TC PipeLines, LP

2001 QUARTERLY REPORT

FIRST QUARTER REPORT

Financial Highlights

Three months ended March 31 (unaudited) (thousands of dollars, except per unit amounts)	**2001**	2000
Income Statement		
Net income	**10,963**	8,344
Net income per unit	**$0.61**	$0.47
Cash Flow		
Cash flow from equity investments	**9,420**	9,262
Cash distributions paid	**8,550**	8,036
Cash distributions declared per unit [1]	**$0.475**	$0.45

[1] Cash distributions are paid within 45 days after the end of each quarter.

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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 $10.9 million or $0.61 per unit for the first quarter of 2001, a 31% increase compared to 2000 first quarter net income of $8.3 million or $0.47 per unit.

The Partnership's 30% interest in Northern Border Pipeline contributed equity income of $10.8 million in the first quarter of 2001, a $2.2 million or 25% increase from the same period last year. This increase is due, primarily, to one-time adjustments made by Northern Border Pipeline to previous estimates of ad valorem taxes. Lower debt balances and interest rates in the first quarter of 2001 also contributed to stronger earnings.

The Partnership's 49% interest in Tuscarora Gas Transmission Company contributed equity income of $0.9 million. Equity income from Tuscarora includes two months of transportation revenues generated by the recently completed Hungry Valley lateral. Tuscarora also benefited from lower than expected operating and maintenance expenses in the first quarter.

The Partnership incurred general and administrative expenses of $0.4 million during the first quarter of 2001, which approximates the same period last year. The Partnership also incurred net financial charges of $0.4 million in the first quarter of 2001, which is comprised primarily of interest expense under the Partnership's revolving credit facility.

We are very pleased that our first quarter earnings exceeded our expectations. As we look to the balance of the year, we expect the favorable variance in earnings realized in the first quarter to hold through to the end of the year. We expect the next three quarters of the year to reflect levels of earnings more in line with our historical earning levels. The majority of Northern Border Pipeline's cost savings initiatives were realized in the first quarter and, therefore, we do not expect the same degree of cost savings and as a result, increased income from our interest in Northern Border Pipeline, during the remainder of the year.

Quarterly Cash Distribution for First Quarter 2001

On April 18, 2001, the board of directors of TC PipeLines GP, Inc., the Partnership's general partner, declared the Partnership's first quarter cash distribution in the amount of $0.475 per unit. This distribution, which amounts to $8.6 million, will be paid on May 15, 2001 to unitholders of record on April 30, 2001.

Proposed Expansion of Tuscarora Pipeline System

On April 12, 2001, Tuscarora filed an application with the Federal Energy Regulatory Commission to expand its pipeline system to meet new service requests. If approved, the expansion would begin commercial operations in late 2002. The proposed expansion consists of three compressor stations and a 14-mile pipeline extension from the current terminus of the Tuscarora pipeline system near Reno, Nevada to Wadsworth, Nevada. The capital cost of the project is approximately $60 million.

The long-term contracts that underpin this project demonstrate that there is a growing and sustainable demand for natural gas in the markets served by Tuscarora and that Tuscarora is well positioned to capture that growth. When placed into service, we expect the Tuscarora expansion to result in accretive cash flows to TC PipeLines on a per unit basis.

Northern Border Pipeline's Project 2000

Northern Border Pipeline continues to make progress on Project 2000, the planned expansion and 34-mile extension into northern Indiana. Almost all of the right of way is now available for the construction of the extension. The compressor station is under construction, and we expect the pipe construction to commence on June 1, 2001. This project is expected to be placed into service on November 1, 2001 at a capital cost that either meets or will be below the $94 million capital budget.

We are excited that both Tuscarora and Northern Border Pipeline are facing near term growth opportunities and believe that these opportunities demonstrate the Partnership's commitment to delivering stability and growth to our unitholders.

On behalf of TC PipeLines, LP,

Ronald J. Turner
President and Chief Executive Officer
TC PipeLines GP, Inc.
May 11, 2001

Statement of Income

Three months ended March 31 (unaudited) (thousands of dollars, except per unit amounts)	**2001**	2000
Equity Income from Investment in Northern Border Pipeline Company	**10,767**	8,623
Equity Income from Investment in Tuscarora Gas Transmission Company	**911**	-
General and Administrative Expenses	**(357)**	(279)
Financial Charges and Other	**(358)**	-
Net Income	**10,963**	8,344
Net Income Allocation		
Common units	**8,947**	6,864
Subordinated units	**1,711**	1,313
General partner	**305**	167
	10,963	8,344
Net Income per Unit	**$0.61**	$0.47
Units Outstanding (thousands)	**17,500**	17,500

Balance Sheet

(thousands of dollars)	**March 31, 2001** (unaudited)	December 31, 2000
Assets		
Current Assets		
Cash	**1,387**	1,566
Investment in Northern Border Pipeline Company	**253,281**	248,098
Investment in Tuscarora Gas Transmission Company	**28,793**	27,881
Deferred Amounts	**45**	-
	283,506	277,545
Liabilities and Partners' Capital		
Current Liabilities		
Accounts payable	**231**	499
Accrued interest	**121**	141
	352	640
Long-Term Debt	**21,500**	21,500
Partners' Capital		
Common units	**214,222**	212,253
Subordinated units	**38,328**	37,951
General partner	**5,268**	5,201
Accumulated other comprehensive income	**3,836**	-
	261,654	255,405
	283,506	277,545

See accompanying Notes to Condensed Financial Statements.

Statement of Cash Flows

Three months ended March 31 (unaudited) (thousands of dollars)	**2001**	2000
Cash Generated from Operations		
Net income	**10,963**	8,344
Add/(Deduct):		
Equity income (in excess of)/less than distributions received	**(2,259)**	638
Increase in operating working capital	**(288)**	(87)
	8,416	8,895
Investing Activities		
Deferred amounts	**(45)**	-
Financing Activities		
Distributions paid	**(8,550)**	(8,036)
(Decrease)/Increase in Cash	**(179)**	859
Cash, Beginning of Period	**1,566**	795
Cash, End of Period	**1,387**	1,654

See accompanying Notes to Condensed Financial Statements.

Notes to Condensed Financial Statements
(unaudited)

Note 1 Basis of Presentation

TC PipeLines, LP, and its subsidiary limited partnerships, TC PipeLines Intermediate Limited Partnership, and TC Tuscarora Intermediate Limited Partnership, all Delaware limited partnerships, are collectively referred to herein as TC PipeLines or the Partnership. The Partnership commenced operations on May 28, 1999.

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 and cash flows for the three months ended March 31, 2001 and 2000 and the financial position as at March 31, 2001 and December 31, 2000.

The results of operations for the three months ended March 31, 2001 and 2000 are not necessarily indicative of the results that may be expected for a full fiscal year. The interim financial statements should be read in conjunction with the Partnership's financial statements and notes included in TC PipeLines' Annual Report on Form 10-K for the year ended December 31, 2000.

Note 2 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 1,214-mile interstate natural gas pipeline system 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 (FERC).

TC PipeLines uses the equity method of accounting for its investment in Northern Border Pipeline. TC PipeLines' equity income for each of the three months ended March 31, 2001 and 2000 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 months ended March 31, 2001 and 2000 and as at March 31, 2001 and December 31, 2000.

Three months ended March 31 (millions of dollars)	**2001**	2000
Northern Border Pipeline Income Statement		
Revenues	**77.0**	76.2
Costs and expenses	**(12.2)**	(16.8)
Depreciation	**(14.5)**	(14.8)
Financial charges and other	**(14.4)**	(15.9)
Net income	**35.9**	28.7

(millions of dollars)	**March 31, 2001**	December 31, 2000 (audited)
Northern Border Pipeline Balance Sheet		
Assets		
Cash and cash equivalents	**15.5**	29.0
Other current assets	**33.8**	38.1
Plant, property and equipment, net	**1,677.5**	1,687.0
Other assets	**16.9**	14.4
	1,743.7	1,768.5
Liabilities and Partners' Equity		
Current liabilities	**76.3**	114.3
Reserves and deferred credits	**4.9**	4.9
Long-term debt	**818.2**	822.3
Partners' Equity		
Partners' capital	**831.5**	827.0
Accumulated other comprehensive income	**12.8**	-
	1,743.7	1,768.5

Note 3 Investment in Tuscarora Gas Transmission Company

On September 1, 2000, TC PipeLines acquired a 49% general partner interest in Tuscarora Gas Transmission Company (Tuscarora). Tuscarora owns a 229-mile interstate natural gas pipeline system extending from Oregon, where it interconnects with facilities of PG&E National Energy Group, Gas Transmission Northwest, to northern Nevada. Tuscarora is regulated by the FERC.

The Partnership uses the equity method of accounting for its investment in Tuscarora. TC PipeLines' equity income for the three months ended March 31, 2001 represents 49% of the net income of Tuscarora for the same period. The following sets out summarized financial information for Tuscarora for the three months ended March 31, 2001 and as at March 31, 2001 and December 31, 2000.

Three months ended March 31 (millions of dollars)	**2001**
Tuscarora Income Statement	
Revenues	**5.2**
Costs and expenses	**(0.6)**
Depreciation	**(1.1)**
Financial charges and other	**(1.4)**
Net income	**2.1**

(millions of dollars)	**March 31, 2001**	December 31, 2000 (audited)
Tuscarora Balance Sheet		
Assets		
Cash and cash equivalents	**6.5**	7.1
Other current assets	**3.9**	3.2
Plant, property and equipment, net	**117.2**	115.7
Other assets	**3.0**	2.5
	130.6	128.5
Liabilities and Partners' Capital		
Current liabilities	**8.2**	8.9
Reserves and deferred credits	**13.5**	12.0
Long-term debt	**84.2**	84.2
Partners' capital	**24.7**	23.4
	130.6	128.5

Note 4 Credit Facilities and Long-Term Debt

On August 22, 2000, the Partnership entered into an unsecured three-year credit facility (Revolving Credit Facility) with Bank One, NA, as agent, under which the Partnership may borrow up to an aggregate principal amount of $30 million. Loans under the Revolving Credit Facility bear interest at a floating 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 under the Revolving Credit Facility to fund a portion of the purchase price of the 49% general partner interest in Tuscarora. At March 31, 2001, the Partnership had borrowings of $21.5 million outstanding under the Revolving Credit Facility at an interest rate of 6.155%. The fair value of the Revolving Credit Facility approximates its carrying value.

On May 28, 1999, the Partnership entered into a $40 million unsecured two-year revolving credit facility (TransCanada Credit Facility), with TransCanada PipeLine USA Ltd., an affiliate of the general partner. The TransCanada Credit Facility bears interest at the London Interbank Offered Rate plus 1.25%. The purpose of the TransCanada Credit Facility is to provide borrowings to fund capital expenditures, to fund capital contributions to Northern Border Pipeline and for working capital and other general business purposes, including funding cash distributions to partners, if necessary. At March 31, 2001, the Partnership had no amounts outstanding under the TransCanada 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 weighted average number of common and subordinated units outstanding. The general partner's allocation is equal to an amount based upon the general partner's 2% interest, adjusted to reflect an amount equal to incentive distributions. Net income per unit was determined as follows:

Three months ended March 31 (thousands of dollars, except per unit amounts)	**2001**	2000
Net income	**10,963**	8,344
Net income allocated to general partner	**(219)**	(167)
Adjustment to reflect incentive distribution income allocation	**(86)**	-
	(305)	(167)
Net income allocable to units	**10,658**	8,177
Weighted average units outstanding (thousands)	**17,500**	17,500
Net income per unit	**$0.61**	$0.47

Note 6 Distributions

On April 18, 2001, the Partnership declared a cash distribution of $0.475 per unit for the quarter ended March 31, 2001. The distribution is payable on May 15, 2001 to unitholders of record at April 30, 2001.

Information Regarding Forward-Looking Statements

This quarterly report 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.

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