TC PipeLines, LP

Three and Nine Months Ended September 30, 2000

FINANCIAL HIGHLIGHTS

(unaudited) *(thousands of dollars, except per unit amounts)*	**Three months ended September 30,** **2000**	 1999	**Nine months ended** **September 30, 2000**	May 28[1] to September 30, 1999
Equity income from investment in Northern Border Pipeline Company	**10,288**	8,738	**27,735**	11,868
Equity income from investment in Tuscarora Gas Transmission Company	**226**	–	**226**	–
Net income	**9,980**	8,499	**26,857**	11,485
Net income per unit	**$0.56**	$0.48	**$1.50**	$0.64
Cash distributions per unit	**$0.475**	$0.45	**$1.375**	$0.6181
Units outstanding (thousands)				
Common units	**14,691**	14,691	**14,691**	14,691
Subordinated units	**2,809**	2,809	**2,809**	2,809
	17,500	17,500	**17,500**	17,500

[1] *Commencement of operations.*

TC PipeLines, LP

110 Turnpike Road, Suite 203

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

Results of Operations

TC PipeLines, LP (the Partnership) reported net income of $10.0 million or $0.56 per unit for the third quarter of 2000, compared to 1999 third quarter net income of $8.5 million or $0.48 per unit.

For the nine months ended September 30, 2000, the Partnership reported net income of $26.9 million, or $1.50 per unit. For the period of May 28, 1999 (the date the Partnership commenced operations) to September 30, 1999, the Partnership reported net income of $11.5 million or $0.64 per unit.

The Partnership achieved two significant accomplishments during the third quarter. On September 1, 2000, the Partnership completed its acquisition of a 49% general partner interest in Tuscarora Gas Transmission Company (Tuscarora). On September 26, 2000, Northern Border Pipeline Company (Northern Border Pipeline), of which the Partnership holds a 30% interest, filed a rate settlement agreement with the Federal Energy Regulatory Commission (FERC). Both events generated higher net income to the Partnership in 2000.

Equity Income from Investment in Tuscarora

For the three and nine months ended September 30, 2000, equity income from Tuscarora amounted to $0.2 million, reflecting activity for September 2000, the one month that the Partnership has held its general partner interest.

Equity Income from Investment in Northern Border Pipeline

Equity income from Northern Border Pipeline amounted to $10.3 million for the third quarter of 2000, a $1.6 million increase from the same period last year. Northern Border Pipeline third quarter 2000 net income reflects the terms of the settlement agreement, resulting in an incremental $0.6 million of equity income to TC PipeLines. The settlement agreement also brings closure to several issues for which Northern Border Pipeline had previously recorded regulatory reserves. As a result, certain of these reserves have been brought into income in the third quarter of 2000, adding an additional $0.8 million of equity income to TC PipeLines.

For the nine months ended September 30, 2000, the Partnership has recorded $27.7 million of equity income from Northern Border Pipeline. The Partnership has held its interest in Northern Border Pipeline since May 28, 1999.

Increased Quarterly Cash Distribution for Third Quarter 2000

On September 5, 2000, the board of directors of TC PipeLines GP, Inc., the Partnership's general partner, declared the Partnership's third quarter cash distribution in the amount of $0.475 per unit. This represents a $0.025 per unit increase in the Partnership's quarterly distribution and reflects the continued solid performance of Northern Border Pipeline, as well as our expectation of increasing available cash to be generated by Tuscarora. This distribution, which amounts to $8.6 million, will be paid on November 14, 2000 to unitholders of record on October 31, 2000.

Northern Border Pipeline Update

Rate Settlement Agreement

On September 26, 2000, Northern Border Pipeline filed a rate settlement agreement with the FERC. The settlement was reached between Northern Border Pipeline, the majority of its customers and FERC staff. The terms of the settlement will become effective upon approval by the FERC, which we expect in the first quarter of 2001.

The settlement results in a change to Northern Border Pipeline's rate model from a cost of service form of tariff to one based on stated rates. With this change, Northern Border Pipeline will have a rate model that is consistent with other U.S. natural gas pipelines. The stated rate form of tariff will see Northern Border Pipeline continue to apply rates that are approximately the same as those before the rate case was filed. Stated rates provide rate certainty for Northern Border Pipeline customers, while allowing Northern Border Pipeline to remain competitive in the market place.

For further details regarding the terms of the settlement agreement, we invite you to visit the Partnership's Internet site at www.tcpipelineslp.com.

We are very pleased with the terms of the settlement and believe that it provides an appropriate balance of risks and rewards to Northern Border Pipeline going forward.

Project 2000

Northern Border Pipeline continues to make progress on Project 2000, the planned expansion and 34.4-mile extension into Indiana. The engineering and design work is approximately 70% complete. Approximately 75% of the right of way has been acquired, and permitting is coming along. As of the end of September, Northern Border Pipeline has spent approximately $7 million of the $94 million capital budget.

Tuscarora Update

Tuscarora is proceeding with the Hungry Valley Lateral project, the new 16.4-mile pipeline connection that will be Tuscarora's second city-gate connection into Reno. To date, Tuscarora has not received any opposition to the project. Final certificate authority to construct from the FERC is expected in early November 2000, where upon we expect Tuscarora to commence construction.

On behalf of TC PipeLines, LP,

Garry P. Mihaichuk
President and Chief Executive Officer
TC PipeLines GP, Inc.
November 9, 2000

STATEMENT OF INCOME

(unaudited) *(thousands of dollars, except per unit amounts)*	**Three months ended September 30, 2000**	1999	**Nine months ended September 30, 2000**	May 28[1] to September 30, 1999
Equity Income from Investment in Northern Border Pipeline Company	**10,288**	8,738	**27,735**	11,868
Equity Income from Investment in Tuscarora Gas Transmission Company	**226**	–	**226**	–
General and Administrative Expenses	**(448)**	(239)	**(1,018)**	(383)
Financial Charges and Other	**(86)**	–	**(86)**	–
Net Income	**9,980**	8,499	**26,857**	11,485
Net Income Allocation				
Common units	**8,211**	6,992	**22,095**	9,448
Subordinated units	**1,570**	1,337	**4,225**	1,807
General partner	**199**	170	**537**	230
	9,980	8,499	**26,857**	11,485
Net Income per Unit	**$0.56**	$0.48	**$1.50**	$0.64
Units Outstanding (thousands)	**17,500**	17,500	**17,500**	17,500

BALANCE SHEET

(thousands of dollars)	**September 30, 2000** *(unaudited)*	December 31, 1999
Assets		
Current Assets		
Cash	**2,921**	795
	2,921	795
Investment in Northern Border Pipeline Company	**248,735**	250,450
Investment in Tuscarora Gas Transmission Company	**27,161**	–
	278,817	251,245
Liabilities and Partners' Capital		
Current Liabilities		
Accounts payable	**729**	407
Distributions payable	**8,550**	–
	9,279	407
Long-Term Debt	**24,500**	–
Partners' Capital		
Common units	**203,858**	208,573
Subordinated units	**36,346**	37,248
General partner	**4,834**	5,017
	245,038	250,838
	278,817	251,245

[1] *Commencement of operations.*

See accompanying Notes to Condensed Financial Statements.

STATEMENT OF CASH FLOWS

(unaudited) *(thousands of dollars)*	**Nine months ended September 30, 2000**	May 28[1] to September 30, 1999
Cash Generated from Operations		
Net income	**26,857**	11,485
Add/(Deduct):		
Distributions received in excess of /(less than) equity income	**2,989**	(8,518)
Decrease in operating working capital	**322**	279
	30,168	3,246
Investing Activities		
Investment in Tuscarora Gas Transmission Company	**(28,435)**	–
	(28,435)	–
Financing Activities		
Distributions paid	**(24,107)**	(3,002)
Long-term debt issued	**24,500**	–
Due to affiliate	**–**	300
Common units issued	**–**	7,501
Subordinated units redeemed	**–**	(7,501)
	393	(2,702)
Increase in Cash	**2,126**	544
Cash, Beginning of period	**795**	—
Cash, End of period	**2,921**	544

[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 partnerships, TC PipeLines Intermediate Limited Partnership, a Delaware limited partnership, and TC Tuscarora 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 nine months ended September 30, 2000, the three months ended September 30, 1999 and the period May 28 to September 30, 1999, the financial position as at September 30, 2000 and December 31, 1999 and the cash flows for the nine months ended September 30, 2000 and the period May 28 to September 30, 1999.

The results of operations for the three and nine months ended September 30, 2000, the three months ended September 30, 1999 and the period May 28 to September 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 Tuscarora Gas Transmission Company

On September 1, 2000, TC PipeLines completed its acquisition of a 49% general partner interest in Tuscarora Gas Transmission Company (Tuscarora) for a purchase price of $28 million. TC PipeLines financed the acquisition with a combination of cash on hand and third party debt (see Note 6). The Partnership uses the equity method of accounting for its investment in Tuscarora, over which it is able to exercise significant influence.

Tuscarora 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. Tuscarora is regulated by the Federal Energy Regulatory Commission (FERC).

Note 4 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 FERC.

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 nine months ended September 30, 2000, the three months ended September 30, 1999 and the period May 28 to September 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 nine months ended September 30, 2000, the three months ended September 30, 1999 and the period May 28 to September 30, 1999 and as at September 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 September 30,** **2000**	1999	**Nine months ended September 30, 2000**	May 28[1] to Septembere 30, 1999
Northern Border Pipeline Income Statement				
Revenues	**78.3**	73.9	**231.8**	101.5
Costs and expenses	**(16.4)**	(16.8)	**(51.7)**	(23.1)
Depreciation	**(14.3)**	(13.1)	**(43.6)**	(18.0)
Financial charges and other	**(13.3)**	(14.9)	**(44.1)**	(20.9)
Net income	**34.3**	29.1	**92.4**	39.5

(millions of dollars)	**September 30, 2000** *(unaudited)*	December 31, 1999
Northern Border Pipeline Balance Sheet		
Cash and cash equivalents	**35.9**	17.3
Other current assets	**36.9**	33.8
Plant, property and equipment, net	**1,692.1**	1,731.4
Other assets	**14.6**	14.2
Current liabilities	**(105.1)**	(116.7)
Deferred amounts	**(7.7)**	(10.7)
Long-term debt	**(837.6)**	(834.5)
Partners' capital	**829.1**	834.8

[1] *Commencement of operations of TC PipeLines, LP.*

Note 5 Credit Facilities and Long-Term Debt

On August 22, 2000, the Partnership entered into an unsecured three-year credit facility with a third party (Revolving Credit Facility) under which the Partnership may borrow up to an aggregate principal amount of $30 million. Loans under the Revolving Credit Facility may bear interest, at the option of the Partnership, at a one-, two-, three-, or six-month LIBOR rate plus 87.5 basis points, or at a floating rate based on the higher of the federal funds effective rate plus 50 basis points and the prime rate. The Revolving Credit Facility matures on August 31, 2003. Amounts borrowed may be repaid in part or in full prior to that time without penalty. The Revolving Credit Facility may be used to finance capital expenditures and for other general purposes. On September 1, 2000, the Partnership borrowed $24.5 million from the Revolving Credit Facility to fund a portion of the acquisition price of the 49% general partner interest in Tuscarora. At September 30, 2000, the Partnership had $24.5 million outstanding under the Revolving Credit Facility. The weighted average interest rate for September 2000, the one month the Revolving Credit Facility has been outstanding, is 7.555%.

On May 28, 1999, the Partnership entered into an unsecured two-year revolving credit facility with TransCanada PipeLine USA Ltd. (TransCanada Credit Facility), an affiliate of the general partner, under which the Partnership is able to borrow up to an aggregate principal amount of $40 million. At September 30, 2000, the Partnership had no amounts outstanding under the TransCanada Credit Facility.

Note 6 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.

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: regulatory decisions, particularly those of the FERC, including the final approval of Northern Border Pipeline's rate case settlement; future demand for natural gas; cost of acquisitions, including related debt service payments; tariff and transportation charges to be collected by Northern Border Pipeline and Tuscarora for transportation services on the Northern Border Pipeline and Tuscarora pipeline systems, respectively; overcapacity in the industry; and prevailing economic conditions, particularly conditions of the capital and equity markets. 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."

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Printed in Canada