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

June 30, 2010

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.)
5444 Westheimer Road **Houston, Texas** (Address of principal executive offices)	**77056-5306** (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 **P** 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 ___ 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 **P** (Do not check if smaller reporting company) Smaller reporting company ___

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

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.

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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
COO	Chief Operating Officer
CrossCountry Citrus	CrossCountry Citrus, LLC
EITR	Effective income tax rate
EPA	United States Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles
HAPs	Hazardous air pollutants
LNG	Liquefied Natural Gas
LNG Holdings	Trunkline LNG Holdings, LLC
Panhandle	PEPL and its subsidiaries
PCBs	Polychlorinate biphenyls
PEPL	Panhandle Eastern Pipe Line Company, LP
Sea Robin	Sea Robin Pipeline Company, LLC
SEC	Securities 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
The Company	PEPL and its subsidiaries
Trunkline	Trunkline Gas Company, LLC
Trunkline LNG	Trunkline LNG Company, LLC

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

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	(In thousands)			
Operating revenue				
Transportation and storage of natural gas	$ 130,601	$ 137,178	$ 277,329	$ 294,295
LNG terminalling revenue	54,192	33,411	91,778	66,488
Other revenue	2,297	2,026	4,658	4,127
Total operating revenue	187,090	172,615	373,765	364,910
Operating expenses				
Operation, maintenance and general	54,762	53,310	108,646	124,556
Operation, maintenance and general - affiliates (Note 4)	11,727	10,984	25,604	22,726
Depreciation and amortization	30,896	28,483	60,073	56,346
Taxes, other than on income	8,894	8,311	18,122	17,236
Total operating expenses	106,279	101,088	212,445	220,864
Operating income	80,811	71,527	161,320	144,046
Other income (expense)				
Interest expense	(27,151)	(20,731)	(49,540)	(40,912)
Interest income - affiliates (Note 4)	2,142	2,393	4,155	4,685
Other, net	99	181	143	343
Total other income (expense)	(24,910)	(18,157)	(45,242)	(35,884)
Earnings before income taxes	55,901	53,370	116,078	108,162
Income taxes	22,148	20,926	48,733	42,829
Net earnings	$ 33,753	$ 32,444	$ 67,345	$ 65,333

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

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

Assets	June 30, 2010	December 31, 2009
	(In thousands)	
Current assets		
Cash and cash equivalents	$ 66	$ 55
Accounts receivable, billed and unbilled, less allowances of $1,147 and $1,147, respectively	66,714	67,485
Accounts receivable - related parties (Note 4)	3,823	6,083
Natural gas imbalances - receivable	91,493	126,842
System natural gas and operating supplies (Note 3)	165,485	214,706
Deferred income taxes	14,906	20,707
Other	3,494	8,343
Total current assets	345,981	444,221
Property, plant and equipment		
Plant in service	3,859,455	3,353,822
Construction work-in-progress	58,998	495,588
	3,918,453	3,849,410
Less accumulated depreciation and amortization	563,296	493,873
Net property, plant and equipment	3,355,157	3,355,537
Note receivable - Southern Union (Note 4)	397,330	327,480
Note receivable - CrossCountry Citrus (Note 4)	368,126	368,126
Non-current system natural gas (Note 3)	7,639	8,831
Other	19,963	20,202
Total assets	$ 4,494,196	$ 4,524,397

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

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

	June 30, 2010	December 31, 2009
	(In thousands)	
Partners' Capital		
Partners' capital	$ 1,560,381	$ 1,493,036
Accumulated other comprehensive loss	(19,046)	(19,541)
Tax sharing note receivable - Southern Union	(4,204)	(5,218)
Total partners' capital	1,537,131	1,468,277
Long-term debt (Note 7)	1,984,335	1,984,246
Total capitalization	3,521,466	3,452,523
Current liabilities		
Current portion of long-term debt (Note 7)	-	40,500
Accounts payable	13,469	8,228
Accounts payable - related parties (Note 4)	41,846	24,881
Natural gas imbalances - payable	233,159	321,638
Accrued taxes	17,327	17,975
Accrued interest	14,227	15,125
Capital accruals	43,887	50,246
Asset retirement obligations	30,277	45,971
Other	63,770	75,068
Total current liabilities	457,962	599,632
Deferred income taxes, net	448,546	418,992
Other	66,222	53,250
Commitments and contingencies (Note 12)		
Total partners' capital and liabilities	$ 4,494,196	$ 4,524,397

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

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

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	(In thousands)	
Cash flows provided by operating activities:		
Net earnings	$ 67,345	$ 65,333
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	60,073	56,346
Deferred income taxes	35,001	30,389
Changes in operating assets and liabilities	(9,331)	33,774
Net cash flows provided by operating activities	153,088	185,842
Cash flows provided by (used in) investing activities:		
Net increase in note receivable - Southern Union	(69,850)	(201,200)
Net increase in income taxes payable - related parties	12,717	10,769
Decrease in note receivable - CrossCountry Citrus	-	24,265
Additions to property, plant and equipment	(61,670)	(166,906)
Other	5,376	(2,748)
Net cash flows used in investing activities	(113,427)	(335,820)
Cash flows provided by (used in) financing activities:		
Increase in book overdraft	850	1,099
Issuance of long-term debt	-	150,000
Issuance costs of debt	-	(1,107)
Repayment of debt	(40,500)	-
Net cash flows provided by (used in) financing activities	(39,650)	149,992
Change in cash and cash equivalents	11	14
Cash and cash equivalents at beginning of period	55	28
Cash and cash equivalents at end of period	$ 66	$ 42

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

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

	Partners' Capital	Accumulated Other Comprehensive Loss	Tax Sharing Note Receivable-Southern Union	Total
		(In thousands)		
Balance December 31, 2009	$ 1,493,036	$ (19,541)	$ (5,218)	$ 1,468,277
Tax sharing receivable - Southern Union	-	-	1,014	1,014
Comprehensive income:				
Net earnings	67,345	-	-	67,345
Net change in other comprehensive loss (Note 6)	-	495	-	495
Comprehensive income				67,840
Balance June 30, 2010	$ 1,560,381	$ (19,046)	$ (4,204)	$ 1,537,131

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 note disclosures required by GAAP, and should be read in conjunction with Panhandle's financial statements and notes thereto for the year ended December 31, 2009, which are included in Panhandle'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. Certain reclassifications have been made to the prior year's condensed financial statements to conform to the current year presentation.

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 discounting from tariff rates and its inability to recover specific costs. The accounting required by the regulatory-based authoritative guidance differs from the accounting required for businesses that do not apply its provisions. Transactions that are generally recorded differently as a result of applying regulatory accounting requirements include, among others, recognition of regulatory assets, the capitalization of an equity component of invested funds on regulated capital projects and depreciation differences.

1. Description of Business

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

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

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

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

2. New Accounting Principles and Other Matters

***Accounting Standards Recently Adopted*.**

In June 2009, the FASB issued authoritative guidance that changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly affect the entity's economic performance. The guidance is effective as of the beginning of the first annual reporting period, and for interim periods within that first period, after November 15, 2009, with early adoption prohibited. This guidance did not materially impact the Company's consolidated financial statements.

In January 2010, the FASB issued authoritative guidance to improve disclosure requirements related to fair value measurements. This guidance requires new disclosures associated with the three tier fair value hierarchy for transfers in and out of Levels 1 and 2 and for activity within Level 3. It also clarifies existing disclosure requirements related to the level of disaggregation and disclosures about certain inputs and valuation techniques. This guidance is effective for interim or annual financial periods beginning after December 15, 2009, except for the disclosures related to activity within Level 3, which is effective for interim or annual financial periods beginning after December 15, 2010. This guidance did not materially impact the Company's consolidated financial statements.

***Accounting Standards Not Yet Adopted*.**

In July 2010, the FASB issued authoritative guidance to improve disclosure requirements related to financing receivables and the allowance for credit losses. This guidance requires a greater level of disaggregated information about the credit quality of financing receivables and the allowance for credit losses and requires the disclosure of credit quality indicators, past due information, and modifications of financing receivables. The enhanced disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The enhanced disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The Company is currently evaluating the impact of this guidanc e on its consolidated financial statements.

Other Matters.

Asset Impairment. An impairment loss is recognized when the carrying amount of a long-lived asset used in operations is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset.

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The long-lived assets of Sea Robin were evaluated as of December 31, 2009 because indicators of potential impairment were evident primarily due to the impacts associated with Hurricane Ike and due to reductions in the estimated payout from the Company's insurance carrier for reimbursable expenditures for the repair, retirement or replacement of the Company's property, plant and equipment damaged by Hurricane Ike. The analysis as of December 31, 2009 indicated no recoverability issues were evident. As there were no indicators of potential impairment during 2010, the impairment test was not performed as of June 30, 2010.

3. System Natural Gas and Operating Supplies

System natural gas and operating supplies consist of natural gas held for operations and materials and supplies, both of which are stated at the lower of weighted average cost or market, while natural gas owed back to customers is valued at market. The natural gas held for operations that the Company does not expect to consume in its operations in the next twelve months is reflected in non-current assets.

The components of inventory at the dates indicated are as follows:

	June 30, 2010	December 31, 2009
	(In thousands)	
Current		
Natural gas (1)	$ 149,584	$ 198,712
Materials and supplies	15,901	15,994
Total current	165,485	214,706
Non-Current		
Natural gas (1)	7,639	8,831
	$ 173,124	$ 223,537

(1) Natural gas volumes held for operations at June 30, 2010 and December 31, 2009 were 30,828,000 MMBtu and 35,039,000 MMBtu, respectively.

4. Related Party Transactions

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

Related Party Transactions	**Three Months Ended June 30, 2010**	**Three Months Ended June 30, 2009**	**Six Months Ended June 30, 2010**	**Six Months Ended June 30, 2009**
	(In thousands)			
Transportation and storage of natural gas (1)	$ 648	$ 777	$ 1,925	$ 1,901
Operation, maintenance and general - affiliates:				
Management and royalty fees	4,661	4,316	9,344	9,112
Other expenses (2)	7,066	6,668	16,260	13,614
Other income (3)	2,211	2,474	4,283	4,803

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

Pursuant to a demand note with Southern Union Company under a cash management program, as of June 30, 2010, the Company had loaned excess cash, net of repayments, totaling $397.3 million to Southern Union since Southern Union acquired the Company. The Company is credited with interest on the note at a one-month LIBOR rate. Included in *Interest income - affiliates* in the accompanying unaudited interim Condensed Consolidated Statement of Operations is interest income of $310,000 and $568,000 for the three- and six-month periods ended June 30, 2010, respectively, and $446,000 and $735,000 for the three- and six-month periods ended June 30, 2009, respectively, related to interest on the *Note receivable – South ern Union*. 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 – Southern Union* as a non-current asset. The Company does have access to the funds via the demand note and does expect repayment to ultimately occur to primarily fund capital expenditures or debt retirements.

The interest rate under the *Note receivable – CrossCountry Citrus* is based on the variable interest rate under the term loan facility due in 2012 plus a credit spread over LIBOR of 112.5 basis points. Included in *Interest income – affiliates* in the Consolidated Statement of Operations is interest income of $1.8 million and $3.6 million for the three- and six-month periods ended June 30, 2010, respectively, with $2 million and $4 million for the three- and six-month periods ended June 30, 2009, respectively.

The following table provides a summary of the accounts receivable and payable related party balances at the dates indicated.

	June 30, 2010	December 31, 2009
	(In thousands)	
Accounts receivable - related parties (1)	$ 3,823	$ 6,083
Accounts payable - related parties:		
Southern Union - income taxes (2)	$ 34,794	$ 22,077
Southern Union - other (3)	6,874	2,615
Other (4)	178	189
	$ 41,846	$ 24,881

(1) Primarily related to interest income associated with the *Note receivable – CrossCountry Citrus* and services provided for Citrus.
(2) Related to income taxes payable to Southern Union per the tax sharing agreement to provide for taxes to be remitted upon the filing of the tax return.
(3) Primarily related to payroll funding provided by Southern Union. The June 30, 2010 and December 31, 2009 amounts are net of insurance proceeds owed by Southern Union to the Company of $7.5 million and $16.1 million, respectively.
(4) Primarily related to various administrative and operating costs paid by other affiliate companies on behalf of the Company.

5. Regulatory Matters

On August 31, 2009, Sea Robin filed with FERC to implement a rate surcharge to recover Hurricane Ike-related costs not otherwise recovered from insurance proceeds or from other third parties, with initial accumulated net costs of approximately $38 million included in the filing. On September 30, 2009, FERC approved the surcharge to be effective March 1, 2010, subject to refund and the outcome of hearings with FERC to explore issues set forth in certain customer protests, including the costs to be included and the applicability of the surcharge to discounted contracts. On March 1, 2010, Sea Robin submitted its semiannual filing related to the surcharge which reflected updated costs incurred of $60 million, net of insurance recoveries, which were reflected in the surcharge rate effective April 1, 2010, subject to refun d. A hearing was held in July 2010. The ultimate outcome of this matter is pending a FERC decision.

6. Comprehensive Income

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

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	(In thousands)			
Net earnings	$ 33,753	$ 32,444	$ 67,345	$ 65,333
Change in fair value of interest rate hedges, net of tax of $(1,308), $827, $(3,614) and $412, respectively	(1,945)	1,231	(5,375)	613
Reclassification of unrealized loss on interest rate hedges into earnings, net of tax of $2,187, $1,793, $4,373 and $3,234, respectively	3,255	2,669	6,510	4,816
Reclassification of net actuarial loss and prior service credit relating to other postretirement benefits into earnings, net of tax of $(203), $(91), $(405) and $(182), respectively	(319)	(308)	(640)	(617)
Total other comprehensive income	991	3,592	495	4,812
Total comprehensive income	$ 34,744	$ 36,036	$ 67,840	$ 70,145

7. Debt Obligations

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

Long-term Debt Obligations	June 30, 2010 Carrying Value	June 30, 2010 Fair Value	December 31, 2009 Carrying Value	December 31, 2009 Fair Value
	(In thousands)			
6.05% Senior Notes due 2013	$ 250,000	$ 272,020	$ 250,000	$ 269,733
6.20% Senior Notes due 2017	300,000	322,266	300,000	319,455
8.125% Senior Notes due 2019	150,000	172,082	150,000	173,111
8.25% Senior Notes due 2010	-	-	40,500	41,143
7.00% Senior Notes due 2029	66,305	70,366	66,305	69,866
7.00% Senior Notes due 2018	400,000	439,356	400,000	434,560
Term Loans due 2012	815,391	784,058	815,391	758,108
Net premiums on long-term debt	2,639	2,639	2,550	2,550
Total debt outstanding	1,984,335	$ 2,062,787	2,024,746	$ 2,068,526
Current portion of long-term debt	-		(40,500)	
Total long-term debt	$ 1,984,335		$ 1,984,246	

The fair value of the Company's term loans due 2012 as of June 30, 2010 and December 31, 2009 were determined using the market approach, which utilized reported recent loan transactions for parties of similar credit quality and remaining life, as there is no active secondary market for loans of that type and size.

The fair value of the Company's other long-term debt as of June 30, 2010 and December 31, 2009 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.

The Company repaid the $40.5 million 8.25% Senior Notes in April 2010 primarily using repayments from Southern Union of intercompany loans.

8. Postretirement Benefits

The net periodic benefit cost of the Company's postretirement benefit plan for the periods presented includes the components noted in the table below.

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	(In thousands)			
Service cost	$ 575	$ 550	$ 1,150	$ 1,100
Interest cost	872	785	1,744	1,570
Expected return on plan assets	(838)	(600)	(1,675)	(1,200)
Prior service credit amortization	(522)	(522)	(1,044)	(1,044)
Actuarial loss amortization	-	125	-	250
Net periodic benefit cost	$ 87	$ 338	$ 175	$ 676

9. Taxes on Income

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

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	(In thousands)			
Income tax expense	$ 22,148	$ 20,926	$ 48,733	$ 42,829
Effective tax rate	40%	39%	42%	40%

In March 2010, the Patient Protection and Affordable Care Act (*PPACA*) and the Health Care and Education Reconciliation Act of 2010 were signed into law. The PPACA changed the tax treatment of federal Medicare Part D subsidies paid to sponsors of retiree health benefit plans. As a result of this legislation, the Company's tax deduction associated with retiree health benefit plans will be reduced by Medicare Part D subsidies received in tax years beginning after December 31, 2012. Accordingly, the Company recorded $2.9 million of additional tax expense in the first quarter of 2010, resulting in an increase to the EITR for the first quarter of 2010.

10. Derivatives 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 Condensed Consolidated Balance Sheet.

Interest Rate Contracts

The Company enters 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 enters 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. As of June 30, 2010, the Company had outstanding pay-fixed interest rate swaps with a total notional amount of $455 million applicable to the LNG Holdings $455 million term loan issued in 2007. These interest rate swaps are accounted for as cash flow hedges, with the effective portion of changes in their fair value recorded in *Accumulated other comprehensive loss* and reclassified into *Interest expense* in the same periods during which the related interest payments on long-term debt impact earnings. As of June 30, 2010, approximately $11.3 million of net after-tax losses in *Accumulated other comprehensive loss* related to these interest rate swaps is expected to be amortized into *Interest expense* during the next twelve months. Any ineffective portion of the cash flow hedge is reported in current-period earnings.

Treasury Rate Locks. As of June 30, 2010, the Company had no outstanding treasury rate locks. However, certain of its treasury rate locks that settled in prior periods are associated with interest payments on outstanding long-term debt. These treasury rate locks are accounted for as cash flow hedges, with the effective portion of their settled value recorded in *Accumulated other comprehensive loss* and reclassified into *Interest expense* in the same periods during which the related interest payments on long-term debt impact earnings. As of June 30, 2010, approximately $166,000 of net after-tax losses in Accumulated other comprehensive loss related to these treasury rate locks will be amortized into *Interest expense* during the next twelve months.

The following table summarizes the fair value amounts of the Company's liability derivative instruments and their location in the Condensed Consolidated Balance Sheet at the dates indicated. There were no asset derivative instruments as of the dates indicated.

	Balance Sheet Location	Fair Value (1) June 30, 2010	Fair Value (1) December 31, 2009
		(In thousands)	
Cash Flow Hedges			
Interest rate contracts	*Other current liabilities*	$ 18,441	$ 18,754
	Other noncurrent liabilities	12,529	13,975
		$ 30,970	$ 32,729

(1) See *Note 11– Fair Value Measurement* for information related to the framework used by the Company to measure the fair value of its derivative instruments as of June 30, 2010.

The following table summarizes the location and amount of derivative instrument gains and losses for the periods presented.

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Cash Flow Hedges (1)	(In thousands)			
Interest rate contracts:				
Change in fair value - increase/(decrease) in *Accumulated other comprehensive loss*, excluding tax expense effect of $1,308, $(827), $3,614 and $(412), respectively	$ 3,253	$ (2,058)	$ 8,989	$ (1,025)
Reclassification of unrealized loss from *Accumulated other comprehensive loss* - increase of *Interest expense*, excluding tax expense effect of $2,187, $1,793, $4,373 and $3,234, respectively	5,442	4,462	10,883	8,050

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

11. Fair Value Measurement

At June 30, 2010, the Company had no assets measured at fair value on a recurring basis. The following table sets forth the Company's liabilities that are measured at fair value on a recurring basis at the date indicated:

	Fair Value as of June 30, 2010	Fair Value Measurements at June 30, 2010 Using Fair Value Hierarchy	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
		(In thousands)	
Liabilities:			
Interest-rate derivatives	$ 30,970	$ -	$ 30,970
Total	$ 30,970	$ -	$ 30,970

The Company's Level 2 interest-rate swap derivative instruments are valued using pricing models based on an income approach that discounts future cash flows to a present value amount. The significant pricing model inputs for the interest-rate swaps include published rates for U.S. Dollar LIBOR interest rate swaps. The pricing model also adjusts for nonperformance risk associated with the counterparty or Company, as applicable, through the use of credit risk adjusted discount rates based on published default rates. The Company did not have any Level 3 instruments measured at fair value using significant unobservable inputs at June 30, 2010 or December 31, 2009.

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. 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, some of which involve substantial amounts. Where appropriate, the Company has established reserves in order to provide for such matters. The Company believes the final disposition of these proceedings will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

Will Price, an individual, filed actions in 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) and will continue to vigorously defend the case. The Company does not believe the outcome of the Will Price litigation will have a material adverse effect on its consolidated financial position, results of operations or cash flows.

East End Project. The East End Project involved the installation of a total of approximately 31 miles of pipeline in and around Tuscola, Illinois, Montezuma, Indiana and Zionsville, Indiana. Construction began in 2007 and was completed in the second quarter of 2008. PEPL is seeking recovery of each contractor's share of approximately $50 million of cost overruns from the construction contractor, an inspection contractor and the construction management contractor for improper welding, inspection and construction management of the East End Project. Certain of the contractors have filed counterclaims against PEPL for alleged underpayments of approximately $18 million. The matter is pending in state court in Harris County, Texas. Trial is set for September 2010. The Company does not believe the outcome of this case will have a material adverse effect on its consolidated financial position, results of operations or cash flows.

Energy Resources Technology. Energy Resources Technology (*ERT*) filed suit against Sea Robin on November 9, 2009 alleging breach of contract due to delays in repairs of damages to Sea Robin's subsea pipeline suffered during Hurricane Ike. The parties have executed a settlement. The settlement did not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Environmental Matters. The Company's operations are subject to federal, state and local laws and regulations regarding water quality, hazardous and solid waste management, air quality control and other environmental matters. These laws 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 requirements 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 laws and regulations. 0;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 developed and 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. The Company believes the total PCB remediation costs will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

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 believes the outcome of these matters will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

The table below reflects the amount of accrued liabilities recorded at the dates indicated to cover probable environmental response actions:

	June 30, 2010	December 31, 2009
	(In thousands)	
Current	$ 3,782	$ 5,891
Noncurrent	6,090	5,654
Total environmental liabilities	$ 9,872	$ 11,545

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

On December 18, 2009, PEPL received an information request from the EPA under Section 114(a) of the Federal Clean Air Act. The information request sought certain documents and records pertaining to maintenance activities and capital projects associated with combustion emission sources located at eight compressor stations in Illinois and Indiana. The complete responses were provided in February 2010.

In February 2009, EPA proposed 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). The rule is scheduled to be finalized in August 2010 with compliance required in 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. EPA lowered the ozone standard to seventy-five parts per billion (*ppb*) in 2008 with compliance anticipated in 2013 to 2015. In January 2010, 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 January 2010, 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 network 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 impact of the proposed rules regarding HAPs and ozone 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. Costs associated with these activities cannot be estimated with any certainty at this time, but the Company believes such costs will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

***SPCC Rules*.** In October 2007, the EPA proposed amendments to the SPCC rules with the stated intention of providing greater clarity, tailoring requirements and streamlining requirements. The most recent extension by the EPA sets the SPCC rule compliance date as November 10, 2010, permitting owners and operators of facilities to prepare or amend and implement SPCC plans in accordance with previously enacted modifications to the regulations. The Company is currently reviewing the impact of the modified regulations on its operations and may incur costs for tank integrity testing, alarms and other associated corrective actions as well as potential upgrades to containment structures. Costs associated with such activities cannot be estimated with certainty at this time, but the Company believes such costs will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

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 obli gations of any of these pension plans is not paid when due, a lien in favor of that plan or the Pension Benefit Guaranty Corporation may be created against the assets of each member of Southern Union Company's controlled group, including the Company and each of its subsidiaries. Based on the latest actuarial information available as of December 31, 2009, the aggregate amount of the projected benefit obligations of these pension plans was approximately $177.2 million and the estimated fair value of all of the assets of these plans was approximately $115.9 million.

See *Note 5 – Regulatory Matters* for other potential contingent matters applicable to the Company.

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

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 to anticipate 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 in formation 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 utili zation of their contracted capacity and other factors.

The Company’s regulated transportation and storage businesses periodically file (or can 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 these regulatory proceedings have the potential to impact negatively the Company’s results of operations and financial condition.

Results of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Operating revenue				
Transportation and storage of natural gas	$ 130,601	$ 137,178	$ 277,329	$ 294,295
LNG terminalling revenue	54,192	33,411	91,778	66,488
Other revenue	2,297	2,026	4,658	4,127
Total operating revenue	187,090	172,615	373,765	364,910
Operating expenses				
Operation, maintenance and general	66,489	64,294	134,250	147,282
Depreciation and amortization	30,896	28,483	60,073	56,346
Taxes, other than on income	8,894	8,311	18,122	17,236
Total operating expenses	106,279	101,088	212,445	220,864
Operating income	80,811	71,527	161,320	144,046
Other income (expense)				
Interest expense, net	(27,151)	(20,731)	(49,540)	(40,912)
Other, net	2,241	2,574	4,298	5,028
Total other income (expense)	(24,910)	(18,157)	(45,242)	(35,884)
Earnings before income taxes	55,901	53,370	116,078	108,162
Income taxes	22,148	20,926	48,733	42,829
Net earnings	$ 33,753	$ 32,444	$ 67,345	$ 65,333
Operating information:				
Panhandle natural gas volumes transported (TBtu)	333	376	701	803

Three-month period ended June 30, 2010 versus the three-month period ended June 30, 2009

Operating Revenue. For the three-month period ended June 30, 2010, operating revenue increased $14.5 million versus the same time period in 2009 mainly as the result of:

- Higher LNG revenues of $20.8 million largely attributable to the LNG terminal infrastructure enhancement construction project placed in service in March 2010; and
- Decreased transportation and storage revenue of $6.6 million primarily attributable to:
  - Lower transportation reservation revenues of $5.4 million primarily due to lower average rates realized on short-term firm capacity on PEPL;
  - Lower interruptible parking revenues of $2.7 million due to less favorable market conditions; and
  - Higher transportation commodity revenues of $1.3 million primarily due to higher volumes flowing on Sea Robin in 2010 versus in 2009, the 2009 volumes having been adversely impacted by Hurricane Ike.

Operating Expenses. Operating expenses for the three-month period ended June 30, 2010 increased $5.2 million versus the same period in 2009 mainly as the result of:

- Higher operating, maintenance and general expenses of $2.2 million in 2010 versus 2009 primarily attributable to:
  - A $4 million increase in outside service costs related to field operations primarily attributable to the timing of ongoing in-line pipeline integrity testing costs;
  - A $1.3 million increase in electric power costs associated with the LNG terminal operations primarily due to the LNG terminal infrastructure enhancement construction project placed in service in March 2010 and a higher number of LNG cargoes during 2010;
  - A $1.6 million increase in legal costs primarily due to ongoing litigation;

- o Impact of a net reduction of $3.5 million in the 2010 period in the repair and abandonment cost provision for Hurricanes Ike and Gustav resulting from favorable weather conditions experienced and increased project efficiencies; and
  - o A $1 million decrease in contract storage primarily due to a contract termination in March 2010; and
- · Increased depreciation and amortization expense of $2.4 million in 2010 versus 2009 due to a $575.4 million increase in property, plant and equipment placed in service after June 30, 2009. Depreciation and amortization expense is expected to continue to increase primarily due to significant capital additions, including capitalized costs associated with the LNG terminal infrastructure enhancement construction project placed in service in March 2010.

Other Expense, Net. Other expense, net for the three-month period ended June 30, 2010 increased $6.8 million versus the same period in 2009 primarily as a result of higher interest expense of $6.4 million primarily attributable to the $150 million 8.125% Senior Notes issued in June 2009 and lower capitalized interest due to the LNG terminal infrastructure enhancement construction project placed in service in March 2010, partially offset by lower interest expense resulting from the repayment of the $60.6 million 6.50% Senior Notes in July 2009 and the repayment of the $40.5 million 8.25% Senior Notes in April 2010.

Income Taxes. The Company's EITR was 40 percent and 39 percent for the three-month periods ended June 30, 2010 and 2009, respectively. Income taxes during the three-month period ended June 30, 2010, versus the same period in 2009, increased $1.2 million primarily due to higher pretax earnings.

Six-month period ended June 30, 2010 versus the six-month period ended June 30, 2009

Operating Revenue. For the six-month period ended June 30, 2010, operating revenue increased $8.9 million versus the same time period in 2009 mainly as the result of:

- · Higher LNG revenues of $25.3 million largely attributable to the LNG terminal infrastructure enhancement construction project placed in service in March 2010; and
- · Decreased transportation and storage revenue of $17 million primarily attributable to:
  - o Lower interruptible parking revenues of $16.1 million due to less favorable market conditions;
  - o Lower transportation reservation revenues of $4.7 million primarily due to lower average rates realized on short-term firm capacity on PEPL, in addition to lower average rates realized on Trunkline; and
  - o Higher transportation commodity revenues of $3.1 million primarily due to higher volumes flowing on Sea Robin in 2010 versus in 2009, the 2009 volumes having been adversely impacted by Hurricane Ike.

Operating Expenses. Operating expenses for the six-month period ended June 30, 2010 decreased $8.4 million versus the same period in 2009 mainly as the result of:

- · Lower operating, maintenance and general expenses of $13 million in 2010 versus 2009 primarily attributable to:
  - o Impact of a provision for repair and abandonment costs of $16.1 million recorded in 2009 for damages to offshore assets resulting from Hurricane Ike and a reduction in 2010 in the repair and abandonment provision for previous hurricane damages of $3.5 million primarily due to favorable weather conditions experienced and increased project efficiencies;
  - o A $2.7 million decrease in fuel tracker costs primarily due to a net under-recovery in 2009 versus a net over-recovery in 2010; and
  - o A $4.6 million increase in outside service costs for field operations primarily attributable to offshore operations and the timing of ongoing in-line pipeline integrity testing costs;
  - o A $2.5 million increase in administrative outside service costs primarily due to legal costs associated with ongoing litigation; and
  - o Higher allocated corporate services costs of $2.5 million primarily due to higher short- and long-term incentive compensation; and
- · Increased depreciation and amortization expense of $3.7 million in 2010 versus 2009 due to a $575.4 million increase in property, plant and equipment placed in service after June 30, 2009. Depreciation and amortization expense is expected to continue to increase primarily due to significant capital additions, including capitalized costs associated with the LNG terminal infrastructure enhancement construction project placed in service in March 2010.

Other Expense, Net. Other expense, net for the six-month period ended June 30, 2010 increased $9.4 million versus the same period in 2009 primarily as a result of higher interest expense of $8.6 million primarily attributable to the $150 million 8.125% Senior Notes issued in June 2009 and lower capitalized interest due to the LNG terminal infrastructure enhancement construction project placed in service in March 2010, partially offset by lower interest expense resulting from the repayment of the $60.6 million 6.50% Senior Notes in July 2009 and the repayment of the $40.5 million 8.25% Senior Notes in April 2010.

Income Taxes. The Company's EITR was 42 percent and 40 percent for the six-month periods ended June 30, 2010 and 2009, respectively. Income taxes during the six-month period ended June 30, 2010, versus the same period in 2009, increased $5.9 million primarily due to higher pretax earnings and the impact of $2.9 million of higher income tax expense resulting from the elimination of the Medicare Part D tax subsidy in the PPACA legislation signed into law in March 2010.

OTHER MATTERS

Contingencies

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

Recently Issued Accounting Standards

See *Part I, Item 1. Financial Statements (Unaudited), Note 2 – New Accounting Principles and Other Matters*, in this Quarterly Report on Form 10-Q.

Liquidity and Capital Resources

Cash generated from internal operations constitutes the Company's primary source of liquidity. The $112 million working capital deficit at June 30, 2010 is expected to be funded by cash flows from operations and from repayments from Southern Union of intercompany loans. Based on the Company's current level of operations, management believes that cash flow from operations, available existing cash, and other sources, including liquid working capital and new borrowings, will be adequate to meet liquidity needs for the next several years, although no assurances can be given as to the sufficiency of cash flows or the ability to refinance existing obligations.

Potential Sea Robin Impairment. Sea Robin, comprised primarily of offshore facilities, suffered damage related to several platforms and gathering pipelines from Hurricane Ike. See *Item 1. Financial Statements (Unaudited), Note 2 – New Accounting Principles and Other Matters – Asset Impairment* for information related to the Company's analysis of the Sea Robin assets for potential impairment as of December 31, 2009. The Company currently estimates that approximately $135 million of the approximately $185 million total estimated capital replacement and retirement expenditures to replace property and equipm ent damaged by Hurricane Ike are related to Sea Robin. This estimate is subject to further revision as certain work, primarily retirements, is ongoing. The Company anticipates partial reimbursement from its property insurance carrier for its damages in excess of its $10 million deductible, except for certain expenditures not reimbursable under the insurance policy terms. Additionally, Sea Robin has implemented a rate surcharge approved by FERC in September 2009, subject to refund, to recover Hurricane Ike-related costs not otherwise recovered from insurance proceeds or from other third parties. To the extent the Company's capital expenditures are not recovered through insurance proceeds or through its hurricane rate surcharge, its net investment in Sea Robin's property and equipment would increase without necessarily generating additional revenues unless the incremental costs are recovered through future rate proceedings or additional throughput. See *Item 1. Financial Statements (Unaudited), Note 5 – Regulatory Matters* for information related to the surcharge filing. If the amount of the estimated Sea Robin insurance reimbursements are significantly reduced or it experiences other adverse developments incrementally impacting the Company's related net investment or anticipated future cash flows that are not remedied through rate proceedings, the Company could potentially be required to record an impairment of its net investment in Sea Robin.

Retirement of Debt Obligations. The Company repaid its $40.5 million 8.25% Senior Notes that matured in April 2010 using repayments from Southern Union of intercompany loans.

Credit Ratings. As of June 30, 2010, the Company's debt was rated Baa3 by Moody's Investor Services, Inc., BBB- by Standard & Poor's and BBB- by Fitch Ratings. If the Company's credit ratings are downgraded below investment grade or if there are times when it is placed on "credit watch," both borrowing costs and the costs of maintaining certain contractual relationships could increase. The Company's credit rating can be impacted by the credit rating and activities of its parent company, Southern Union Company. Thus, adverse impacts to Southern Union and its activities, which may include activities unrelated to the Company, may have adverse impacts on the Company's credit rating and financing an d operating costs.

Inflation

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

Trunkline LNG Cost and Revenue Study

On July 1, 2009, Trunkline LNG filed a Cost and Revenue Study with respect to the Trunkline LNG facility expansions completed in 2006, in compliance with FERC orders. BG LNG Services (*BGLS*) filed a motion to intervene and protest on July 14, 2009. By order dated July 26, 2010, FERC determined that since (i) Trunkline LNG has fixed negotiated rates with BGLS through 2015, which would be unaffected by any rate change that might be determined through hearing at this time, and (ii) current costs and revenues are not necessarily representative of Trunkline LNG's costs and revenues at the termination of the negotiated rate period in 2015, there was no reason to expend FERC's and parties□ 217; resources on a Natural Gas Act section 5 proceeding at this time. The order is subject to rehearing.

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 participati on 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 June 30, 2010.

Changes in Internal Controls

Management's assessment of internal control over financial reporting as of December 31, 2009 was included in Panhandle's Annual Report on Form 10-K filed on March 1, 2010.

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended June 30, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Cautionary Statement Regarding Forward-Looking Information

The disclosure and analysis in this Form 10-Q contains some forward-looking statements that set forth anticipated results based on management's current plans and assumptions. From time to time, the Company also provides forward-looking statements in other materials it releases to the public as well as oral forward-looking statements. Such statements give the Company's current expectations or forecasts of future events; they do not relate strictly to historical or current facts. The Company has tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "will" and similar expressions in connection with any dis cussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated services, expenses, interest rates, the outcome of contingencies, such as legal proceedings, and financial results.

The Company cannot guarantee that any forward-looking statement will be realized, although management believes that the Company has been prudent and reasonable in its plans and assumptions. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. If known or unknown risks or uncertainties should materialize, or if underlying assumptions should prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. Readers should bear this in mind as they consider forward-looking statements. The Company undertakes no obligation publicly to update forward-looking statements, whether as a result of new information, future events or otherwise. Readers are advised, however, to consult any further disclos ures the Company makes on related subjects in its Form 10-K, 10-Q and 8-K reports to the SEC. Also note that the Company provides the following cautionary discussion of risks, uncertainties and possibly inaccurate assumptions relevant to its businesses. These are factors that, individually or in the aggregate, management believes could cause the Company's actual results to differ materially from expected and historical results. The Company notes these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. Readers should understand that it is not possible to predict or identify all such factors. Consequently, readers should not consider the following to be a complete discussion of all potential risks or uncertainties.

Factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements include, but are not limited to, the following:

- changes in demand for natural gas and related services by the Company's 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 than normal weather in the Company's service territories, and the operational impact of natural disasters;
- changes in laws or regulations, third-party relations and approvals, decisions of courts, regulators and 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 is introduced to the Company's business and the resulting effect on revenues;
- the outcome of pending and future litigation;
- the Company's ability to comply with or to challenge successfully existing or new environmental regulations;
- unanticipated environmental liabilities;
- the Company's ability to acquire new businesses and assets and integrate those operations into its existing operations, as well as its ability to expand its existing businesses and facilities;
- the Company's 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;
- exposure to customer concentration 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 debt securities of the Company or any of its subsidiaries;
- changes in interest rates and other general capital markets conditions, and in the Company's ability to continue to access the capital markets;

- acts of nature, sabotage, terrorism or other acts causing damage greater than the Company's insurance coverage limits;
- market risks beyond the Company's control affecting its risk management activities including market liquidity, commodity price volatility and counterparty creditworthiness; and
- other risks and unforeseen events.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

The Company and certain of its affiliates are occasionally parties to lawsuits and administrative proceedings incidental to their businesses involving, for example, claims for personal injury and property damage, contractual matters, various tax matters, and rates and licensing. The Company and its affiliates are also subject to various federal, state and local laws and regulations relating to the environment. Several of these companies have been named parties to various actions involving environmental issues. Based on the Company's current knowledge and subject to future legal and factual developments, the Company's management believes that it is unlikely that these actions, individually or in the aggregate, will have a material adverse effect on its consolidated financial position, results of operations or cash flows. For additional information regarding various pending administrative and judicial proceedings involving regulatory, environmental and other legal matters, reference is made to *Item 1, Financial Statements (Unaudited), Note 12 – Commitments and Contingencies*, as well as to *Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations* included in *Part I. Financial Information*.

ITEM 1A. Risk Factors.

Except for the additional risk factor information described below, there have been no material changes to the risk factors previously disclosed in the Company's Form 10-K filed with the SEC on March 1, 2010. The following additional risk factor information should be read in conjunction with the related disclosure in *PART I, ITEM 1A. Risk Factors*, in the Company's Form 10-K for the year ended December 31, 2009.

The Company is subject to risks resulting from the recent moratorium on and the resulting increased costs of offshore deepwater drilling.

On May 6, 2010, the United States Department of Interior (*DOI*) implemented a six-month moratorium on offshore drilling in water deeper than 500 feet in response to the blowout and explosion on April 20, 2010 at the British Petroleum Plc deepwater well in the Gulf of Mexico. The offshore drilling moratorium, which was subject to various challenges filed in the U.S. District Court, was implemented to permit the DOI to review the safety protocols and procedures used by offshore drilling companies, which review will enable the DOI to recommend enhanced safety and training needs for offshore drilling companies. The moratorium was lifted by a ruling in the U.S. District Court on June 23, 2010. The DOI appealed the ruling to the U.S. Court of Appeals for th e 5th Circuit. In July 2010, the DOI issued a separate revised six-month moratorium on new offshore drilling operations. It is expected that this moratorium will also be subject to court challenges. Additionally, the United States Mineral Management Service has been fundamentally restructured by the DOI with the intent of providing enhanced oversight of onshore and offshore drilling operations for regulatory compliance enforcement, energy development and revenue collection. Although it is not possible at this time to predict whether or when new drilling or production operating regulations will be implemented, any additional regulation would likely increase the cost of both offshore and onshore drilling and production operations. The increased cost of drilling operations could result in decreased drilling activity in the areas serviced by the Company. Furthermo re, if the drilling moratorium remains intact, the impact of the moratorium could result in offshore drilling companies relocating their offshore drilling operations to regions outside of the United States. Such matters could result in a reduction in the future development and production of natural gas reserves in the vicinity of the Company's facilities, which could adversely affect the Company's business, financial condition, results of operations and cash flows.

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

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

ITEM 3. Defaults Upon Senior Securities.

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

ITEM 4. Reserved.

N/A

ITEM 5. Other Information.

N/A

ITEM 6. Exhibits.

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

3(a)	Certificate of Formation of Panhandle Eastern Pipe Line Company, LP. (Filed as Exhibit 3.A to the Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.)
3(b)	Limited Partnership Agreement of Panhandle Eastern Pipe Line Company, LP, dated as of June 29, 2004, between Southern Union Company and Southern Union Panhandle LLC. (Filed as Exhibit 3.B to the Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.)
4(a)	Indenture dated as of March 29, 1999, among CMS Panhandle Holding Company, Panhandle Eastern Pipe Line Company and NBD Bank (the predecessor to Bank One Trust Company, National Association, J.P. Morgan Trust Company, National Association, The Bank of New York Trust Company, N.A. and The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4(a) to the Form 10-Q for the quarter ended March 31, 1999, and incorporated herein by reference.)
4(b)	First Supplemental Indenture dated as of March 29, 1999, among CMS Panhandle Holding Company, Panhandle Eastern Pipe Line Company and NBD Bank (the predecessor to Bank One Trust Company, National Association, J.P. Morgan Trust Company, National Association, The Bank of New York Trust Company, N.A. and The Bank of New York Mellon Trust Company, N.A.), as Trustee, including a form of Guarantee by Panhandle Eastern Pipe Line Company of the obligations of CMS Panhandle Holding Company. (Filed as Exhibit 4(b) to the Form 10-Q for the quarter ended March 31, 1999, and incorporated herein by reference.)
4(c)	Second Supplemental Indenture dated as of March 27, 2000, between Panhandle and Bank One Trust Company, National Association (succeeded to by The Bank of New York Mellon Trust Company, N.A., which changed its name to The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4(e) to the Form S-4 (File No. 333-39850) filed on June 22, 2000, and incorporated herein by reference.)
4(d)	Third Supplemental Indenture dated as of August 18, 2003, between Panhandle and Bank One Trust Company, National Association (succeeded to by The Bank of New York Mellon Trust Company, N.A., which changed its name to The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4(d) to the Form 10-Q for the quarter ended September 30, 2003, and incorporated herein by reference.)

4(e)	Fourth Supplemental Indenture dated as of March 12, 2004, between Panhandle and J.P. Morgan Trust Company, National Association (succeeded to by The Bank of New York Trust Company, N.A., which changed its name to The Bank of New York Mellon Trust Company, N.A.), as Trustee. (Filed as Exhibit 4.E to the Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.)
4(f)	Fifth Supplemental Indenture dated as of October 26, 2007, between Panhandle and The Bank of New York Trust Company, N.A. (now known as The Bank of New York Mellon Trust Company, N.A.), as Trustee (Filed as Exhibit 4.1 to Panhandle's Current Report on Form 8-K filed on October 29, 2007 and incorporated herein by reference.)
4(g)	Form of Sixth Supplemental Indenture, dated as of June 12, 2008, between Panhandle and The Bank of New York Trust Company, N.A. (now known as The Bank of New York Mellon Trust Company, N.A.), as Trustee (Filed as Exhibit 4.1 to Panhandle's Current Report on Form 8-K filed on June 11, 2008 and incorporated herein by reference.)
10(a)	Form of Seventh Supplemental Indenture, to be dated as of June 2, 2009, between Panhandle and The Bank of New York Mellon Trust Company, N.A. (Filed as Exhibit 4.1 to Panhandle's Current Report on Form 8-K filed on May 28, 2009 and incorporated herein by reference).
10(b)	Amended and Restated Credit Agreement between Trunkline LNG Holdings, LLC, as borrower, Panhandle Eastern Pipe Line Company, LP and CrossCountry Citrus, LLC, as guarantors, the financial institutions listed therein and Bayerische Hypo-Und Vereinsbank AG, New York Branch, as administrative agent, dated as of June 29, 2007 (Filed as Exhibit 10.1 to Panhandle's Current Report on Form 8-K filed on July 6, 2007 and incorporated herein by reference.)
10(c)	Amendment Number 1 to the Amended and Restated Credit Agreement between Trunkline LNG Holdings, LLC as borrower, Panhandle Eastern Pipe Line Company, LP and CrossCountry Citrus, LLC, as guarantors, the financial institutions listed therein and Bayerische Hypo-Und Vereinsbank AG, New York Branch, as administrative agent, dated as of June 13, 2008 (Filed as Exhibit 10(b) to the Form 10-Q for the quarter ended June 30, 2008 and incorporated herein by reference.)
10(d)	Credit Agreement between Trunkline LNG Holdings, LLC, as borrower, Panhandle Eastern Pipe Line Company, LP and Trunkline LNG Company, LLC, as guarantors, the financial institutions listed therein and Bayerische Hypo- Und Vereinsbank AG, New York Branch, as administrative agent, dated as of March 15, 2007. (Filed as Exhibit 10.1 to Panhandle's Current Report on Form 8-K filed on March 21, 2007 and incorporated herein by reference.)
10(e)	Amended and Restated Promissory Note made by CrossCountry Citrus, LLC, as borrower, in favor of Trunkline LNG Holdings LLC, as holder, dated as of June 13, 2008 (Filed as Exhibit 10(d) to the Form 10-Q for the quarter ended June 30, 2008 and incorporated herein by reference.)
12	Ratio of Earnings to Fixed Charges.
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 Senior 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 Senior 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.

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: August 5, 2010

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

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

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the consolidated ratio of earnings to fixed charges on an historical basis for the six months ended June 30, 2010 and the years ended December 31, 2009, 2008, 2007, 2006 and 2005. For the purpose of calculating such ratios, "earnings" consist of pre-tax income from continuing operations before income or loss from equity investees, adjusted to reflect distributed income from equity investments, and fixed charges, less capitalized interest. "Fixed charges" consist of interest costs, amortization of debt discount, premiums and issuance costs and an estimate of interest implicit in rentals. No adjustment has been made to earnings for the amortization of capital interest for the periods presented as such amount is immaterial. Interest on FIN 48 liabilities is excluded f rom the computation of fixed charges as it is recorded by the Company in income tax expense versus interest expense.

	6 Months Ended June 30, 2010	Year Ended December 31, 2009	2008	2007	2006	2005
		(In thousands)				
FIXED CHARGES:						
Interest Expense	$ 48,813	$ 82,881	$ 90,514	$ 83,748	$ 63,322	$ 49,578
Net amortization of debt discount, premium and issuance expense	727	1,615	(1,457)	(1,197)	(1,333)	(1,293)
Capitalized Interest	5,828	25,701	18,910	14,203	4,645	8,838
Interest portion of rental expense	2,021	4,122	3,050	3,582	3,780	4,284
Total Fixed Charges	$ 57,389	$ 114,319	$ 111,017	$ 100,336	$ 70,414	$ 61,407
EARNINGS:						
Consolidated pre-tax income (loss) from continuing operations	$ 116,078	$ 242,315	$ 247,206	$ 246,742	$ 225,794	$ 166,189
Earnings of equity investments	(128)	(224)	(304)	(299)	(172)	(226)
Distributed income from equity investments	-	-	-	-	174	203
Capitalized interest	(5,828)	(25,701)	(18,910)	(14,203)	(4,645)	(8,838)
Minority interest	-	-	-	-	-	-
Total fixed charges (from above)	57,389	114,319	111,017	100,336	70,414	61,407
Earnings Available for Fixed Charges	$ 167,511	$ 330,709	$ 339,009	$ 332,576	$ 291,565	$ 218,735
Ratio of Earnings to Fixed Charges	2.9	2.9	3.1	3.3	4.1	3.6

Exhibit 31.1

CERTIFICATIONS

I, Robert O. Bond, certify that:

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

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

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

4. The registrant's other certifying officer(s) 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)) 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(s) 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 5, 2010

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

Exhibit 31.2

CERTIFICATIONS

I, Richard N. Marshall, certify that:

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

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

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

4. The registrant's other certifying officer(s) 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)) 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(s) 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 5, 2010

/s/ RICHARD N. MARSHALL
Richard N. Marshall
Senior Vice President and 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 on Form 10-Q of Panhandle Eastern Pipe Line Company, LP (the "Company") for the quarter ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert O. Bond, as President and Chief Operating Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

August 5, 2010

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.

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 on Form 10-Q of Panhandle Eastern Pipe Line Company, LP (the "Company") for the quarter ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard N. Marshall, as Senior Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

August 5, 2010

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.