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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-2921

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

Delaware	**44-0382470**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3738 Oak Lawn Avenue, Dallas, Texas 75219
(Address of principle executive offices) (zip code)

(214) 981-0700
(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 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 x 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 x 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.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer x Smaller reporting company ☐

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

Panhandle Eastern Pipe Line Company, 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.

FORM 10-Q

PANHANDLE EASTERN PIPE LINE COMPANY, LP

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Forward-Looking Statements

Certain matters discussed in this report, excluding historical information, as well as some statements by Panhandle Eastern Pipe Line Company, LP and its subsidiaries (“Panhandle” or the “Company”) in periodic press releases and some oral statements of the Company’s officials during presentations about the Company, include forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. Statements using words such as “anticipate,” “believe,” “intend,” “project,” “plan,” “expect,” “continue,” “estimate,” “goal,” “forecast,” “may,” “will” or similar expressions help identify forward-looking statements. Although the Company believes such forward-looking statements are based on reasonable assumptions and current expectations and projections about future events, no assurance can be given that such assumptions, expectations, or projections will prove to be correct. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, the Company’s actual results may vary materially from those anticipated, projected, forecasted, estimated or expressed in forward-looking statements since many of the factors that determine these results are subject to uncertainties and risks that are difficult to predict and beyond management’s control. For additional discussion of risks, uncertainties and assumptions, see “Part I — Item 1A. Risk Factors” in the Company's Report on Form 10-K for the year ended December 31, 2013 filed with the Securities and Exchange Commission on February 27, 2014.

Definitions

The following is a list of certain acronyms and terms generally used in the energy industry and throughout this document:

/d	per day
Bcf	Billion cubic feet
Btu	British thermal units
EPA	United States Environmental Protection Agency
ETE	Energy Transfer Equity, L.P.
ETP	Energy Transfer Partners, L.P., a subsidiary of ETE
Exchange Act	Securities Exchange Act of 1934
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
LIBOR	London Interbank Offer Rate
LNG	Liquefied natural gas
LNG Holdings	Trunkline LNG Holdings, LLC
MGE	Missouri Gas Energy
NEG	New England Gas Company
NGL	Natural gas liquids
OPEB plans	Other postretirement employee benefit plans
PCBs	Polychlorinated biphenyls
PEPL	Panhandle Eastern Pipe Line Company, LP
PEPL Holdings	PEPL Holdings, LLC
ppb	parts per billion
Regency	Regency Energy Partners LP, a subsidiary of ETE
Sea Robin	Sea Robin Pipeline Company, LLC
SEC	United States Securities and Exchange Commission

Southern Union	Southern Union Company
Southwest Gas	Pan Gas Storage LLC
SUGS	Southern Union Gas Services
TBtu	Trillion British thermal units
Trunkline	Trunkline Gas Company, LLC
Trunkline LNG	Trunkline LNG Company, LLC

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PANHANDLE EASTERN PIPE LINE COMPANY, LP

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)
(unaudited)

	June 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 32	$ 17
Accounts receivable, net	51	69
Accounts receivable from related companies	57	64
Exchanges receivable	45	19
System natural gas and operating supplies	147	203
Other current assets	20	18
Total current assets	352	390
PROPERTY, PLANT AND EQUIPMENT:		
Plant in service	3,298	4,208
Construction work in progress	33	70
	3,331	4,278
Accumulated depreciation and amortization	(215)	(216)
Net property, plant and equipment	3,116	4,062
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	1,488	1,525
GOODWILL	1,152	1,336
NOTE RECEIVABLE FROM RELATED PARTY	386	396
OTHER NON-CURRENT ASSETS, net	105	147
Total assets	$ 6,599	$ 7,856

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

PANHANDLE EASTERN PIPE LINE COMPANY, LP

CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions)
(unaudited)

	June 30, 2014	December 31, 2013
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 1	$ 1
Accounts payable and accrued liabilities	5	33
Accounts payable to related companies	451	181
Exchanges payable	179	207
Accrued interest	12	12
Price risk management liabilities	10	10
Customer advances and deposits	21	17
Other current liabilities	47	52
Total current liabilities	726	513
LONG-TERM DEBT, less current maturities	1,201	1,246
NOTE PAYABLE TO RELATED PARTY	—	1,090
NON-CURRENT PRICE RISK MANAGEMENT LIABILITIES	22	15
DEFERRED INCOME TAXES	1,461	1,659
OTHER NON-CURRENT LIABILITIES	272	265
COMMITMENTS AND CONTINGENCIES (Note 11)		
PARTNERS' CAPITAL:		
Partners' capital	2,915	3,551
Accumulated other comprehensive income	2	3
Total partners' capital	2,917	3,554
Noncontrolling interest	—	(486)
Total liabilities and partners' capital	$ 6,599	$ 7,856

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

PANHANDLE EASTERN PIPE LINE COMPANY, LP

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions)
(unaudited)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
OPERATING REVENUES:				
Transportation and storage of natural gas	$ 122	$ 181	$ 292	$ 319
LNG terminalling	—	48	—	107
NGL sales	—	77	—	249
Other	6	10	15	34
Total operating revenues	128	316	307	709
OPERATING EXPENSES:				
Cost of natural gas and other energy	2	66	3	225
Operating, maintenance and general	60	88	117	208
Depreciation and amortization	32	47	63	106
Total operating expenses	94	201	183	539
OPERATING INCOME	34	115	124	170
OTHER INCOME (EXPENSE):				
Interest expense, net of interest capitalized	(19)	(12)	(37)	(45)
Equity in earnings (losses) of unconsolidated investments	6	5	(2)	6
Interest income - affiliates	7	—	12	—
Other, net	2	(2)	4	(1)
Total other expenses, net	(4)	(9)	(23)	(40)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE	30	106	101	130
Income tax expense from continuing operations	14	75	120	85
INCOME (LOSS) FROM CONTINUING OPERATIONS	16	31	(19)	45
Income from discontinued operations	—	9	—	31
NET INCOME (LOSS)	16	40	(19)	76
LESS: NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST	—	(29)	6	(35)
NET INCOME (LOSS) ATTRIBUTABLE TO PARTNERS	$ 16	$ 69	$ (25)	$ 111

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

PANHANDLE EASTERN PIPE LINE COMPANY, LP

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income (loss)	$ 16	$ 40	$ (19)	$ 76
Other comprehensive income (loss), net of tax:				
Change in fair value of commodity hedges	—	(3)	—	(3)
Actuarial gain (loss) relating to postretirement benefits	—	2	(1)	2
	—	(1)	(1)	(1)
Comprehensive income (loss)	$ 16	$ 39	$ (20)	$ 75

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
(Dollars in millions)
(unaudited)

	Partners' Capital	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total
Balance, December 31, 2013	$ 3,551	$ 3	$ (486)	$ 3,068
Distribution to partners	(89)	—	—	(89)
Trunkline LNG Transaction	(20)	—	(23)	(43)
Panhandle Merger	(502)	(1)	503	—
Net income (loss)	(25)	—	6	(19)
Balance, June 30, 2014	$ 2,915	$ 2	$ —	$ 2,917

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

PANHANDLE EASTERN PIPE LINE COMPANY, LP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)
(unaudited)

	Six Months Ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (19)	$ 76
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	63	106
Deferred income taxes	(198)	109
Provision for bad debts	—	5
Amortization included in interest expense	(11)	(17)
Unrealized (gain) loss on derivatives	7	(28)
Non-cash compensation expense	2	4
Equity in (earnings) losses of unconsolidated affiliates	2	(6)
Distributions from unconsolidated affiliates	8	7
Other non-cash	(3)	3
Changes in operating assets and liabilities, net of merger impacts	262	33
Net cash flows provided by operating activities	113	292
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from SUGS Contribution	—	463
Proceeds from affiliates	10	—
Capital expenditures	(31)	(166)
Distributions from unconsolidated affiliates in excess of cumulative earnings	28	13
Other	(16)	—
Net cash flows provided by (used in) investing activities	(9)	310
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to partners	(89)	(282)
Net change in revolving credit facilities	—	(210)
Other	—	(7)
Net cash flows used in financing activities	(89)	(499)
INCREASE IN CASH AND CASH EQUIVALENTS	15	103
CASH AND CASH EQUIVALENTS, beginning of period	17	49
CASH AND CASH EQUIVALENTS, end of period	$ 32	$ 152

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

PANHANDLE EASTERN PIPE LINE COMPANY, LP

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular dollar amounts are in millions)
(unaudited)

1. OPERATIONS AND ORGANIZATION:

Business Operations

Panhandle Eastern Pipe Line Company, LP and its subsidiaries (collectively, "we," "us," the "Company" or "Panhandle") are primarily engaged in the interstate transportation and storage of natural gas and are subject to the rules and regulations of the FERC. The Company's entities include the following:

- PEPL, an indirect wholly-owned subsidiary of ETP;
- Trunkline, a direct wholly-owned subsidiary of PEPL;
- Sea Robin, an indirect wholly-owned subsidiary of PEPL; and
- Southwest Gas, a direct wholly-owned subsidiary of PEPL.

The Company's operations currently consist 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, as well as owning underground storage capacity.

Southern Union Panhandle LLC, an indirect wholly-owned subsidiary of ETP, serves as the general partner of PEPL and owns a 1% general partnership interest in PEPL. ETP also indirectly owns a 99% limited partnership interest in PEPL.

See Note 2 for information related to the Panhandle Merger. We have accounted for this transaction as a reorganization of entities under common control; therefore, the consolidated financial statements of the Company were retrospectively adjusted to consolidate Southern Union for all periods. As a result of this retrospective consolidation, the Company's consolidated results of operations for the three and six months ended June 30, 2013 include Southern Union's former natural gas gathering and processing operations, which were contributed to an affiliate in 2013 as discussed in Note 2, and Southern Union's former local distribution operations, which were sold in 2013 and were presented as discontinued operations as discussed in Note 2.

Preparation of Interim Financial Statements

The accompanying condensed consolidated balance sheet as of December 31, 2013 has been prepared on the same basis as the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013. The accompanying unaudited interim condensed consolidated financial statements and notes thereto of the Company as of June 30, 2014 and for the three and six months ended June 30, 2014 and 2013 have been prepared in accordance with GAAP for interim condensed consolidated financial information and pursuant to the rules and regulations of the SEC. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. However, management believes that the disclosures made are adequate to make the information not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for a full year due to the seasonal nature of the Company's operations.

In the opinion of management, all adjustments (all of which are normal and recurring) have been made that are necessary to fairly state the consolidated financial position of the Company as of June 30, 2014, and the Company's results of operations and cash flows for the three and six months ended June 30, 2014 and 2013. The unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the SEC on February 27, 2014.

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which clarifies the principles for recognizing revenue based on the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, with earlier adoption not permitted. ASU 2014-09 can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the impact, if any, that adopting this new accounting standard will have on our revenue recognition policies.

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* ("ASU 2014-08"), which changed the requirements for reporting discontinued operations. Under ASU 2014-08, a disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on an entity's operations and financial results. ASU 2014-08 is effective for all disposals or classifications as held for sale of components of an entity that occur within fiscal years beginning after December 15, 2014, and early adoption is permitted. We expect to adopt this standard for the year ending December 31, 2015. ASU 2014-08 could have an impact on whether transactions will be reported in discontinued operations in the future, as well as the disclosures required when a component of an entity is disposed.

2. MERGERS, DECONSOLIDATIONS AND RELATED TRANSACTIONS:

2014 Transactions

Panhandle Merger

On January 10, 2014, the Company consummated a merger with Southern Union, the indirect parent of the Company, and PEPL Holdings, the sole limited partner of the Company, pursuant to which each of Southern Union and PEPL Holdings, a wholly-owned subsidiary of Southern Union, were merged with and into the Company (the "Panhandle Merger"), with the Company surviving the Panhandle Merger. In connection with the Panhandle Merger, the Company assumed Southern Union's obligations under its 7.6% Senior Notes due 2024, 8.25% Senior Notes due 2029 and Floating Rate Junior Subordinated Notes due 2066. At the time of the Panhandle Merger, Southern Union did not have material operations of its own, other than its ownership of the Company and noncontrolling interests in PEI Power II, LLC, Regency (31.4 million common units and 6.3 million Class F Units) and ETP (2.2 million common units). In connection with the Panhandle Merger, the Company also assumed PEPL Holdings' guarantee of $600 million of Regency senior notes.

Trunkline LNG Transaction

On February 19, 2014, Panhandle transferred to ETP all of the interests in Trunkline LNG, the entity that owns a LNG regasification facility in Lake Charles, Louisiana, in exchange for the cancellation of a $1.09 billion note payable to ETP that was assumed by the Company in the merger with Southern Union on January 10, 2014. Also on February 19, 2014, ETE and ETP completed the transfer to ETE of Trunkline LNG from ETP in exchange for the redemption by ETP of 18.7 million ETP common units held by ETE. The transaction was effective as of January 1, 2014, at which time Panhandle deconsolidated Trunkline LNG, including goodwill of $184 million and intangible assets of $50 million related to Trunkline LNG. The results of Trunkline LNG's operations have not been presented as discontinued operations and Trunkline LNG's assets and liabilities have not been presented as held for sale in the Company's consolidated financial statements due to continuing involvement among the entities.

2013 Transactions

Sale of Southern Union's Distribution Operations

In September 2013, Southern Union completed its sale of the assets of MGE for an aggregate purchase price of $975 million, subject to customary post-closing adjustments. In December 2013, Southern Union completed its sale of the assets of NEG for cash proceeds of $40 million, subject to customary post-closing adjustments, and the assumption of $20 million of debt.

MGE and NEG have been classified as discontinued operations in the condensed consolidated statements of operations.

SUGS Contribution

On April 30, 2013, Southern Union completed its contribution to Regency of all of the issued and outstanding membership interest in Southern Union Gathering Company, LLC, and its subsidiaries, including SUGS (the "SUGS Contribution"). The general partner and IDRs of Regency are owned by ETE. The consideration paid by Regency in connection with this transaction consisted of (i) the issuance of approximately 31.4 million Regency common units to Southern Union, (ii) the issuance of approximately 6.3 million Regency Class F units to Southern Union, (iii) the distribution of $463 million in cash to Southern Union, net of closing adjustments, and (iv) the payment of $30 million in cash to a subsidiary of ETP. This transaction was between commonly controlled entities; therefore, the amounts recorded in the consolidated balance sheet for the investment in Regency and the related deferred tax liabilities were based on the historical book value of SUGS. In addition, PEPL Holdings provided a guarantee of collection with respect to the payment of the principal amounts of Regency's debt related to the SUGS Contribution. The Regency Class F units have the same rights, terms and conditions as the Regency common units, except that the Company, as successor to Southern Union, will not receive distributions on the Regency Class F units for the first eight consecutive quarters following the closing, and the Regency Class F units will thereafter automatically convert into Regency common units on a one-for-one basis.

3. RELATED PARTY TRANSACTIONS:

Accounts receivable from related companies reflected on the condensed consolidated balance sheets primarily related to services provided for ETE, ETP and other affiliates. Accounts payable to related companies reflected on the condensed consolidated balance sheets primarily related to payroll funding and overhead allocation provided by ETP and other affiliates.

The following table provides a summary of the related party activity included in our condensed consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Operating revenues	$ 4	$ 9	$ 24	$ 29
Cost of natural gas and other energy	—	3	—	16
Operating, maintenance and general	12	18	24	43
Interest expense, net of interest capitalized	—	1	—	1
Interest income - affiliates	7	—	12	—
Equity in earnings (losses) of unconsolidated investments	6	5	(2)	6

The Company received $4 million and $2 million in distributions related to its investment in ETP during the six months ended June 30, 2014 and 2013, respectively. The Company also received $30 million and $14 million in distributions related to its investment in Regency during the six months ended June 30, 2014 and 2013, respectively.

4. INVESTMENTS IN UNCONSOLIDATED AFFILIATES:

The Company's investment in Regency is reflected in our consolidated financial statements using the equity method. This investment consists of approximately 31.4 million Regency common units and approximately 6.3 million Regency Class F units that were issued to Southern Union as consideration for the SUGS Contribution.

The following table presents aggregated selected income statement data for Regency (on a 100% basis for all periods presented).

	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Revenue	$ 1,178	$ 2,041
Operating income	35	57
Net income (loss)	(4)	8

In addition to the equity method investment described above, we have other equity method investments which are not individually significant to our consolidated financial statements.

5. ACCUMULATED OTHER COMPREHENSIVE INCOME:

As of June 30, 2014 and December 31, 2013, accumulated other comprehensive income consists of net actuarial gains and prior service costs related to our OPEB plans.

6. DEBT OBLIGATIONS:

Based on the estimated borrowing rates currently available to the Company and its subsidiaries for loans with similar terms and average maturities, the aggregate fair value of the Company's consolidated debt obligations at June 30, 2014 and December 31, 2013 was $1.27 billion and $2.38 billion, respectively. As of June 30, 2014 and December 31, 2013, the aggregate carrying amount of the Company's consolidated debt obligations was $1.20 billion and $2.34 billion, respectively. The fair value of the Company's consolidated debt obligations is a Level 2 valuation based on the observable inputs used for similar liabilities.

Assumption of Southern Union Debt

In connection with the consummation of the Panhandle Merger, Panhandle assumed Southern Union's long-term debt obligations. As of June 30, 2014, the long-term debt assumed in the Panhandle Merger consisted of $83 million in aggregate principal amount of 7.6% Senior Notes due 2024, $33 million in aggregate principal amount of 8.25% Senior Notes due 2029 and $54 million in aggregate principal amount of Floating Rate Junior Subordinated Notes due 2066. The amounts recorded in the condensed consolidated balance sheet also reflected unamortized fair value adjustments, which were $13 million in the aggregate at June 30, 2014.

In connection with the Trunkline LNG Transaction, the $1.09 billion note payable to ETP that was assumed by the Company in the merger with Southern Union on January 10, 2014 was canceled.

Compliance With Our Covenants

The Company's notes are subject to certain requirements, such as the maintenance of a fixed charge coverage ratio and a leverage ratio, which if not maintained, restrict the ability of the Company to make certain payments and impose limitations on the ability of the Company to subject its property to liens. Other covenants impose limitations on restricted payments, including dividends and loans to affiliates, and additional indebtedness. As of June 30, 2014, the Company was in compliance with these covenants.

7. RETIREMENT BENEFITS:

Components of Net Periodic Benefit Cost

The following tables set forth the components of net periodic benefit cost of the Company's pension and OPEB plans:

	Pension Benefits		Other Postretirement Benefits	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2014	2013	2014	2013
Net Periodic Benefit Cost:				
Service cost	$ —	$ 2	$ —	$ 1
Interest cost	—	2	1	—
Expected return on plan assets	—	(3)	(2)	(1)
	—	1	(1)	—
Regulatory adjustment[1]	—	2	—	—
Net periodic benefit cost	$ —	$ 3	$ (1)	$ —

	Pension Benefits		Other Postretirement Benefits	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Periodic Benefit Cost:				
Service cost	$ —	$ 3	$ —	$ 1
Interest cost	—	4	1	1
Expected return on plan assets	—	(6)	(3)	(3)
Actuarial gain amortization	—	1	—	—
	—	2	(2)	(1)
Regulatory adjustment[(1)]	—	4	—	—
Net periodic benefit cost	$ —	$ 6	$ (2)	$ (1)

(1) The Company has historically recovered certain qualified pension benefit plan and other postretirement benefit plan costs through rates charged to utility customers. Certain utility commissions require that the recovery of these costs be based on the Employee Retirement Income Security Act of 1974, as amended, or other utility commission specific guidelines. The difference between these regulatory-based amounts and the periodic benefit cost calculated pursuant to GAAP is deferred as a regulatory asset or liability and amortized to expense over periods in which this difference will be recovered in rates, as promulgated by the applicable utility commission.

The Company no longer has pension plans after the sale of the assets of MGE and NEG in 2013.

8. INCOME TAXES:

The increase in the effective tax rate for the six months ended June 30, 2014 was primarily due to the Trunkline LNG Transaction (see Note 2). The Trunkline LNG Transaction, which was treated as a sale for tax purposes, resulted in $81 million of incremental income tax expense. For the three and six months ended June 30, 2013, the effective tax rate exceeded the statutory rate primarily due to state income taxes resulting from the SUGS Contribution and other internal restructuring activities.

9. PRICE RISK MANAGMENT ASSETS AND LIABILITIES:

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. Southern Union was also previously exposed to commodity price risk in its gathering and processing and distribution operations. Natural gas price swaps were the principal derivative instruments used by Southern Union to manage commodity price risk associated with purchases and/or sales of natural gas, although other commodity derivative contracts were used from time to time. The Company recognizes all derivative assets and liabilities at fair value on the condensed consolidated balance sheets.

Interest Rate Contracts

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

Interest Rate Swaps. The Company has outstanding interest rate swap agreements to hedge floating rate notes with an aggregate notional amount of $275 million, all of which are for ten-year periods. The Company settled $50 million of five-year swaps during the third quarter of 2013, $175 million of ten-year swaps during the fourth quarter of 2013 and $25 million of five-year swaps during the fourth quarter of 2013. These interest rate swaps became effective on November 1, 2011. The Company pays interest on the floating rate notes based on three-month LIBOR plus a credit spread of 3.0175% beginning November 1, 2011. The interest rate swaps effectively fix the floating rate LIBOR-based portion of the interest payments on the swapped notes to a weighted average fixed rate of 3.801%.

Credit Risk

Credit risk refers to the risk that a shipper may default on its contractual obligations resulting in a credit loss to the Company. A credit policy has been approved and implemented to govern the Company's portfolio of shippers with the objective of mitigating credit losses. This policy establishes guidelines, controls, and limits, consistent with FERC filed tariffs, to manage credit risk within approved tolerances by mandating an appropriate evaluation of the financial condition of existing and potential shippers, monitoring agency credit ratings, and by implementing credit practices that limit credit exposure according to the risk profiles of the shippers. Furthermore, the Company may, at times, require collateral under certain circumstances in order to mitigate credit risk as necessary.

The Company's shippers consist of a diverse portfolio of customers across the energy industry, including oil and gas producers, midstream companies, municipalities, utilities, and commercial and industrial end users. Our overall exposure may be affected positively or negatively by macroeconomic or regulatory changes that could impact our shippers to one extent or another. Currently, management does not anticipate a material adverse effect in our financial position or results of operations as a consequence of shipper non-performance.

Summary Financial Statement Information

The following table summarizes the fair value amounts of the Company's asset and liability derivative instruments and their location reported in the condensed consolidated balance sheets:

	Fair Value			
	Asset Derivatives		Liability Derivatives	
Balance Sheet Location	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Economic Hedges:				
Interest rate contracts:				
Price risk management liabilities	$ —	$ —	$ 10	$ 10
Non-current price management liabilities	—	—	22	15
Total	$ —	$ —	$ 32	$ 25

The following tables summarize the location and amount (excluding income tax effects) of derivative instrument gains and losses reported in the Company's condensed consolidated financial statements:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Cash Flow Hedges:				
Commodity contracts — Gathering and Processing:				
Change in fair value — decrease in accumulated other comprehensive income	$ —	$ (3)	$ —	$ (3)
Economic Hedges:				
Interest rate contracts:				
Change in fair value — increase (decrease) in interest expense	$ 4	$ (23)	$ 7	$ (28)
Commodity contracts:				
Change in fair value — increase (decrease) in deferred natural gas purchases	—	10	—	(3)

10. FAIR VALUE MEASUREMENT:

The following table sets forth the Company's assets and liabilities that are measured at fair value on a recurring basis:

	Fair Value as of June 30, 2014	Fair Value Measurements at June 30, 2014 Using Fair Value Hierarchy Level 1	Level 2
Assets:			
Total	$ —	$ —	$ —
Liabilities:			
Interest rate swaps	$ 32	$ —	$ 32
Total	$ 32	$ —	$ 32

The Company's Level 2 instruments primarily include interest rate swap derivatives that are valued using pricing models based on an income approach that discounts future cash flows to a present value amount. The significant pricing model inputs for interest rate swaps include published rates for U.S. Dollar LIBOR interest rate swaps. The pricing models also adjust for nonperformance risk associated with the counterparty or Company, as applicable, through the use of credit risk adjusted discount rates based on published default rates. During the period ended June 30, 2014, no transfers were made between any levels within the fair value hierarchy.

11. REGULATORY MATTERS, COMMITMENTS, CONTINGENCIES AND ENVIRONMENTAL LIABILITIES:

Sea Robin Rate Case

On December 2, 2013, Sea Robin filed a general NGA Section 4 rate case at the FERC as required by a previous rate case settlement. In the filing, Sea Robin seeks to increase its authorized rates to recover costs related to asset retirement obligations, depreciation, and return and taxes. A settlement was reached with the shippers and a stipulation and agreement was filed with the FERC on July 23, 2014. The settlement will be final with Commission action on the filing.

PEPL Holdings Guarantee of Collection

In connection with the SUGS Contribution, Regency issued $600 million of 4.50% Senior Notes due 2023 (the "Regency Debt"), the proceeds of which were used by Regency to fund the cash portion of the consideration, as adjusted, and pay certain other expenses or disbursements directly related to the closing of the SUGS Contribution. Pursuant to an agreement between Regency and PEPL Holdings, PEPL Holdings provided a guarantee of collection (on a nonrecourse basis to Southern Union) to Regency and Regency Energy Finance Corp. with respect to the payment of the principal amount of the Regency Debt through maturity in 2023. In connection with the completion of the Panhandle Merger, in which PEPL Holdings was merged with and into Panhandle, the guarantee of collection for the Regency Debt was assumed by Panhandle.

Contingent Residual Support Agreement with ETP

In connection with the Panhandle Merger, the Company assumed Southern Union's obligations under a contingent residual support agreement with ETP and Citrus ETP Finance LLC, pursuant to which the Company provides contingent, residual support to Citrus ETP Finance LLC (on a non-recourse basis to the Company) 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.

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 potentially responsible parties. 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 on the condensed consolidated balance sheets at the dates indicated to cover environmental remediation activities where management believes a loss is probable and reasonably estimable. The Company is not able to estimate the possible loss or range of loss in excess of amounts accrued. The Company does not have any material environmental remediation matters assessed as reasonably possible.

	June 30, 2014	December 31, 2013
Current	$ 2	$ 2
Non-current	2	3
Total environmental liabilities	$ 4	$ 5

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.

Attorney General of the Commonwealth of Massachusetts v New England Gas Company. On July 7, 2011, the Massachusetts Attorney General ("AG") filed a regulatory complaint with the Massachusetts Department of Public Utilities ("MDPU") against New England Gas Company with respect to certain environmental cost recoveries. The AG is seeking a refund to New England Gas Company customers for alleged "excessive and imprudently incurred costs" related to legal fees associated with Southern Union's environmental response activities. In the complaint, the AG requests that the MDPU initiate an investigation into the New England Gas Company's collection and reconciliation of recoverable environmental costs including: (i) the prudence of any and all legal fees, totaling $19 million, that were charged by the Kasowitz, Benson, Torres & Friedman firm and passed through the recovery mechanism since 2005, the year when a partner in the firm, Southern Union's former Vice Chairman, President and Chief Operating Officer, joined Southern Union's management team; (ii) the prudence of any and all legal fees that were charged by the Bishop, London & Dodds firm and passed through the recovery mechanism since 2005, the period during which a member of the firm served as Southern Union's Chief Ethics Officer; and (iii) the propriety and allocation of certain legal fees charged that were passed through the recovery mechanism that the AG contends only qualify for a lesser, 50%, level of recovery. Southern Union has filed its answer denying the allegations and moved to dismiss the complaint, in part on a theory of collateral estoppel. The hearing officer has deferred consideration of Southern Union's motion to dismiss. The AG's motion to be reimbursed expert and consultant costs by Southern Union of up to $150,000 was granted. By tariff, these costs are recoverable through rates charged to New England Gas Company customers. The hearing officer previously stayed discovery pending resolution of a dispute concerning the applicability of attorney-client privilege to legal billing invoices. The MDPU issued an interlocutory order on June 24, 2013 that lifted the stay, and discovery has resumed. The Company (as successor to Southern Union) believes it has complied with all applicable requirements regarding its filings for cost recovery and has not recorded any accrued liability; however, the Company will continue to assess its potential exposure for such cost recoveries as the matter progresses.

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 June 30, 2014 and December 31, 2013, the Company recorded litigation and other claim-related accrued liabilities of $24 million and $24 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.

Other Commitments and Contingencies

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.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Tabular dollar amounts are in millions)

The information in Item 2 has been prepared pursuant to the reduced disclosure format permitted by General Instruction H to Form 10-Q. Accordingly, this Item 2 includes only management’s narrative analysis of the results of operations and should be read in conjunction with (i) our historical condensed consolidated financial statements and accompanying notes thereto included elsewhere in this Quarterly Report on Form 10-Q; (ii) our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on February 27, 2014; and (iii) our management’s discussion and analysis of financial condition and results of operations included in our 2013 Form 10-K.

References to “we,” “us,” “our,” the “Company” or “Panhandle” shall mean Panhandle Eastern Pipe Line Company, LP and its subsidiaries.

RESULTS OF OPERATIONS

We have accounted for the Panhandle Merger as a reorganization of entities under common control; therefore, the consolidated financial statements of the Company were retrospectively adjusted to consolidate Southern Union for all periods. As a result of this retrospective consolidation, the Company’s consolidated results of operations for the three and six months ended June 30, 2013 include Southern Union’s former natural gas gathering and processing operations, which were contributed to an affiliate in 2013, and Southern Union’s former local distribution operations, which were sold in 2013 and were presented as discontinued operations.

The following table illustrates the results of operations of the Company:

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
OPERATING REVENUES:		
Transportation and storage of natural gas	$ 292	$ 319
LNG terminalling	—	107
NGL sales	—	249
Other	15	34
Total operating revenues [1]	307	709
OPERATING EXPENSES:		
Cost of natural gas and other energy	3	225
Operating, maintenance and general	117	208
Depreciation and amortization	63	106
Total operating expenses	183	539
OPERATING INCOME	124	170
OTHER INCOME (EXPENSE):		
Interest expense, net of interest capitalized	(37)	(45)
Equity in earnings (losses) of unconsolidated affiliates	(2)	6
Interest income - affiliates	12	—
Other, net	4	(1)
Total other expenses, net	(23)	(40)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE	101	130
Income tax expense from continuing operations	120	85
INCOME (LOSS) FROM CONTINUING OPERATIONS	(19)	45
Income from discontinued operations	—	31
NET INCOME (LOSS)	(19)	76
LESS: NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST	6	(35)
NET INCOME (LOSS) ATTRIBUTABLE TO PARTNERS	$ (25)	$ 111
Panhandle natural gas volumes transported (TBtu): [2]		
PEPL	344	314
Trunkline	366	357
Sea Robin	68	74

(1) Reservation revenues comprised 92% and 96% of total Panhandle operating revenues for the six months ended June 30, 2014 and 2013, respectively, as parking revenues were higher in the current period than in the prior year.

(2) Includes transportation deliveries made throughout the Company’s pipeline network.

The following is a discussion of the significant items and variances impacting the Company’s net income during the periods presented above:

- *Operating Revenues*. Operating revenues decreased for the six months ended June 30, 2014 compared to the same period in the prior year primarily due to the deconsolidation of Trunkline LNG and SUGS. This was partially offset by an increase in loan-related and firm reservation transportation revenues due to colder weather in the first quarter of 2014.
- *Operating Expenses*. Operating expenses decreased for the six months ended June 30, 2014 compared to the same period in the prior year primarily due to the deconsolidation of SUGS and Trunkline LNG. Operating, maintenance and general included in the six months ended June 30, 2013 related to SUGS and Trunkline LNG were $56 million and $15 million, respectively. The remainder of the decrease in operating, maintenance and general was primarily attributable to reduced

general and administrative costs related to professional fees of $6 million, employee costs of $3 million and certain allocated corporate overhead amounts of $10 million.

- *Interest Expense, Net of Interest Capitalized.* Interest expense decreased for the six months ended June 30, 2014 compared to the same period in the prior year due to the repayment of long-term debt during 2013.
- *Interest Income - Affiliates.* Interest income from affiliates increased for the six months ended June 30, 2014 compared to the same period in the prior year due to a note receivable from ETP that was entered into during the third quarter 2013.
- *Equity in Earnings (Losses) of Unconsolidated Affiliates*. Regency issued common units in connection with its acquisitions during the six months ended June 30, 2014. As a result, the Company recognized non-cash losses based on the reduction of its proportionate ownership in Regency as the Company's investment balance exceeded the fair value of the new units issued on a per-unit basis.
- *Income Taxes.* The increase in the effective tax rate for the six months ended June 30, 2014 was primarily due to the Trunkline LNG Transaction (see Note 2). The Trunkline LNG Transaction, which was treated as a sale for tax purposes, resulted in $81 million of incremental income tax expense. For the six months ended June 30, 2013, the effective tax rate exceeded the statutory rate primarily due to state income taxes resulting from the SUGS Contribution and other internal restructuring activities.
- *Income From Discontinued Operations.* Income from discontinued operations for the six months ended June 30, 2013 reflected the results of operations of MGE and NEG, both of which were sold in 2013.

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

We have established disclosure controls and procedures to ensure that information required to be disclosed by us, including our consolidated entities, in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Under the supervision and with the participation of senior management, including the Chief Executive Officer ("Principal Executive Officer") and the Chief Financial Officer ("Principal Financial Officer") of our General Partner, we evaluated our disclosure controls and procedures, as such term is defined under Rule 13a–15(e) promulgated under the Exchange Act. Based on this evaluation, the Principal Executive Officer and the Principal Financial Officer of our General Partner concluded that our disclosure controls and procedures were effective as of June 30, 2014 to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to management, including the Principal Executive Officer and Principal Financial Officer of our General Partner, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as defined in Rule 13(a)-15(f) or Rule 15d-15(f) of the Exchange Act) during the three months ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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 Note 11 in this Quarterly Report on Form 10-Q and in Note 14 in the Company's Form 10-K for the year ended December 31, 2013.

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 Note 11 in this Quarterly Report on Form 10-Q and Note 14 included in the Company's Form 10-K for the year ended December 31, 2013.

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 27, 2014.

ITEM 6. EXHIBITS

The exhibits listed below are filed or furnished, as indicated, as part of this report:

Exhibit Number	Description
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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

* Filed herewith.
** Furnished herewith.

SIGNATURE

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
(Registrant)

Date: August 7, 2014	By:	/s/ Martin Salinas, Jr.
		Martin Salinas, Jr.
		Chief Financial Officer (duly authorized to sign on behalf of the registrant)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

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 control 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: August 7, 2014

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

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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 control 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 my 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: August 7, 2014

/s/ Martin Salinas, Jr.

Martin Salinas, Jr.
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Panhandle Eastern Pipe Line Company, LP (the "Company") on Form 10-Q for the quarter ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kelcy L. Warren, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2014

/s/ Kelcy L. Warren

Kelcy L. Warren
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to and will be retained by Panhandle Eastern Pipe Line Company, LP and furnished to the Securities and Exchange Commission upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Panhandle Eastern Pipe Line Company, LP (the "Company") on Form 10-Q for the quarter ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin Salinas, Jr., Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2014

/s/ Martin Salinas, Jr.

Martin Salinas, Jr.
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to and will be retained by Panhandle Eastern Pipe Line Company, LP and furnished to the Securities and Exchange Commission upon request.