements and accompanying notes presented in Item 1. Because all of the outstanding capital stock of PEPL is owned by PEC, the following discussion has been prepared in accordance with the reduced disclosure format permitted by Form 10-Q for issuers that are wholly-owned subsidiaries of reporting companies under the Securities Exchange Act of 1934.

OPERATING ENVIRONMENT

All traditional pipeline sales services ceased during the fourth quarter of 1994 when Trunkline's unbundled sales contracts expired. Pipeline earnings have generally become more evenly distributed throughout the year as a result of the SFV rate design required by Order 636. PEPL and Trunkline continue to offer selective discounting to maximize revenues from existing capacity.

With implementation of Order 636 and the elimination of pipeline merchant services, the Company's pipelines are incurring certain costs for the transition. At September 30, 1995, the Company had incurred approximately \$60 million of transition costs, including amounts that have been recovered from customers. PEPL's transition cost recoveries, which are subject to certain challenges pending before FERC, will occur through 1998. The Company believes that Order 636 transition cost issues will not have a material adverse effect on future consolidated results of operations, financial position or liquidity.

For information concerning certain other regulatory proceedings, environmental matters and other contingencies, see Notes 2, 3, 4 and 5 of the Notes to Consolidated Financial Statements.

RESULTS OF OPERATIONS

Consolidated net income for the nine months ended September 30, 1995 was \$68.5 million compared with \$86.4 million for the same period in 1994. Total natural gas volumes for the Company decreased 4% to 833 billion cubic feet comparing the first nine months of 1995 with the same period of 1994, attributable to warmer weather during the first half of 1995.

Operating Income

Consolidated operating income for the Company decreased \$4.9 million, or 3%, to \$140.8 million in the first nine months of 1995 compared with the same period in 1994.

PEPL - PEPL's operating income increased \$0.4 million comparing the first nine months of 1995 with the same period in 1994. PEPL achieved operating efficiencies during the third quarter of 1995, which helped lower operating expenses. The comparison for the nine-month period also includes the effects of \$21.6 million of income recorded in 1994 for the resolution of certain regulatory matters, partially offset by \$15.5 million recorded in the third quarter of 1995 for similar regulatory resolutions.

Trunkline - Operating income for Trunkline decreased \$5.7 million comparing the first nine months of 1995 with the same period in 1994, primarily resulting from \$4 million of revenues recorded in 1994 related to a contract settlement. Decreased transportation revenue due to lower volumes attributable to warmer weather during the first half of 1995 was partially offset by lower operating costs. Sales revenue and associated gas purchased costs declined \$163.5 million as a result of the elimination of Trunkline's merchant function in late 1994.

Other Income and Deductions

The decrease of \$31.1 million in net other income in the first nine months of 1995 compared with the same period in 1994 reflects lower interest income on net advances receivable from PEC, as receivables for intercompany advances no longer bear interest effective January 1, 1995.

Interest Expense

Interest expense in the first nine months of 1995 decreased \$6.5 million compared with the same period in 1994 primarily as a result of lower average debt balances outstanding.

CAPITAL EXPENDITURES

Capital expenditures totaled \$36.9 million in the first nine months of 1995, compared with \$69 million for the same period in 1994. Capital expenditures for 1995 are expected to approximate \$70 million, with market-expansion expenditures expected to approximate 35% of the capital budget. The Company's current estimate for 1996 capital expenditures is approximately \$50 million. Expenditures for 1995 are being funded, and expenditures for 1996 are expected to be funded, by cash from operations, debt issuances and/or available credit facilities.

ACCOUNTING STANDARDS

Accounting Standard No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", was issued in March 1995. This standard addresses the accounting for the recognition and measurement of impairment losses for long-lived assets, certain identifiable intangibles and goodwill related to those assets to be held and used. This standard also addresses the accounting for long-lived assets and certain identifiable intangibles to be disposed of.

The Company does not expect Accounting Standard No. 121 to have a significant effect on consolidated results of operations or financial position upon adoption.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Notes 2, 4 and 5 of the Notes to Consolidated Financial Statements in Part I of this Report which are incorporated herein by reference. See also Item 3 of PEPL's Annual Report on Form 10-K for the year ended December 31, 1994.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits -

Exhibit Number	Description
27	Financial Data Schedule

(b) Reports on Form 8-K - None

SIGNATURES

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

PANHANDLE EASTERN PIPE LINE COMPANY
(Registrant)

/s/ Sandra P. Meyer

Sandra P. Meyer, Vice President

Date: November 13, 1995

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This schedule contains summary financial information extracted from the Panhandle Eastern Pipe Line Company Quarterly Report on Form 10-Q for the quarter ended September 30, 1995 and is qualified in its entirety by reference to such financial statements.

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 PANHANDLE EASTERN PIPE LINE COMPANY
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	DEC-31-1995	
	SEP-30-1995	
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	25,800	
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	57,600	
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		974,700
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	407,700	
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	148,200	
	65,600	
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	31,500	
	113,000	
		44,500
	68,500	
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Not meaningful since Panhandle Eastern Pipe Line Company is a wholly-owned subsidiary.