

PANHANDLE EASTERN PIPE LINE COMPANY, LP
CONSOLIDATED BALANCE SHEET

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
	(In thousands)	
Assets		
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	<u>295,360</u>	<u>384,947</u>
Property, plant and equipment (Note 7)		
Plant in service	2,418,917	2,163,474
Construction work-in-progress	166,085	176,370
	<u>2,585,002</u>	<u>2,339,844</u>
Less accumulated depreciation and amortization	207,606	145,550
Net property, plant and equipment	<u>2,377,396</u>	<u>2,194,294</u>
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	<u>\$ 3,308,520</u>	<u>\$ 2,619,314</u>

Source: 2006 SEC Form 10-K.

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

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
	(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	<u>1,040,769</u>	<u>854,445</u>
 Long-term debt (Note 11)	 1,185,391	 1,179,534
Total capitalization	<u>2,226,160</u>	<u>2,033,979</u>
 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	<u>769,934</u>	<u>281,876</u>
 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	 <u>\$ 3,308,520</u>	 <u>\$ 2,619,314</u>

Source: 2006 SEC Form 10-K.