

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Trunkline LNG Company, LLC § Docket No. RP09-____-000

**PREPARED DIRECT TESTIMONY
OF
MICHAEL T. LANGSTON**

1 **Q. Please state your name and business address.**

2 A. My name is Michael T. Langston. My business address is 5444 Westheimer Road,
3 Houston, Texas 77056.

4 **Q. On whose behalf are you testifying in this proceeding?**

5 A. I am testifying on behalf of Trunkline LNG Company, LLC (“Trunkline LNG”).

6 **Q. What are your responsibilities with Trunkline LNG?**

7 A. I am Senior Vice President, Government and Regulatory Affairs with primary
8 responsibility for rate and regulatory matters for Trunkline LNG.

9 **Q. Please describe briefly your educational and professional background.**

10 A. I received a Bachelor of Science Degree in Electrical Engineering with honors from the
11 University of Texas in Austin in 1975. I received a Master of Business Administration
12 from Southern Methodist University in Dallas, Texas in 1978. I was employed by
13 Mobil Pipeline Company from 1975 to 1979 in various positions in their engineering
14 department. From 1979 to 1986, I was employed by Texas Oil & Gas Corp. and its
15 affiliate, Delhi Gas Pipe Line Corporation, holding various positions in corporate

1 planning, special projects, and project development. I joined Southern Union Company
2 (“Southern Union”) in September 1986 and have been employed by Southern Union
3 and its affiliates since that time, holding various positions involving gas supply,
4 marketing, gas control, contract administration, and federal regulatory areas. I am also
5 a Registered Professional Engineer in the states of Texas, Louisiana, and Oklahoma.

6 **Q. Have you previously testified or presented testimony before the Federal Energy**
7 **Regulatory Commission?**

8 A. Yes. I provided testimony in Docket No. RP88-44-000 on behalf of Southern Union
9 Gas Company, in Docket No. RP04-249-000 on behalf of Florida Gas Transmission
10 Company, LLC, in Docket No. RP06-614-000 on behalf of Transwestern Pipeline
11 Company, LLC, in Docket No. RP07-513-000 on behalf of Sea Robin Pipeline
12 Company, LLC, and most recently in Docket No. RP07-541-000 on behalf of
13 Southwest Gas Storage Company.

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to: (1) provide the background of this proceeding; (2)
16 discuss the overall rate filing, return on equity, capital structure, and testimony and
17 support offered by other Company witnesses; and (3) discuss the negotiated rate under
18 Rate Schedule FTS-2.

19 **Q. Please briefly describe the prepared testimony of Trunkline LNG’s other**
20 **witnesses in this proceeding.**

21 A. First, Mr. Lawrence J. Biediger, Senior Director of Rates, describes the overall Cost of
22 Service calculations including Rate Base and Return, Accumulated Deferred Income

1 Taxes, Regulatory Assets and Liabilities, Depreciation, Operation and Maintenance
2 Expenses, and Federal and State Income Taxes. In addition, he will discuss the Base
3 Period revenues and billing determinants and the Test Period revenues and billing
4 determinants.

5 Second, Mr. Rickey J. Brocato, Manager – Cost of Service, discusses the Gas Plant,
6 Accumulated Provision for Depreciation, Working Capital and Taxes Other Than
7 Income.

8 Third, Mr. William W. Grygar, Vice President of Rates & Regulatory Affairs, will
9 discuss cost classifications, cost allocations, and overall rate design.

10 **Q. What exhibits are you sponsoring in this proceeding?**

11 A. I am sponsoring the following exhibits:

<u>Exhibit No.</u>	<u>Reference</u>	<u>Description</u>
TLNG-2		Aerial View of LNG Facilities
TLNG-3		Current Tariff Sheet
TLNG-4	Statement F-2 Statement F-1	Capitalization
TLNG-5	Statement F-3	Debt Capital
TLNG-6		FERC Allowed Certificate Returns

20
21 **Q. Please outline the corporate structure under which Trunkline LNG is owned and**
22 **operated.**

1 A. Trunkline LNG is a limited liability company which is an indirect and wholly-owned
2 subsidiary of Panhandle Eastern Pipe Line Company, LP ("Panhandle"). Panhandle is
3 in turn ultimately owned 100% by Southern Union, a Delaware corporation.

4 **System Overview and Background of This Proceeding**

5 **Q. When and for what purpose was Trunkline LNG formed?**

6 A. Trunkline LNG was formed in the early 1970s in order to import, store, regasify and
7 deliver liquefied natural gas ("LNG") to its affiliate, Trunkline Gas Company
8 ("Trunkline Gas"). Trunkline LNG purchased the LNG from L'Entreprise Nationale
9 SONATRACH ("Sonatrach"), the national oil and gas company of Algeria, under a 20-
10 year contract. In 1977, the Commission authorized Trunkline LNG to construct and
11 operate an LNG terminalling facility and to make jurisdictional sales of 178 Bcf per
12 year of regasified LNG to Trunkline Gas. An aerial view of Trunkline LNG's facilities,
13 is shown in Exhibit No. TLNG-2.

14 **Q. Has Trunkline LNG's role changed since its formation?**

15 A. Yes. Trunkline LNG has evolved from having a merchant function, which was
16 primarily selling gas to its parent company, Trunkline Gas, to providing terminalling
17 and processing services for LNG importers/shippers.

18 **Q. Please describe Trunkline LNG's business activities.**

19 A. Trunkline LNG is engaged in the business of receiving, storing and regasifying LNG
20 for delivery into to the interstate/intrastate transmission grid in the vicinity of Lake
21 Charles, Louisiana in Calcasieu Parish. The interconnecting pipelines which take gas

1 from Trunkline LNG include (a) two interstate pipelines: Trunkline Gas, and Gulf
2 South Pipeline Company, LP (“Gulf South”).

3 **Q. Please describe the historical Trunkline LNG facility infrastructure.**

4 A. Originally, the Trunkline LNG terminal was designed and built to store up to 6.3 Bcf of
5 LNG at one time and to regasify up to 700 MMcf per day.

6 **Q. When was the last Trunkline LNG rate proceeding?**

7 A. Trunkline LNG’s last rate proceeding was a Cost and Revenue Study which was filed
8 on June 1, 2001 in Docket Nos. CP97-26-000 and RP01-445-000/001.

9 **Q. How were those consolidated proceedings resolved?**

10 A. Trunkline LNG and its customers resolved the proceedings by entering into a
11 Stipulation and Agreement which was filed August 1, 2001, and approved by a
12 Commission order dated October 11, 2001, 97 FERC ¶ 61,028 (2001).

13 **Q. Please describe the Trunkline LNG facility expansion.**

14 A. Trunkline LNG originally filed on December 26, 2001 with the Commission in Docket
15 No. CP02-60-000/-001 to increase the LNG storage capacity to 9.0 Bcf; increase the
16 sustained LNG Terminal sendout capability to 1.2 Bcf per day, and a peak sendout
17 capability of 1.3 Bcf per day; and construct a second unloading dock, among other
18 facilities. Trunkline LNG received authorization from the Commission in orders dated
19 August 27, 2002, December 18, 2002 and March 18, 2003.

20 **Q. Was the December 21, 2001 certificate application amended?**

21 A. Yes. After further negotiations with its sole customer, BG LNG Services, LLC (“BG
22 LNG”), Trunkline LNG filed on April 17, 2003, an amended application in Docket No.

1 CP02-60-003, which deleted the construction of the unloading dock and replaced it
2 with the construction of a layberth. Trunkline LNG also proposed in the amended
3 application to purchase power from the local utility company, Entergy Gulf States
4 Louisiana, L.L.C., which would require enhanced electrical power facilities. Trunkline
5 LNG requested that the proposed in-service date be extended to January 1, 2006. The
6 amended application reduced the construction costs by \$11 million, and reduced the
7 Cost of Service by \$32 million per year, as compared to the original application. The
8 Commission approved the amended application on October 27, 2003.

9 **Q. Were there any further modifications to the certificate application?**

10 A. Yes. On February 27, 2004, Trunkline LNG again filed to modify its application in
11 Docket No. CP02-60-004, to expand the LNG terminal facilities. Modifications
12 included increasing the sustained sendout capability to 1.8 Bcf per day; increasing the
13 peak sendout capability to 2.1 Bcf per day by adding additional second stage pumps
14 and additional vaporizers; and constructing the unloading dock in lieu of the layberth.
15 Total expansion costs were estimated to be \$253.2 million, including the modifications.
16 Trunkline LNG received Commission authorization to construct the modified terminal
17 facilities on September 17, 2004.
18 With the expansion of facilities constructed pursuant to the Commission's orders in
19 Docket No. CP02-60-000, et al., Trunkline LNG is capable of storing up to 9.0 Bcf of
20 LNG at one time and can regasify up to 1.8 Bcf per day on a sustained basis, and 2.1
21 Bcf per day on a peak basis.

22 **Q. When did Trunkline LNG commence service with the Expansion Facilities?**

1 A. Trunkline LNG placed the Expansion Facilities into service as the construction was
2 completed. A portion of the facilities was placed into service on September 18, 2005,
3 and April 5, 2006. With these facilities, the sustained and peak day sendout capacity
4 was increased to 1.2 Bcf per day and 1.3 Bcf per day, and the LNG storage capacity
5 was increased by 2.7 Bcf, respectively. The remainder of the Expansion Facilities was
6 placed into service on July 8, 2006. With all of the Expansion Facilities in service, the
7 sustained and peak day sendout capacity of the LNG Terminal are 1.8 Bcf per day and
8 2.1 Bcf per day, respectively.

9 **Q. Please describe the service that Trunkline LNG is providing with the Expansion**
10 **Facilities.**

11 A. Trunkline LNG provides LNG terminaling service with the Expansion Facilities under
12 new Rate Schedule FTS-2 and ITS-2. The currently effective General Terms and
13 Conditions of Trunkline LNG's FERC Gas Tariff, Second Revised Volume No. 1-A
14 govern the services under Rate Schedules FTS-2 and ITS-2. All of the capacity by the
15 Expansion Facilities is subscribed under a long term firm agreement with BG LNG.
16 BG LNG also has the original LNG Terminal capacity under long-term contract
17 pursuant to Rate Schedule FTS-1. Thus, BG LNG is Trunkline LNG's only customer.

18 **Q. What is the main reason for the cost and revenue study?**

19 A. This cost and revenue study is being filed pursuant to Ordering Paragraph (F)(2) of the
20 Commission's August 27, 2002 Preliminary Determination on Non-Environmental
21 Issues in Docket Nos. CP02-60-000 and -001, *CMS Trunkline LNG Company, LLC*,
22 100 FERC ¶ 61,217 (2002), ("August 27 Order"); Ordering Paragraph (E) of the

Commission's October 27, 2003 Order Amending Authorization Under Section 3 Of
The Natural Gas Act in Docket No. CP02-60-003, *Trunkline LNG Company, LLC*, 105
FERC ¶ 61,137 (2003), ("October 27 Order"); and, Ordering Paragraph (F)(1) of the
Commission's September 17, 2004 Order Issuing Certificate And Authority Under
Section 3 Of The Natural Gas Act in Docket No. CP02-60-004, *Trunkline LNG
Company, LLC*, 108 FERC ¶ 61,251 (2004), ("September 17 Order"). The
September 17 Order required Trunkline LNG to file a cost and revenue study, reflecting
three years of operating experience with the Expansion Facilities. Trunkline LNG's
currently effective recourse rates for Rate Schedules FTS-2 and ITS-2 were approved
by Commission letter order dated June 26, 2006 in Docket No. CP02-60-009.

Q. Please explain the selection of the Base Period and Test Period in this filing.

A. The Base Period in this filing is the twelve months ended March 31, 2009. The Base
Period data has been adjusted to reflect known and measurable changes of a
normalizing nature in costs.

**Q. What is the overall Cost of Service utilized by Trunkline LNG for the Expansion
Facilities in this filing?**

A. Trunkline LNG has filed a cost of service for the Expansion Facilities totaling
\$ 54,674,762, as shown on Exhibit No. TLNG-8, and discussed in Mr. Biediger's
testimony.

Q. What rate design methodology is utilized by Trunkline LNG?

A. Trunkline LNG continues to utilize the Straight Fixed Variable rate design
methodology for its Expansion Facilities which it utilized in its certificate application.

1 **Q. Are there any changes to the Rate Schedule FTS-2 contract demand levels and**
2 **throughput related to the Expansion Facilities?**

3 A. No. The Expansion Facilities have been fully subscribed, and as such, both the
4 reservation and usage levels reflected in the certificate application, as amended and
5 modified, have been utilized in this cost and revenue study. Reservation units of
6 1,170,000 MMBtu per day and throughput levels of 427,050,000 MMBtu are reflected
7 in the rate design covered in Mr. Grygar's testimony. It should be noted though, that
8 during the Base Period, Trunkline LNG received only 4 cargoes of LNG for unloading
9 at its Lake Charles terminal, totaling 12.3 Bcf, as shown on Mr. Biediger's Exhibit No.
10 TLNG-16, Line 4. Be that as it may, the additional capacity and sendout capability of
11 the Expansion Facilities is fully subscribed, as mentioned above, under a Rate Schedule
12 FTS-2 contract with BG LNG. The calculation of the recourse rates for both Rate
13 Schedules FTS-2 and ITS-2 are shown in Exhibit No. TLNG-29, as further discussed in
14 Mr. Grygar's testimony.

15 **Q. What rate is BG LNG being charged for services rendered with the Expansion**
16 **Facilities?**

17 A. My Exhibit No. TLNG-3 includes a copy of the currently effective tariff sheet, Third
18 Revised Sheet No. 6, which sets forth the negotiated rate formula under which BG
19 LNG is currently being billed for terminaling services provided under Trunkline LNG's
20 Rate Schedule FTS-2. The current negotiated rate and formula for calculating the
21 monthly billing was filed with the Commission in Docket No. RP01-229-003, and
22 accepted by order dated August 4, 2006.

Capitalization and Return

Q. What capitalization is included in this filing?

A. Trunkline LNG's actual capitalization at March 31, 2009, is 100 percent equity. For the Cost and Revenue Study, Trunkline LNG has utilized the debt/equity levels approved by the Commission's October 27, 2003 Order in Docket No. CP02-60-003, which reflects a 75 percent equity and 25 percent debt capitalization, as shown on my Exhibit No. TLNG-4.

Q. What average cost of debt capital has Trunkline LNG used?

A. Because Trunkline LNG has no long-term debt capital on its books, the cost of debt of 7.08 percent reflects the actual weighted average cost of debt of its parent, Panhandle, as of March 31, 2009, as adjusted for a recent new issuance on June 2, 2009. A schedule showing the current debt capital, cost of each issuance, and the amortization of costs associated with debt retirements is reflected in Exhibit No. TLNG-5.

Q. What return on equity is Trunkline LNG requesting in this filing?

A. Trunkline LNG proposes to use a return on equity of 12.31 percent. This return on equity was established in the Docket Nos. CP97-26-000 and RP01-445-000 proceedings. This level continues to be well below the average of recent FERC authorized rates for pipeline expansion projects as well as the range of equity rates authorized by the Commission over a long history in pipeline rate filings. Attached, as Exhibit No. TLNG-6, is a listing of certificate filings for pipeline expansions and the associated returns approved for those projects. As shown on Exhibit No. TLNG-6, the return on equity approved by the Commission ranges from 12.00 % to 16.80%.

1 **Q. What is the overall return for Trunkline LNG?**

2 A. The overall average cost of capital is 11.00 percent. The derivation is included in
3 Exhibit No. TLNG-4.

4 **Q. Does Trunkline LNG consider this overall return to be reasonable?**

5 A. Yes. Trunkline LNG operates in a very competitive environment. Several new LNG
6 terminals have been built in the United States, specifically along the Gulf Coast, since
7 Trunkline LNG's last rate proceeding in 2001. In addition, the existing LNG terminals,
8 Elba Island, Georgia and Cove Point, Maryland, have also expanded or are in the
9 process of expanding their storage capacity and sendout capability.

10 **Q. Has Trunkline LNG made any changes in its basic rate design underlying its**
11 **current rates?**

12 A. No. Trunkline LNG has maintained its current Straight Fixed Variable ("SFV") rate
13 design, and updated the rates for the current cost of service level. Trunkline LNG has
14 maintained its current rate structure.

15 **Q. Is Trunkline LNG currently recovering its cost of service?**

16 A. Yes. As shown on Exhibit No. TLNG-27 of Mr. Grygar's testimony, Trunkline LNG's
17 revenues associated with the Expansion Facilities under Rate Schedule FTS-2 are
18 approximately \$68.5 million compared to Trunkline LNG's \$54.7 million cost of
19 service. As previously mentioned, Trunkline LNG entered into a long-term negotiated
20 rate contract with BG LNG under Rate Schedule FTS-2.

21 **Q. How does Trunkline LNG's level of business risk compare to the activities of other**
22 **integrated transmission systems?**

1 A. Trunkline LNG's business is directly impacted by the success or failure of the LNG
2 activities occurring in and around the world over which it has no control.

3 **Q. Are there any shippers that have requested contracts for more terminal capacity?**

4 A. No. Trunkline LNG's service is very reliable, and the LNG Terminal is fully
5 subscribed. Trunkline LNG has been successful in securing new firm commitments as
6 reflected in the construction of the Expansion Facilities and the negotiated rate contract
7 entered into with BG LNG under Rate Schedule FTS-2.

8 **Q. Does this complete your prepared direct testimony?**

9 A. Yes, it does.

The State of Texas}
 } SS.
County of Harris }

BEFORE ME, the undersigned authority, on this day personally appeared
Michael T. Langston, who being by me first duly sworn, on oath deposes and says:

That he is the Michael T. Langston, offering the foregoing prepared direct testimony
and that all statements of fact contained therein are true and correct to the best of his
knowledge, information and belief.

 /s/ Michael T. Langston

Michael T. Langston

Subscribed and sworn to before me this 30th day of June, 2009.

 /s/ Suzanne Samano

Notary Public

My Commission Expires:

 April 6, 2010 .



Aerial View of Trunkline LNG Company, LLC facilities, Lake Charles, Calcasieu Parish, Louisiana

TRUNKLINE LNG COMPANY, LLC
FERC GAS TARIFF
Second Revised Volume No. 1-A

Fourth Revised Sheet No. 6
Superseding Third Revised Sheet No. 6

NEGOTIATED RATES

<u>Shipper</u>	<u>Rate Schedule</u>	<u>Negotiated Rate or Formula</u>	<u>Quantity</u>
BG LNG Services LLC	FTS-2	<u>1/</u>	1,170,000 Dt/day

This negotiated rate agreement does not deviate in any material respect from the form of service agreement in the tariff.

- 1/ Monthly Payment = Capacity Charge + Additional Capacity Charge. Capacity Charge = 570,000 Dt/day x \$0.2176/Dt x number of days in the month. The monthly payment shall also include Fuel Reimbursement and Electric Power Costs pursuant to Sections 19 and 20 of the General Terms and Conditions. Additional Capacity Charge = \$60,000 per day from the Modified Expansion In-Service Date to the later of (a) the first anniversary of the Modified Expansion In-Service Date or (b) December 31, 2008 and, thereafter, \$75,000 per day from the later of (a) the first anniversary of the Modified Expansion In-Service Date or (b) January 1, 2009. The Monthly Payment shall continue until December 31, 2015.

Issued by: Michael T. Langston
Sr. Vice President
Issued on: September 5, 2008

Effective: October 1, 2008

TRUNKLINE LNG COMPANY, LLC

Resulting Return on Common Equity
From Overall Rate of Return Claimed
For the Period Ending March 31, 2009, As Adjusted

Line No.	Description (a)	Capitalization (b)	Ratio (c)	Cost (d)	Weighted Rate (e)	Return Component (f)	Rate of Return on Equity (g)
1	Overall Rate of Return Claimed					11.00%	
2	Debt		25.00%	7.08% ^{2/}	1.77%	-	
3	Common Equity		75.00%	12.31%	9.23%		12.31%
4	Total	1/	100.00%				

^{1/} Capitalization shown reflects Trunkline LNG's capitalization utilized in the Docket No. CP02-60-004 filing dated February 12, 2004 and approved by Commission order dated September 17, 2004.

^{2/} The cost of debt of 7.08% shown reflects the actual average cost of debt of Trunkline LNG's parent company, Panhandle Eastern Pipe Line Company, LP, as of March 31, 2009, as adjusted. See Schedule F-3.

TRUNKLINE LNG COMPANY, LLC

Rate of Return Claimed

The total return included in Trunkline LNG Company, LLC's ("Trunkline LNG") cost of service shown in Schedules A and B herein are based on a rate of return of 11.00% applied to the net investment rate base for the period ending March 31, 2009, as adjusted. Trunkline LNG is an indirect wholly-owned subsidiary of Panhandle Eastern Pipe Line Company, LP ("Panhandle"). Trunkline LNG's capitalization per books is currently 100 percent equity, however, as shown on Schedule F-2, Trunkline LNG has utilized the same capitalization of 75% equity and 25% debt that was reflected in its certificate application for the Expansion Facilities, which are the subject of this Cost and Revenue Study. Further, Trunkline LNG has utilized the actual average cost of debt of its parent, Panhandle, which is 7.08%, as shown on Schedule F-3.

The position of Trunkline LNG is that the allowed fair rate of return must reflect investor return requirements under current competitive market conditions. Trunkline LNG's terminal services are directly impacted by the success or failure of the international LNG market activities in and around the world. Trunkline LNG continues to utilize a rate of return on equity of 12.31%, as approved by the Commission in its previous Cost and Revenue Study filed June 1, 2001, and utilized in its underlying costs included in its certificate application for the Expansion Facilities, which are the subject of this Cost and Revenue Study.

TRUNKLINE LNG COMPANY, LLC

Debt Capital

Trunkline LNG Company, LLC has utilized the actual average cost of long-term debt of its parent, Panhandle Eastern Pipe Line Company, LP, as of March 31, 2009, the latest data available, as adjusted to include the latest debt issuance dated June 2, 2009 in the amount of \$150 million with a coupon rate of 8.125%.

PANHANDLE EASTERN PIPE LINE COMPANY, LP

Weighted Average Cost of Debt Capital

Line No.	Description (a)	Term Note Due 7/15/2009 (b)	Senior Note Due 7/15/2009 (c)	Senior Note Due 4/1/2010 (d)	Senior Note Due 8/15/2013 (e)	Senior Note Due 11/1/2017 (f)	Senior Note Due 6/15/2018 (g)	Total (h)	Amortization of Gain/Loss on Recaptured Debt (i)	Net (j)	Adjustment Senior Note Due 6/7/2019 (k)	Net As Adjusted (l)	F/N ID
1	Nominal Date of Issue	3-29-1999	3-29-1999	3-27-2000	8-18-2003	10-26-2007	6-12-2008				6/2/2009		
2	Date of Maturity	7-15-2009	7-15-2009	4-1-2010	8-15-2013	11-1-2017	6-15-2018				6/7/2019		
3	Interest Rate	6.50%	7.00%	8.25%	6.05%	6.20%	7.00%				8.125%		
4	Principal Amount of Issue (Gross Proceeds)	\$ 60,623,000	\$ 66,305,000	\$ 40,500,000	\$ 250,000,000	\$ 300,000,000	\$ 400,000,000	\$ 1,117,428,000		\$ 1,117,428,000	\$ 150,000,000	\$ 1,267,428,000	
5	Underwriter's Discount or Commission	\$ 17,869	\$ 950,790	\$ 24,239	\$ 706,818	\$ 692,434	\$ 1,074,566	\$ 3,466,516		\$ 3,466,516	\$ -	\$ 3,466,516	
6	Underwriter's Costs as % of Gross Proceeds	0.03%	1.43%	0.06%	0.28%	0.23%	0.27%				0.00%		
7	Issuance Expense	\$ 26,894	\$ 1,067,199	\$ 4,278	\$ 962,104	\$ 2,231,203	\$ 2,679,280	\$ 6,970,758		\$ 6,970,758	\$ 992,370	\$ 7,963,128	
8	Issuance Expense as % of Gross Proceeds	0.04%	1.61%	0.01%	0.38%	0.74%	0.67%				0.66%		
9	Debt Loss Upon Retirement												
10	Net Proceeds (L4 - L5 - L7)	\$ 60,578,637	\$ 64,287,011	\$ 40,471,483	\$ 248,331,078	\$ 297,076,363	\$ 396,246,154	\$ 1,106,990,726	\$ 8,056,746	\$ 1,115,047,472	\$ 149,007,630	\$ 1,264,055,102	
11	Net Proceeds Per Unit (\$100) (L10 / L4)	99.93	96.96	99.93	99.33	99.03	99.06				99.34		
12	Term of Issue (Years)	10	30	10	10	10	10				10		
13	Remaining Term for Debt Discounts/Expenses	0.29	20.29	1.00	4.38	8.58	9.21				10		
14	Cost of Money (Yield to Maturity)	-	7.15%	0.00%	6.20%	6.31%	7.10%				8.125%		
15	Debt Outstanding at 12-31-2008	\$ 60,623,000	\$ 66,305,000	\$ 40,500,000	\$ 250,000,000	\$ 300,000,000	\$ 400,000,000	\$ 1,117,428,000	\$ -	\$ 1,117,428,000	\$ 150,000,000	\$ 1,267,428,000	
16	Debt Due Within One Year	\$ 60,623,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,623,000	\$ -	\$ 60,623,000	\$ -	\$ 60,623,000	
17	Debt Less Current Maturities (L15 - L16)	\$ -	\$ 66,305,000	\$ 40,500,000	\$ 250,000,000	\$ 300,000,000	\$ 400,000,000	\$ 1,056,805,000	\$ -	\$ 1,056,805,000	\$ 150,000,000	\$ 1,206,805,000	
18	Annual Cost of Debt	\$ -	\$ 4,740,807	\$ 3,369,767	\$ 15,506,032	\$ 18,940,750	\$ 28,407,584	\$ 70,964,940	\$ 2,248,117	\$ 73,213,057	\$ 12,286,737	\$ 85,499,794	
19	Weighted Average Cost of Debt on Issuance Principal	-	7.15%	8.32%	6.20%	6.31%	7.10%	6.72%			8.19%	7.08%	

PANHANDLE EASTERN PIPE LINE COMPANY, LP

Amortization of Loss on Reacquired Debt

Line No.	Description (a)	10.375% Debentures Due 2011 (b)	8.25% Debentures Due 2010 (c)	6.50% Debentures Due 2009 (d)	7.95% Debentures Due 2023 (e)	7.20% Debentures Due 2024 (f)	7% Debentures Due 2029 (g)	Total (h)
1	Nominal Date of Issue							
2	Date of Maturity	3/1/1999	6/12/2003	6/12/2003	12/15/2001	12/15/2001	08/19/2003	
3	Interest Rate	11/1/2011	4/01/2010	7/15/2009	3/15/2023	8/15/2024	7/15/2029	
		10.375%	8.25%	6.50%	7.95%	7.20%	7.00%	
4	Principal Amount of Issue (Gross Proceeds)	\$ 100,000,000	\$ 59,500,000	\$ 139,377,000	\$ 100,000,000	\$ 100,000,000	\$ 233,695,000	
5	Underwriter's Discount or Commission							
6	Underwriter's Costs as % of Gross Proceeds							
7	Issuance Expense							
8	Issuance Expense as % of Gross Proceeds							
9	Debt Loss upon Retirement	\$ 1,117,146	\$ 952,939	\$ 496,480	\$ 3,314,274	\$ 1,337,413	\$ 838,494	\$ 8,056,746
10	Net Proceeds (L4 - L5 - L7)	\$ 98,882,854	\$ 58,547,061	\$ 138,880,520	\$ 96,685,726	\$ 98,662,587	\$ 232,856,506	
11	Term of Issue (Years) - Remaining	2.58	1.00	0.29	13.96	15.38	20.29	
12	Cost of Money (Yield to Maturity)	-	-	-	-	-	-	
13	Debt Outstanding at 12-31-2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
14	Amortization of Loss on Reacquired Debt	\$ 433,002	\$ 952,939	\$ 496,480	\$ 237,412	\$ 86,958	\$ 41,325	\$ 2,248,117

