Sea Robin Pipeline Company, LLC

Index of Statement L

SEA ROBIN PIPELINE COMPANY, LLC

Comparative Balance Sheet
(Unaudited)

Line No.	Description	February 28, 2006 (a)	February 28, 2007 (b)
	Assets and Other Debits		
	Utility Plant:		
1	Utility Plant	$ 293,703,944	$ 309,037,567
2	Construction Work in Progress	3,340,324	4,732,495
3	Total Utility Plant	297,044,268	313,770,062
4	(Less) Accum Provision for Depreciation & Amort	252,510,456	254,048,631
5	Net Utility Plant	44,533,812	59,721,431
6	Nuclear Fuel	-	-
7	(Less) Accum Provision for Amort.,of Nuclear. Fuel Assem.	-	-
8	Nuclear Fuel	-	-
9	Net Utility Plant	44,533,812	59,721,431
10	Utility Plant Adjustments	-	-
11	Gas Stored - Base Gas	-	-
12	System Balancing Gas	-	-
13	Gas Stored in Reservoirs and Pipelines-Noncurrent	-	-
14	Gas Owned to System Gas	-	-
	Other Property and Investments:		
15	Nonutility Property	-	-
16	(Less) Accum Provision for Depreciation & Amort	-	-
17	Investments in Associated Companies	7,455,680	5,692,621
18	Investments in Subsidiary Companies	-	-
	(For Cost of Account 123.1 See Footnote Page 224)	-	-
19	Noncurrent Portion of Allowances	-	-
20	Other Investments	-	-
21	Sinking Funds	-	-
22	Depreciation Fund	-	-
23	Amortization Fund - Federal	-	-
24	Other Special Funds	-	-
25	Long-Term Portion of Deriative Assets	-	-
26	Long-term Portion of Deriative Assets - Hedges	-	-
27	Total Other Property and Investments	7,455,680	5,692,621
	Current and Accrued Assets:		
28	Cash	-	-
29	Special Deposits	-	-
30	Working Funds	-	-
31	Temporary Cash Investments	-	-
32	Notes Receivable	-	-
33	Customer Accounts Receivable	1,643,165	295,102
34	Other Accounts Receivable	464,390	759,499
35	(Less) Accum Provision for Uncollectible Accounts	66,985	66,984
36	Notes Receivable from Associated Companies	-	-
37	Accounts Receivable from Associated Companies	-	-
38	Fuel Stock	-	-
39	Fuel Stock Expenses Undistributed	-	-
40	Residuals (Elec) and Extracted Products (Gas)	-	-
41	Plant Materials and Operating Supplies	157,392	737,446
42	Merchandise	-	-
43	Other Materials and Supplies	-	-
44	Nuclear Materials Held for Sale	-	-
45	Allowances	-	-
46	(Less) Noncurrent Portion of Allowances	-	-
47	Stores Expense Undistributed	-	-
48	Gas Stored Underground - Current	-	-
49	Liquefied Natural Gas Stored and held for Processing	-	-
50	Prepayments	17,795	183,888
51	Advances for Gas	-	-
52	Interest and Dividends Receivable	-	-
53	Rents Receivable	-	-
54	Accrued Utility Revenues	-	-
55	Miscellaneous Current and Accrued Assets	-	-
56	Derivatives Instrument Assets	-	-
57	(Less) Long-Term Portion of Derivative Instrument Assets	-	-
58	Derivatives Instrument Assets-Hedges	-	-
59	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges	-	-
60	Total Current and Accrued Assets	2,215,757	1,908,951

(See Notes to Financial Statements)

SEA ROBIN PIPELINE COMPANY, LLC

Comparative Balance Sheet
(Unaudited)

Line No.	Description	February 28, 2006 (a)	February 28, 2007 (b)
	Deferred Debits:		
61	Unamortized Debt Expense	-	-
62	Extraordinary Property Losses	-	-
63	Unrecovered Plant and Regulatory Study Costs	-	-
64	Other Regulatory Assets	133,975	2,057,427
65	Preliminary Survey and Investigation Charges (Electric)	-	-
66	Preliminary Survey and Investigation Charges (Gas)	-	-
67	Clearing Account	-	-
68	Temporary Facilities	-	-
69	Miscellaneous Deferred Debits	583,833	607,913
70	Dfrd Losses from Disposition of Utility Plant	-	-
71	Research, Development & Demonstration Exp	-	-
72	Unamortized Loss on Reacquired Debt	-	-
73	Accumulated Deferred Income Taxes	1,099,000	1,492,000
74	Unrecovered Purchased Gas Costs	-	-
75	Total Deferred Debits	1,816,808	4,157,340
76	Total Assets and Other Debits	$ 56,022,057	$ 71,480,343
	Liabilities and Other Credits		
	Proprietary Capital:		
77	Common Stock Issued	$ -	$ -
78	Preferred Stock Issued	-	-
79	Capital Stock Subscribed	-	-
80	Stock Liability for Conversion	-	-
81	Premium of Capital Stock	-	-
82	Other Paid-In Capital	38,110,801	36,324,230
83	Installments Received on Capital Stock	-	-
84	(Less) Discount on Capital Stock	-	-
85	(Less) Capital Stock Expense	-	-
86	Retained Earnings	-	
87	Unappropriated Undistributed Sub Earnings	-	-
88	(Less) Reacquired Capital Stock	-	-
89	Accumulated Other Comprehensive Income	-	-
90	Total Proprietary Capital	38,110,801	36,324,230
	Long-Term Debt:		
91	Bonds	-	-
92	(Less) Reacquired Bonds	-	-
93	Advances From Associated Companies	-	15,909,654
94	Other Long-Term Debt	-	-
95	Unamortized Premium on Long-Term Debt	-	-
96	(Less) Unamortized Discount on Long-Term Debt	-	-
97	(Less) Current Portion of Long-Term Debt	-	-
98	Total Long-Term Debt	-	15,909,654
	Other Noncurrent Liabilities:		
99	Obligations Under Capital Leases	-	-
100	Accumulated Provision for Property Insurance	-	-
101	Accum Provision for Injuries and Damages	-	-
102	Accum Provision for Pensions and Benefits	-	-
103	Accum Miscellaneous Operating Provisions	-	-
104	Accumulated Provision for Rate Refunds	-	-
105	Long-Term Portion of Derivative Instrument Liabilities	-	-
106	Long-Term Portion of Derivative Instrument Liabilities - Hedges	-	-
107	Asset Retirement Obligations	3,852,454	4,651,487
108	Total Other Noncurrent Liabilities	3,852,454	4,651,487
	Current and Accrued Liabilities:		
109	Current Portion of Long-Term Debt	-	-
110	Notes Payable	-	-
111	Accounts Payable	270,588	283,080
112	Notes Payable to Associated Companies	-	-
113	Accounts Payable to Associated Companies	98,435	95,891

SEA ROBIN PIPELINE COMPANY, LLC

Comparative Balance Sheet
(Unaudited)

Line No.	Description	February 28, 2006	2007
		(a)	(b)
114	Customer Deposits	205,523	114,314
115	Taxes Accrued	8,481	4,885
116	Interest Accrued	-	-
117	Dividends Declared	-	-
118	Matured Long-Term Debt	-	-
119	Matured Interest	-	-
120	Tax Collections Payable	-	-
121	Miscellaneous Current and Accrued Liabilities	3,996,512	1,374,774
122	Obligations Under Capital Leases	-	-
123	Derivatives Instruments Liabilities	-	-
124	(Less) Long-Term Portion of Derivative Instrument Liabilities	-	-
125	Derivatives Instruments Liabilities - Hedges	-	-
126	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedg	-	-
127	Total Current and Accrued Liabilities	4,579,539	1,872,944
	Deferred Credits:		
128	Customer Advances for Construction	-	-
129	Accumulated Deferred Investment Tax Credits	-	-
130	Dfrd Gains from Disposition of Utility Plant	-	-
131	Other Deferred Credits	134,055	78,626
132	Other Regulatory Liabilities	1,059,208	1,162,402
133	Unamortized Gain on Reacquired Debt	-	-
134	Accumulated Deferred Income Taxes - Accelerated Amortization	-	-
135	Accumulated Deferred Income Taxes - Other Property	8,129,000	11,162,000
136	Accumulated Deferred Income Taxes - Other	157,000	319,000
		-	-
137	Total Deferred Credits	9,479,263	12,722,028
138	Total Liabilities and Other Credits	$ 56,022,057	$ 71,480,343

(See Notes to Financial Statements)

SEA ROBIN PIPELINE COMPANY, LLC

Condensed Notes to Financial Statements
February 28, 2007 and 2006
(Unaudited)

Financial Statements

The accompanying unaudited reports of Sea Robin Pipeline Company, LLC (Sea Robin), compiled from separate company ledgers and reports, are intended for rate filing purposes only. Certain information and notes which are normally included in financial statements have been condensed or omitted, although Sea Robin believes the disclosures are adequate to prevent the interim information presented from being misleading.

1. Corporate Structure

Sea Robin Pipeline Company, LLC (*Sea Robin*) is a limited liability company owned 50 percent each by Trunkline Deepwater Pipeline, LLC and Trunkline Offshore Pipeline, LLC, both indirect wholly owned subsidiaries of Panhandle Eastern Pipe Line Company, LP (*PEPL*). Sea Robin is engaged in the business of shipping natural gas supplies from various points in the Gulf of Mexico, offshore Louisiana, onshore for processing and delivery to five transmission pipelines and one storage company at a location near Erath, Louisiana, in Vermilion Parish. Sea Robin is an open access jurisdictional pipeline and is engaged in the interstate transportation of natural gas and, as such, is subject to the rules, regulations, and accounting requirements of the Federal Energy Regulatory Commission (*FERC*).

On June 11, 2003, Southern Union Company (*SU*) acquired PEPL and all of its subsidiaries (collectively, *Panhandle*), including Sea Robin (*the Panhandle Acquisition*), from CMS Gas Transmission Company (*CMS Gas Transmission*), a subsidiary of CMS Energy Corporation (together with CMS Gas Transmission, *CMS*). The Panhandle Acquisition was treated as an asset acquisition for tax purposes pursuant to a Section 338(h)(10) election of the Internal Revenue Code of 1986, as amended, which gave rise to a new tax basis in Sea Robin's net assets equal to their purchase price.

2. Summary of Significant Accounting Policies and Other Matters

Basis of Presentation. The financial statements presented herein are prepared in accordance with the accounting requirements of the FERC, as set forth in the applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (*GAAP*). The most significant differences between GAAP and the financial statements presented herein are: (1) the classification of certain accounts on the balance sheet, the statement of income, and the statement of cash flows, (2) purchase accounting related impacts from the acquisition by Southern Union Company (SU) on June 11, 2003 including purchase cost allocations which are not reflected in the financial statements presented herein, (3) inter-company accounts which do not bear a specified due date but which have been carried for more than twelve months are recorded in Investments in Associated Companies, Account 123, as advances receivable, and in Advances from Associated Companies, Account 223, as advances payable, whereas under GAAP these amounts would be reported as non-current receivables from associated companies or in equity, as applicable, and (4) discontinuance of Statement of Financial Accounting Standard (*SFAS*) No. 71 which results in differences versus GAAP financial statements for items such as regulatory asset amortization, depreciation, and allowance for funds used during construction *(AFUDC)*.

Use of Estimates. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. All liquid investments with maturities of three months or less at the date of purchase are considered cash equivalents. The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of these investments.

Plant Materials and Operating Supplies. Plant materials and operating supplies are carried at the weighted-average cost.

Gas Imbalances. Gas imbalances occur as a result of differences in volume of gas received and delivered. Gas imbalance in-kind receivables and payables are valued at market and are generally settled through cash-outs pursuant to Sea Robin's tariff with no impact on revenues.

Crediting Flowthrough Mechanism. Sea Robin collects fuel from its customers based on tariff provisions. These amounts along with fuel used and unaccounted losses are included in the monthly cashout activity. Regulatory liabilities are maintained for net dollar amounts owed to customers. When amounts are due from customers, a regulatory asset is recorded.

Utility Plant. Utility plant is stated at original cost. Sea Robin capitalizes all construction-related direct labor and material costs, as well as indirect construction costs. The cost of renewals and betterments that extend the useful life of utility plant is also capitalized. The cost of repairs and replacements of minor items of utility plant is charged to expense as incurred.

When utility plant is retired, the original cost, plus cost of removal less salvage is charged to accumulated depreciation and amortization. When entire regulated operating units of utility plant are sold or non-regulated properties are sold, the property and related accumulated depreciation and amortization accounts are reduced, and any gain or loss is recorded in income.

Depreciation of Utility Plant included in Net Utility Operating Income is generally computed using the straight-line method based on FERC approved depreciation rates.

Computer software, which is a component of utility plant, is stated at cost and is generally amortized on a straight-line basis over its useful life on a product-by-product basis. The amortization period for computer software is between four and ten years. To the extent that related parties share computer software, the costs basis of the capitalized software may be allocated amongst those related parties benefiting. See *Note 6 – Utility Plant.*

Asset Impairment. Sea Robin applies the provisions of Financial Accounting Standards Board (*FASB*) Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, to account for impairments on long-lived assets. Impairment losses are recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows are not sufficient to recover the assets' carrying value. The amount of impairment is measured by comparing the fair value of the asset to its carrying amount. Certain of Sea Robin's assets were evaluated in 2006 and 2007 because indicators of potential impairment resulting from impacts associated with Hurricanes Rita and Katrina were evident. The analysis indicated, based on probability weighted estimated cash flows, that an impairment did not exist.

Related Party Transactions. Sea Robin has related party activities with PEPL and Trunkline Gas Company, LLC (*Trunkline*) for operational and administrative services performed on behalf of Sea Robin. Corporate services are provided and charged to Sea Robin by SU. Expenses are generally charged based on either actual usage of services or allocated based on estimates of time spent working for the benefit of the various affiliated companies. Management and royalty fees charged to PEPL by SU are being allocated to Sea Robin based on a percentage applied to Sea Robin's gross revenues.

Sea Robin is not treated as a separate taxpayer for federal and certain state income tax purposes. Instead, Sea Robin's income is taxable to SU. Sea Robin has entered into tax sharing agreements with PEPL and SU pursuant to which Sea Robin will be required to make payments in order to reimburse SU for federal and state taxes that it pays on Sea Robin's income, or to receive payments to the extent that tax losses generated by Sea Robin are utilized by SU. Sea Robin's liability generally is equal to the liability which Sea Robin would have incurred based upon Sea Robin's taxable income if Sea Robin was a taxpayer filing separately from SU.

Environmental Expenditures. Environmental expenditures that relate to an existing condition caused by past operations that do not contribute to current or future revenue generation are expensed. Environmental expenditures relating to current or future revenues are expensed or capitalized as appropriate. Liabilities are recorded when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated. Remediation obligations are not discounted because the timing of future cash flow streams is not predictable.

Revenues. Sea Robin's revenues from transportation of natural gas are based on capacity reservation charges and commodity usage charges. Reservation revenues are based on contracted rates and capacity reserved by the customers and are recognized monthly. Revenues from commodity usage charges are also recognized monthly, based on the volumes received from or delivered to the customer, depending on its tariff, with any differences in received and delivered volumes resulting in an imbalance. Volume imbalances generally are cashed out pursuant to its tariff with no impact on revenues.

Significant Customers and Credit Risk. Sea Robin's operations are primarily concentrated in the natural gas industry and its major customers' operations are in the same industry. Sea Robin manages trade credit risks to minimize exposure to uncollectible trade receivables. Prospective and existing customers are reviewed for creditworthiness based upon pre-established standards. Customers that do not meet minimum standards are required to provide additional credit support. Sea Robin utilizes the allowance method for recording its provision for uncollectible accounts, which is primarily based on the application of historical bad debt percentages applied against Sea Robin's aged accounts receivable. Increases in the allowance are recorded as a component of operation expenses. Reductions in the allowance are recorded when receivables are written off. Sea Robin has recorded an allowance for uncollectible accounts totaling $67 thousand at February 28, 2007 relating to its trade receivables.

Sea Robin primarily provides interruptible transportation (*IT*) and firm transportation services to its customers. Approximately 96 percent of its total transportation revenues for 2007 came from IT contracts.

During 2007, Superior Natural Gas Corporation and Devon Energy Corporation accounted for 13 percent and 11 percent of total transportation revenues, respectively. No other customer accounted for more than 10 percent of total transportation revenues.

Allowance for Funds Used During Construction (AFUDC). Sea Robin capitalizes the cost of funds used on major projects during construction. The rates used by Sea Robin are calculated pursuant to FERC rules, which include an allowance for equity funds.

Asset Retirement Obligations. Sea Robin follows the provisions of Financial Accounting Standards Board *(FASB)* Statement No. 143, *Accounting for Asset Retirement Obligations (Statement No. 143)* and FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (*FIN No. 47*) to account for its asset retirement obligations (*AROs*). In June 2001, the FASB issued Statement No. 143 and FERC issued related accounting guidance in Order 631 in April 2003. The standard requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations were incurred. Upon initial recognition of a liability, the cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. Sea Robin adopted FASB Statement No. 143 on January 1, 2003 and FIN No. 47 as of December 31, 2005.

Statement No. 143 requires an ARO to be recorded when a legal obligation to retire the asset exists. FIN No. 47 clarifies that an ARO should be recorded for all assets with legal retirement obligations, even if the enforcement of the obligation is contingent upon the occurrence of events beyond the company's control (*Conditional ARO*). The fair values of the AROs were calculated using an expected present value technique. This technique reflects assumptions such as removal and remediation costs, inflation and profit margins that third parties would demand to settle the obligation. Sea Robin did not include a market risk premium for unforeseeable circumstances in its fair value estimates because such a premium could not be reliably estimated.

Although a number of assets in Sea Robin's system are subject to agreements or regulations which give rise to an ARO or a Conditional ARO upon Sea Robin's discontinued use of these assets, AROs were not recorded for most of these assets because the fair values of these AROs were not reliably estimable. The principal reason the fair values of these AROs were not subject to reliable estimation was because the lives of the underlying assets are indeterminate. Management has concluded that Sea Robin's pipeline system has an indeterminate life. In reaching this conclusion, management considered its intent for operating the pipeline system, the economic life of the underlying assets, its past practices and industry practice.

Sea Robin intends to operate the pipeline system indefinitely as a going concern. Individual component assets have been and will continue to be replaced, but the pipeline system will continue in operation as long as supply and demand for natural gas exists. Based on the widespread use of natural gas in industrial and power generation activities and current estimates of recoverable reserves, management expects supply and demand to exist for the foreseeable future.

Sea Robin has in place a rigorous repair and maintenance program that keeps the pipeline system in good working order. Therefore, although some of the individual assets on the pipeline system may be replaced, the pipeline system itself will remain intact indefinitely. AROs generally do not arise unless a pipeline system (or portion thereof) is abandoned. Sea Robin does not intend to make any such abandonments as long as supply and demand for natural gas remains relatively stable.

Income Taxes. For federal and certain state income tax purposes, Sea Robin is not treated as a separate taxpayer; instead, its income is directly taxable to SU. Pursuant to a tax sharing agreements with PEPL and SU, Sea Robin will pay its share of taxes based on its taxable income, which will generally equal the liability that Sea Robin would have incurred as a separate taxpayer.

Deferred tax assets and liabilities are recorded based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates.

3. New Accounting Principles

Accounting Principles Recently Adopted.

***FIN 48, "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement 109" (FIN 48)*:** Issued by the Financial Accounting Standard Board (FASB) in June 2006, this Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition and measurement threshold attributable for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. Sea

Robin's financial statements have not been materially impacted by the adoption of FIN 48 as of January 1, 2007.

Accounting Principles Not Yet Adopted.

FASB Statement No. 157, "Fair Value Measurements": Issued by the FASB in September 2006, this Statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Where applicable, this Statement simplifies and codifies related guidance within generally accepted accounting principles. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Sea Robin is currently evaluating the impact of this Statement on its financial statements.

FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115": Issued by the FASB in February 2007, this Statement permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. The Statement does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. The Statement is effective for fiscal years beginning after November 15, 2007. Sea Robin is currently evaluating the impact of this Statement on its financial statements.

4. Commitments and Contingencies

Hurricane Damage. Late in the third quarter of 2005, after coming through the Gulf of Mexico, Hurricanes Katrina and Rita came ashore along the Upper Gulf Coast. These hurricanes caused damage to property and equipment owned by Sea Robin. There were revenue, expense and capital impacts resulting from Hurricanes Katrina and Rita in 2006 and 2007. For year ending February 28, 2007, revenue reductions resulting from the hurricanes are estimated to be approximately $2 million to $3 million. As of February 28, 2007, Sea Robin has incurred approximately $21 million of capital expenditures related to the hurricanes primarily for replacement or abandonment of damaged property.

PEPL and its affiliates, including Sea Robin, anticipate reimbursement from its property insurance carriers for a significant portion of damages from Hurricane Rita in excess of its $5.0 million deductible. Such reimbursement is currently estimated by PEPL and its affiliates' property insurance carrier ultimately to be limited to 70 percent of the portion of the claimed damages accepted by the insurance carrier, but the amount is subject to the level of total ultimate claims from all companies relative to the carrier's $1 billion total limit on payout per claim. As of February 28, 2007, PEPL and its affiliates have received payments of $1.6 million from the insurance carriers, of which $1.6 million was allocated to Sea Robin and credited to accumulated depreciation. No receivables due from the insurance carriers have been recorded as of February 28, 2007.

In addition, after the 2005 hurricanes, the Mineral Management Service *(MMS)* mandated inspections by leaseholders and pipeline operators along the hurricane tracks. Sea Robin has detected exposed pipe and other facilities that must be re-covered to comply with applicable regulations. As a result, there was approximately $0.5 million of inspection related expense recorded for year ending February 28, 2007. Capital expenditures are estimated at $2.9 million, of which $0.9 million had been incurred as of February 28, 2007. Sea Robin will seek recovery of these expense and capital amounts as part of the hurricane related claims.

Controlled Group Pension Liabilities. SU (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 SU, Sea Robin became a member of SU's "controlled group" with respect to those plans, and, along with SU and any other members of that group, is jointly and severally liable for any failure by SU (along with any other persons that may be or become a sponsor of any such plan) to fund any of these pension plans or to pay any unfunded liabilities that these plans may have if they are ever terminated. In addition, if any of the obligations of any of these pension plans is not paid when due, a lien in favor of that plan or the Pension Benefit Guaranty Corporation may be created against the assets of each member of SU's controlled group, including Sea Robin. Based on the latest actuarial information available as of December 31, 2006, SU's aggregate amount of the projected benefit obligations of these pension plans was approximately $163 million and the estimated fair value of all of the assets of these plans was approximately $108.6 million.

PANHANDLE EASTERN PIPE LINE COMPANY, LP
CONSOLIDATED BALANCE SHEET

	December 31, 2006	December 31, 2005
Assets	(In thousands)	
Current assets		
Cash and cash equivalents	$ 531	$ 585
Accounts receivable, billed and unbilled, less allowances of $1,176 and $1,168, respectively	61,047	55,786
Accounts receivable - related parties (Note 4)	17,994	9,556
Gas imbalances - receivable	68,013	105,233
System gas and operating supplies	127,303	89,620
Deferred income taxes, net (Note 6)	3,117	2,086
Note receivable - Southern Union (Note 4)	-	110,580
Note receivable - CrossCountry Citrus (Note 4)	6,664	-
Other	10,691	11,501
Total current assets	295,360	384,947
Property, plant and equipment (Note 7)		
Plant in service	2,418,917	2,163,474
Construction work-in-progress	166,085	176,370
	2,585,002	2,339,844
Less accumulated depreciation and amortization	207,606	145,550
Net property, plant and equipment	2,377,396	2,194,294
Investment in affiliate (Note 9)	1,457	1,468
Note receivable - Southern Union (Note 4)	148,655	-
Note receivable - CrossCountry Citrus (Note 4)	458,336	-
Intangible customer contract, net (Note 8)	7,618	8,031
Debt issuance cost	2,376	3,634
Non-current system gas	14,850	25,087
Other	2,472	1,853
Total assets	$ 3,308,520	$ 2,619,314

Source: 2006 SEC Form 10-K.

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

	December 31, 2006	December 31, 2005
	(In thousands)	
Partners' capital		
Partners' capital	$ 1,041,723	$ 903,968
Accumulated other comprehensive income	15,477	1,339
Tax sharing note receivable - Southern Union	(16,431)	(50,862)
Total partners' capital	1,040,769	854,445
Long-term debt (Note 11)	1,185,391	1,179,534
Total capitalization	2,226,160	2,033,979
Current liabilities		
Current portion of long-term debt (Note 11)	461,011	-
Accounts payable	6,679	3,054
Accounts payable - overdrafts	23,776	7,866
Accounts payable - related parties (Note 4)	15,962	8,560
Gas imbalances - payable	144,137	124,297
Accrued taxes	12,030	15,228
Accrued interest	19,669	19,569
Fuel tracker obligation (Note 2)	12,418	32,863
Labor and benefit accruals	16,868	16,643
Other operating expense accruals	9,832	11,938
Capital accruals	26,929	11,681
Post-retirement benefits - current (Note 14)	-	7,812
Other	20,623	22,365
Total current liabilities	769,934	281,876
Deferred income taxes, net (Note 6)	243,697	205,787
Post-retirement benefits (Note 14)	4,436	26,103
Other	64,293	71,569
Commitments and contingencies (Note 13)		
Total partners' capital and liabilities	$ 3,308,520	$ 2,619,314

Source: 2006 SEC Form 10-K.