TC PipeLines, LP

Three and Six Months Ended June 30, 2000

FINANCIAL HIGHLIGHTS

(unaudited) *(thousands of dollars, except per unit amounts)*	**Three months ended June 30, 2000**	**Six Months ended June 30, 2000**	May 28[1] to June 30, 1999
Equity income	**8,824**	**17,447**	3,130
Net income	**8,533**	**16,877**	2,986
Net income per unit	**$0.48**	**$0.95**	$0.17
Cash distributions per unit	**$0.45**	**$0.90**	$0.1681
Units outstanding (thousands)			
Common units	**14,691**	**14,691**	14,691
Subordinated units	**2,809**	**2,809**	2,809
	17,500	**17,500**	17,500

[1] *Commencement of operations.*

TC PipeLines, LP

110 Turnpike Road, Suite 203
Westborough, Massachusetts 01581

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE GENERAL PARTNER

Results of Operations

For the second quarter of 2000, TC PipeLines, LP (the Partnership) reported net income of $8.5 million or $0.48 per unit.

For the six months ended June 30, 2000, the Partnership reported net income of $16.9 million, or $0.95 per unit. The Partnership's 30% general partner interest in Northern Border Pipeline Company (Northern Border Pipeline) generated equity income in the amount of $8.8 million and $17.4 million for the same periods, respectively.

Cash Distributions

On July 20, 2000, the board of directors of TC PipeLines GP, Inc., the Partnership's general partner, declared the Partnership's second quarter cash distribution in the amount of $0.45 per unit. This distribution, which amounts to $8.0 million, will be paid on August 14, 2000 to unitholders of record on July 31, 2000.

Northern Border Pipeline

On June 15, 2000, Northern Border Pipeline announced that it has successfully reached an agreement in principle to settle their current rate case. The terms of the settlement are confidential until the final documentation is filed with the Federal Energy Regulatory Commission (FERC) for approval. Although we are not currently able to disclose the details of the settlement terms, we believe that the terms of this settlement and the resulting impact will be beneficial to our unitholders.

Tuscarora Acquisition

On July 19, 2000, the Partnership entered into an agreement to complete its first acquisition since the creation of the Partnership in May 1999. Based on the recommendation of a committee comprised of its independent directors, the board of directors of the general partner has approved the acquisition of a 49% general partner interest in Tuscarora Gas Transmission Company from TransCanada PipeLines Limited for $28 million in cash. TransCanada will retain a 1% general partner interest in Tuscarora. The remaining 50% interest is held by Sierra Pacific Resources.

The Partnership plans to use a combination of cash on hand and debt to finance this acquisition. The Partnership expects to enter into a three-year credit facility with a third party lender under which we would be able to borrow up to an aggregate principal amount of $30 million. The acquisition is expected to close in the third quarter of 2000.

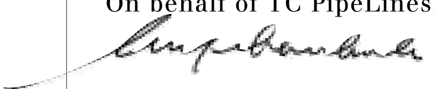
Tuscarora is a Nevada general partnership, which owns a 229-mile, 20-inch diameter interstate pipeline system that transports natural gas from Malin, Oregon, where it interconnects with facilities of PG&E Gas Transmission - Northwest, to the Reno, Nevada area. The Tuscarora pipeline system was constructed and placed into service in 1995 and currently has a throughput capacity of approximately 111 million cubic feet per day (mmcfd). Tuscarora is regulated by the FERC and has firm service transportation contracts for over 97% of its capacity, including a contract for 95% of the capacity held by Sierra Pacific. The average term of Tuscarora's transportation contracts is over 15 years.

Since being placed into service in 1995, Tuscarora has developed a solid financial and operating track record. As to near term growth, Tuscarora has filed an application to construct, own and operate a new 16-mile pipeline connection that will serve Sierra Pacific's growing gas requirements in Reno. Sierra Pacific has executed a natural gas transportation contract with Tuscarora for approximately 10 mmcfd to support this proposed project. This pipeline connection is expected to cost approximately $10 million. Tuscarora has requested expedited approval by the FERC in order to meet its proposed November 1, 2000 in-service date.

We believe that Tuscarora is well positioned to serve growing natural gas demand in northern Nevada, which fits well with the Partnership's strategy of transporting natural gas to growing markets. We expect this acquisition to be accretive immediately on a per unit basis and by approximately five to ten cents per unit, annually, over the next three to five years.

As we have indicated on previous occasions, our goal is to grow the Partnership's assets and cash distributions. The Tuscarora acquisition represents the first step towards achieving this objective. We are also continuing our evaluation of other acquisition opportunities that would have the potential to add value to the Partnership and our unitholders.

On behalf of TC PipeLines, LP,



Garry P. Mihaichuk

President and Chief Executive Officer
TC PipeLines GP, Inc.
August 9, 2000

Information Regarding Forward-Looking Statements

Certain statements in this Quarterly Report are forward-looking and relate to, among other things, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate," "believe," "estimate," "expect," "plan," "target," or similar words suggesting future outcomes. By their nature, such statements are subject to various risks and uncertainties that could cause TC PipeLines, LP's actual results and experience to differ materially from the anticipated results. Such risks and uncertainties include, but are not limited to: TC PipeLines, LP's success in completing the acquisition of a 49% interest in Tuscarora Gas Transmission Company, regulatory decisions, particularly those of the FERC, including Northern Border Pipeline's efforts to finalize settlement of its current rate case; future demand for natural gas; cost of acquisitions, including related debt service payments; tariff and transportation charges to be collected by Northern Border Pipeline for transportation services on the Northern Border pipeline system; overcapacity in the industry; and prevailing economic conditions, particularly conditions of the capital and equity markets. TC PipeLines, LP cannot give any assurance that the Partnership will be able to complete the proposed Tuscarora acquisition or any other future acquisitions on economically and operationally acceptable terms and that any future acquisitions will not be dilutive to earnings and operating surplus. For further information on additional risks and uncertainties, you are advised to consult TC PipeLines, LP's 1999 Form 10-K under the heading "Forward-Looking Information."

STATEMENT OF INCOME

(unaudited) *(thousands of dollars, except per unit amounts)*	**Three months ended June 30, 2000**	**Six months ended June 30, 2000**	May 28[1] to June 30, 1999
Equity Income from Investment in Northern Border Pipeline Company	**8,824**	**17,447**	3,130
General and Administrative Expenses	**291**	**570**	144
Net Income	**8,533**	**16,877**	2,986
Net Income Allocation			
Common units	**7,020**	**13,884**	2,456
Subordinated units	**1,342**	**2,655**	470
General partner	**171**	**338**	60
	8,533	**16,877**	2,986
Net Income per Unit	**$0.48**	**$0.95**	$0.17
Units Outstanding (thousands)	**17,500**	**17,500**	17,500

BALANCE SHEET

(thousands of dollars)	**June 30, 2000** *(unaudited)*	December 31, 1999
Assets		
Current Assets		
Cash	**3,313**	795
	3.313	795
Investment in Northern Border Pipeline Company	**248,601**	250,450
Deferred Amounts	**45**	—
	251,959	251,245
Liabilities and Partners' Capital		
Current Liabilities		
Accounts payable	**315**	407
	315	407
Partners' Capital		
Common units	**209,236**	208,573
Subordinated units	**37,375**	37,248
General partner	**5,033**	5,017
	251,644	250,838
	251,959	251,245

[1] *Commencement of operations.*

See accompanying Notes to Condensed Financial Statements.

STATEMENT OF CASH FLOWS

(unaudited) *(thousands of dollars)*	**Six months ended June 30, 2000**	May 28[1] to June 30, 1999
Cash Generated from Operations		
Net income	**16,877**	2,986
Add/(Deduct):		
Distributions received in excess of equity income	**1,849**	(3,130)
(Increase)/decrease in operating working capital	**(92)**	144
	18,634	—
Investing Activities		
Deferred amounts	**(45)**	—
	(45)	—
Financing Activities		
Distributions paid	**(16,071)**	—
Due to affiliate	—	300
	(16,071)	300
Increase in Cash	**2,518**	300
Cash, Beginning of period	**795**	—
Cash, End of period	**3,313**	300

[1] *Commencement of operations.*

See accompanying Notes to Condensed Financial Statements.

NOTES TO CONDENSED FINANCIAL STATEMENTS (unaudited)

Note 1 Basis of Presentation

TC PipeLines, LP, a Delaware limited partnership, and its subsidiary limited partnership, TC PipeLines Intermediate Limited Partnership, a Delaware limited partnership, are collectively referred to herein as TC PipeLines or the Partnership.

The financial statements have been prepared by management in accordance with United States generally accepted accounting principles. Amounts are stated in United States dollars.

Since a determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of these financial statements requires the use of estimates and assumptions which have been made using careful judgment. In the opinion of management, these financial statements have been properly prepared within reasonable limits of materiality and include all adjustments (consisting primarily of normal recurring accruals) necessary to present fairly the results of operations for the three and six months ended June 30, 2000 and the period May 28 to June 30, 1999, the financial position as at June 30, 2000 and December 31, 1999 and the cash flows for the six months ended June 30, 2000 and the period May 28 to June 30, 1999.

The results of operations for the three and six months ended June 30, 2000 and the period May 28 to June 30, 1999 are not necessarily indicative of the results that may be expected for a full fiscal year.

Note 2 Formation of Partnership

The Partnership commenced operations on May 28, 1999 when it issued 14,300,000 common units (11,500,000 to the public and 2,800,000 to an affiliate of the general partner) for net proceeds of $274.6 million, after deducting underwriters' fees of $15.0 million. These proceeds, along with 3,200,000 subordinated units, a 2% general partner interest and incentive distribution rights, were issued to TransCanada Border PipeLine Ltd. and TransCan Northern Ltd. (collectively, the predecessor companies), affiliates of the general partner, to acquire the predecessor companies' 30% general partner interest in Northern Border Pipeline Company.

On June 25, 1999, the underwriters exercised a portion of their over-allotment option under the terms of the underwriting agreement and purchased 390,694 additional common units for net proceeds of $7.5 million. The Partnership used those proceeds to redeem 390,694 subordinated units from the general partner.

The common units and the subordinated units represent limited partner interests in the Partnership. During the period which subordinated units are outstanding (the subordination period), to the extent there is sufficient available cash, the holders of common units are entitled to receive a minimum quarterly distribution (MQD), plus any arrearages on the common units, before any distribution is made to the holders of subordinated units. The holders of subordinated units will have the right to receive the MQD only after the common units have received the MQD plus any arrearages in payment of the MQD. The subordinated units are not entitled to arrearages. Upon expiration of the subordination period, which will generally not occur before June 30, 2004, the subordinated units will convert into common units on a one-for-one basis and will then participate pro rata with the other common units in distributions of available cash.

The holder of the general partner interest is entitled to receive 2% of total cash distributions until the MQD has been achieved, at which time it will have the right to receive incentive distributions. Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash after the MQD has been achieved.

Note 3 Investment in Northern Border Pipeline Company

The Partnership owns a 30% general partner interest in Northern Border Pipeline Company (Northern Border Pipeline), a partnership which owns a natural gas pipeline extending from the Montana-Saskatchewan border near Port of Morgan, Montana, to a terminus near Manhattan, Illinois. Northern Border Pipeline is subject to regulation by the Federal Energy Regulatory Commission. Northern Border Pipeline's accounting policies conform to United States generally accepted accounting principles, as applied in the case of regulated entities.

The Partnership uses the equity method of accounting for its investment in Northern Border Pipeline, over which it is able to exercise significant influence. TC PipeLines' equity income for the three and six months ended June 30, 2000 and the period May 28 to June 30, 1999 represents 30% of the net income of Northern Border Pipeline for the same periods.

The following sets out summarized financial information for Northern Border Pipeline for the three and six months ended June 30, 2000 and the period May 28 to June 30, 1999 and as at June 30, 2000 and December 31, 1999. TC PipeLines has held its general partner interest since May 28, 1999.

(unaudited) *(millions of dollars)*	**Three months ended June 30, 2000**	**Six months ended June 30, 2000**	May 28 to June 30, 1999
Northern Border Pipeline Income Statement			
Revenues	**77.3**	**153.6**	27.6
Costs and expenses	**(18.5)**	**(35.3)**	(6.3)
Depreciation	**(14.5)**	**(29.4)**	(4.9)
Financial charges and other	**(14.9)**	**(30.8)**	(6.0)
Net income	**29.4**	**58.1**	10.4

(millions of dollars)	**June 30, 2000** *(unaudited)*	December 31, 1999
Northern Border Pipeline Balance Sheet		
Cash and cash equivalents	**36.2**	17.3
Other current assets	**36.8**	33.8
Plant, property and equipment, net	**1,702.7**	1,731.4
Other assets	**13.8**	14.2
Current liabilities	**(126.4)**	(116.7)
Reserves and deferred credits	**(10.5)**	(10.7)
Long-term debt	**(823.9)**	(834.5)
Partners' capital	**828.7**	834.8

Note 4 Credit Facility

On May 28, 1999, the Partnership entered into a $40 million unsecured two-year revolving credit facility with TransCanada PipeLine USA Ltd., an affiliate of the general partner. At June 30, 2000, the Partnership had no amount outstanding under this credit facility.

Note 5 Net Income per Unit

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

Note 6 Acquisition

On July 19, 2000, a subsidiary of TC PipeLines entered into an agreement to purchase a 49% general partner interest in Tuscarora Gas Transmission Company from TransCanada PipeLines Limited for $28 million. TransCanada will retain a 1% general partner interest in Tuscarora. The remaining 50% interest is held by Sierra Pacific Resources. The transaction is expected to close in the third quarter of 2000, subject to customary closing conditions.

TC PipeLines plans to finance the acquisition with a combination of cash on hand and third party debt. The Partnership expects to enter into a three-year credit facility under which the Partnership would be able to borrow up to an aggregate principal amount of $30 million.

The Partnership plans to use the equity method of accounting for its investment in Tuscarora.

Tuscarora owns a 229-mile, 20-inch diameter interstate pipeline that transports natural gas from Malin Oregon, where it interconnects with facilities of PG&E Gas Transmission - Northwest, to the Reno, Nevada area. Tuscarora is regulated by the FERC and is subject to the FERC's rules, regulations and accounting procedures.

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Notice to Unitholders:
Please be advised that the principal office of TC PipeLines, LP and its general partner, TC PipeLines GP, Inc. has relocated to:
110 Turnpike Road, Suite 203
Westborough, Massachusetts 01581
The e-mail and website addresses and the phone and fax numbers listed above remain unchanged.

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