

Sea Robin Pipeline Company, LLC

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STATEMENT M-1

Sea Robin Pipeline Company, LLC
Statements of Income

STATEMENT M-2

Panhandle Eastern Pipe Line Company, LP
Statements of Income

SEA ROBIN PIPELINE COMPANY, LLC

Statement of Income and Retained Earnings
Twelve Months Ended February 28, 2007
(Unaudited)

Line No.	Description	Amount (a)
	Utility Operating Income:	
1	Operating Revenues	\$ 9,783,114
	Operating Expenses	
2	Operation Expenses	7,477,045
3	Maintenance Expenses	1,925,605
4	Depreciation Expenses	2,830,578
5	Depreciation Expense for Asset Retirement Costs	37,593
6	Amortization and Depletion of Utility Plant	857,139
7	Amortization of Utility Plant Acquisition Adj	-
	Amortization of Property Losses, Unrecovered	-
8	Plant and Regulatory Study Costs	-
9	Amortization of Conversion Expenses	-
10	Regulatory Debits	-
11	(Less) Regulatory Credits	-
12	Taxes Other Than Income Taxes	252,413
13	Income Taxes - Federal	(4,279,000)
14	- Other	34,000
15	Provision for Deferred Income Taxes	2,148,000
16	(Less) Provision for Deferred Income Taxes-Cr.	-
17	Investment Tax Credit Adjustment-Net	-
18	(Less) Gains from Disposition of Utility Plant	-
19	Losses from Disposition of Utility Plant	-
20	(Less) Gains from Disposition of Allowances	-
21	Losses from Disposition of Allowances	-
22	Accretion Expense	169,527
23	Total Utility Operating Expenses	11,452,900
24	Net Utility Operating Income	(1,669,786)
	Other Income and Deductions:	
	Other Income	
	Nonutility Operating Income	
25	Revenues from Merchandising, Jobbing and Contract	-
	(Less) Costs and Expenses of Merchandising, Jobbing	-
26	and Contract Work	-
27	Revenues from Nonutility Operations	-
28	(Less) Expenses of Nonutility Operations	-
29	Nonoperating Rental Income	-
30	Equity in Earnings of Subsidiary Companies	-
31	Interest and Dividend Income	14,355
32	Allowance for Other Funds Used During Construction	562,209
33	Miscellaneous Nonoperating Income	272,071
34	Gain on Disposition of Property	-
35	Total Other Income	848,635
	Other Income Deductions	
36	Loss on Disposition of Property	-
37	Miscellaneous Amortization	1,284
38	Miscellaneous Income Deductions	-

SEA ROBIN PIPELINE COMPANY, LLC

Statement of Income and Retained Earnings
Twelve Months Ended February 28, 2007
(Unaudited)

Line No.	Description	Amount (a)
39	Total Other Income Deductions	<u>1,284</u>
	Taxes Applicable to Other Income and Deductions	
40	Taxes Other Than Income Taxes	-
41	Income Taxes - Federal	338,000
42	- Other	60,000
43	Provision for Deferred Income Taxes	566,000
44	(Less) Provision for Deferred Income Taxes - Credit	-
45	Investment Tax Credit Adjustments-Net	-
46	(Less) Investment Tax Credits	<u>-</u>
47	Total Taxes on Other Income and Deductions	<u>964,000</u>
48	Net Other Income and Deductions	<u>(116,649)</u>
	Interest Charges:	
49	Interest on Long-Term Debt	-
50	Amortization of Debt Discount and Expense	-
51	Amortization of Loss on Reacquired Debt	-
52	(Less) Amortization of Premium on Debt-Credit	-
53	(Less) Amortization of Gain on Reacquired Debt-Credit	-
54	Interest on Debt to Associated Companies	-
55	Other Interest Expense	135
	(Less) Allowance for Borrowed Funds Used During	-
56	Construction - Credit	<u>-</u>
57	Net Interest Charges	<u>135</u>
58	Income Before Extraordinary Items	<u>(1,786,570)</u>
	Extraordinary Items:	
59	Extraordinary Income	-
60	(Less) Extraordinary Deductions	<u>-</u>
61	Net Extraordinary Items	-
62	Income Taxes - Federal and Other	-
63	Extraordinary Items After Taxes	<u>-</u>
64	Net Income	<u>\$ (1,786,570)</u>
65	Retained Earnings at Beginning of Period 1/	-
66	Dividends Declared	<u>-</u>
67	Retained Earnings at End of Period	<u>\$ -</u>

1/ Sea Robin Pipeline Company has no retained earnings as an LLC.

**PANHANDLE EASTERN PIPE LINE COMPANY, LP
CONSOLIDATED STATEMENT OF OPERATIONS**

	Year Ended December 31, 2006	Year Ended December 31, 2005
		(In thousands)
Operating revenue		
Transportation and storage of natural gas	\$ 451,513	\$ 434,537
LNG terminalling revenue	111,821	62,569
Other revenue	13,848	8,127
Total operating revenue	<u>577,182</u>	<u>505,233</u>
Operating expenses		
Operation, maintenance and general	206,181	204,461
Depreciation and amortization	72,724	62,171
Taxes, other than on income	25,405	28,196
Total operating expenses	<u>304,310</u>	<u>294,828</u>
Operating income	272,872	210,405
Other income (expense)		
Interest expense, net	(61,989)	(48,285)
Other, net	14,911	4,069
Total other income (expense)	<u>(47,078)</u>	<u>(44,216)</u>
Earnings before income taxes	225,794	166,189
Income taxes (Note 6)	<u>88,039</u>	<u>64,627</u>
Net earnings	<u>\$ 137,755</u>	<u>\$ 101,562</u>

Source: 2006 SEC Form 10-K.