



TC PipeLines, LP

NewsRelease

TC PipeLines, LP Reports 2001 Second Quarter Earnings

Calgary, Alberta – July 25, 2001 – (Nasdaq NM: TCLPZ) – TC PipeLines, LP (the Partnership) today announced 2001 second quarter net income of US\$9.8 million or US\$0.54 per unit. This compares to 2000 second quarter net income of US\$8.5 million or US\$0.48 per unit.

For the six months ended June 30, 2001, the Partnership reported net income of US\$20.7 million or US\$1.15 per unit, an increase of \$3.8 million or \$0.20 per unit from the same period last year.

The Partnership's 30% interest in Northern Border Pipeline Company contributed equity income of US\$9.5 million in the second quarter of 2001, compared to US\$8.8 million for the same period last year. Northern Border Pipeline's lower operating and maintenance expenses resulted in US\$0.6 million of the 2001 second quarter increase. The savings from lower operating and maintenance expenses began in the first quarter of 2001 and the Partnership expects continued savings throughout the remainder of the year. Lower interest rates in the second quarter of 2001 also contributed US\$0.7 million to higher equity income. These increases were partially offset by Northern Border Pipeline's write-off of all receivables outstanding from a telecommunications company that has declared bankruptcy, which had the effect of reducing equity income to TC PipeLines by US\$0.5 million. The telecommunications company had been purchasing excess capacity on the microwave communications system of Northern Border Pipeline.

The Partnership's 49% interest in Tuscarora Gas Transmission Company contributed equity income of US\$0.9 million in the second quarter of 2001, which is consistent with the Partnership's expectations. The Partnership acquired its interest in Tuscarora in September 2000.

During the second quarter of 2001, the Partnership incurred general and administrative expenses of US\$0.3 million, which approximates the expenses incurred for the same period last year. The Partnership also incurred US\$0.3 million in financial charges for the second quarter of 2001, which is comprised primarily of interest expense under the Partnership's revolving credit facility.

“The operating results of Northern Border Pipeline and Tuscarora reflect the strong demand for natural gas in the respective markets they serve,” said Ron Turner, President and Chief Executive Officer of TC PipeLines GP, Inc. “As well, both pipeline companies are diligently managing their

costs. These two factors have resulted in favorable earnings for TC PipeLines. We expect this trend to continue, supporting our recently announced cash distribution increase.”

On July 19, 2001, the board of directors of the general partner announced the declaration of the Partnership’s 2001 second quarter cash distribution in the amount of US\$0.50 per unit, a \$0.025 per unit increase from the previous quarterly distribution level. This distribution is payable on August 14, 2001 to unitholders of record on July 31, 2001.

The Partnership plans to hold a conference call this afternoon at 4:00 p.m. (eastern). During this call, TC PipeLines, LP’s senior executives will review the Partnership’s 2001 second quarter results and discuss the Partnership’s outlook for the remainder of 2001. Those interested in listening to the call may dial 1-800-273-9672. A replay of the conference call will also be available from July 25 until August 1, 2001 by dialing 1-800-408-3053 then entering passcode 631160.

A live web cast of the conference call will also be available through the Partnership’s website at www.tcpipelineslp.com in the “News Room” section, under “Presentations”. An audio replay of the call will be maintained on the website until August 1, 2001.

TC PipeLines, LP is a publicly held limited partnership. It owns a 30% interest in Northern Border Pipeline Company, a Texas general partnership, and a 49% interest in Tuscarora Gas Transmission Company, a Nevada general partnership. Northern Border Pipeline owns a 1,214-mile United States interstate pipeline system that transports natural gas from the Montana-Saskatchewan border to markets in the midwestern United States. Tuscarora owns a 229-mile United States interstate pipeline system that transports natural gas from Oregon, where it interconnects with facilities of PG&E National Energy Group, Gas Transmission Northwest, to northern Nevada. TC PipeLines, LP is managed by its general partner, TC PipeLines GP, Inc., a wholly owned subsidiary of TransCanada PipeLines Limited. Subsidiaries of TransCanada also hold common and subordinated units of the Partnership. Common units of TC PipeLines, LP are quoted on the Nasdaq Stock Market and trade under the symbol “TCLPZ”. For more information about TC PipeLines, LP, visit the Partnership’s Internet site at www.tcpipelineslp.com.

- 30 -

Media Inquiries: Glenn Herchak / Kurt Kadatz (403) 920-7859

Limited Partner and
Analyst Inquiries: Theresa Jang (403) 920-2050
Toll-free (877) 290-2772

This news release includes forward-looking statements regarding future events and the future financial performance of TC PipeLines, LP. All forward-looking statements are based on the Partnership's beliefs as well as assumptions made by and information currently available to the Partnership. When used herein, words such as “believes”, “expects”, “intends”, “forecasts”, “projects”, and similar expressions, identify forward-looking statements within the meaning of the Securities Litigation Reform Act. These statements reflect the Partnership’s current views with respect to future events and are subject to various risks, uncertainties and assumptions including regulatory decisions, particularly those of the Federal Energy Regulatory Commission, cost of acquisitions, future demand for natural gas, overcapacity in the industry, and prevailing economic conditions, particularly conditions of the capital and equity markets, and other risks discussed in detail in the Partnership’s filings with the Securities and Exchange Commission, including the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2000. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statement. Except as required by applicable securities laws, TC PipeLines, LP does not intend to update these forward-looking statements.

TC PipeLines, LP Financial Highlights

(unaudited) (in thousands except per unit amounts)	Second Quarter		Year-to-Date	
	2001	2000	2001	2000
Equity Income from Investment in Northern Border Pipeline Company ^[1]	9,489	8,824	20,256	17,447
Equity Income from Investment in Tuscarora Gas Transmission Company ^[2]	868	-	1,779	-
General and Administrative Expenses	(299)	(291)	(656)	(570)
Financial Charges	(265)	-	(623)	-
Net Income	9,793	8,533	20,756	16,877
Net Income per Unit ^[3]	\$ 0.54	\$ 0.48	\$ 1.15	\$ 0.95
Average Units Outstanding	17,500	17,500	17,500	17,500
Distributions Received from Equity Investments	12,365	10,035	21,785	19,296
Cash Flows from Operating Activities	11,820	9,739	20,236	18,634

^[1] TC PipeLines holds a 30% general partner interest in Northern Border Pipeline. Summarized operating and financial information of Northern Border Pipeline for the three and six months ended June 30, 2000 and 2001 is as follows:

<u>Northern Border Pipeline Company</u>				
(unaudited)	Second Quarter		Year-to-Date	
	2001	2000	2001	2000
<u>Operating Results</u>				
Gas Delivered (million cubic feet)	201,965	210,719	416,278	423,366
Average Throughput (million cubic feet per day)	2,278	2,385	2,367	2,398
Transportation Units (million dekatherm miles per day)				
Firm Transportation	2,305	2,280	2,291	2,283
Interruptible Transportation	1	10	7	9
<u>Financial Results (in millions)</u>				
Operating Revenue	77.0	77.3	154.0	153.6
Operating Expenses				
Operations and Maintenance	9.0	10.9	17.5	19.9
Depreciation and Amortization	14.3	14.5	28.7	29.4
Taxes other than Income	7.0	7.6	10.7	15.4
Total Operating Expenses	30.3	33.0	56.9	64.7
Operating Income	46.7	44.3	97.1	88.9
Interest Expense, Net	(13.7)	(16.4)	(28.8)	(32.7)
Other Income	(1.4)	1.5	(0.8)	1.9
Net Income	31.6	29.4	67.5	58.1
<u>Capital Expenditures (in millions)</u>				
Maintenance	2.4	1.5	3.2	1.5
Growth	8.6	1.9	12.4	2.3

[2] TC PipeLines has held a 49% general partner interest in Tuscarora Gas Transmission Company since September 1, 2000. Summarized operating and financial information of Tuscarora for the three and six months ended June 30, 2001 is as follows:

<u>Tuscarora Gas Transmission Company</u> (unaudited)	<u>Second Quarter</u>	<u>Year-to-Date</u>
	<u>2001</u>	<u>2001</u>
<u>Operating Results</u>		
Gas Delivered (million cubic feet)	3,777	11,900
Average Throughput (million cubic feet per day)	42	66
<u>Financial Results</u> (in millions)		
Operating Revenue	5.3	10.5
Operating Expenses		
Operations, Maintenance & Administrative	0.4	0.7
Depreciation and Amortization	1.2	2.3
Taxes other than Income	0.2	0.5
Total Operating Expenses	1.8	3.5
Operating Income	3.5	7.0
Interest Expense, Net	(1.6)	(3.1)
Other Income	0.1	0.2
Net Income	2.0	4.1
<u>Capital Expenditures</u> (in millions)		
Maintenance	0.1	0.1
Growth	0.7	3.3

[3] Net income per unit is computed by dividing net income, after deduction of the general partners' allocation, by the number of common and subordinated units outstanding.