TC PipeLines, LP

2001 QUARTERLY REPORT

THIRD QUARTER REPORT

Financial Highlights

(unaudited) (thousands of dollars, except per unit amounts)	Three months ended September 30		Nine months ended September 30	
	2001	2000	**2001**	2000
Income Statement				
Net income	**10,972**	9,980	**31,728**	26,857
Net income per unit	**$0.60**	$0.55	**$1.75**	$1.50
Cash Flow				
Cash flow from equity investments	**11,304**	11,654	**33,089**	30,950
Cash distributions paid	**9,066**	8,036	**26,166**	24,107
Cash distributions declared per unit (1)	**$0.50**	$0.475	**$1.475**	$1.375

(1) Cash distributions are paid within 45 days after the end of each quarter.

110 Turnpike Road, Suite 203
Westborough, Massachusetts 01581

Message from the President and Chief Executive Officer of the General Partner

Results of Operations

TC PipeLines, LP (the Partnership) reported net income of $11.0 million or $0.60 per unit for the third quarter of 2001, a 10% increase compared to 2000 third quarter net income of $10.0 million or $0.55 per unit.

For the nine months ended September 30, 2001, the Partnership reported net income of $31.7 million or $1.75 per unit, an 18% increase compared to $26.9 million or $1.50 per unit from the same period last year.

The Partnership's 30% interest in Northern Border Pipeline Company contributed equity income of $10.7 million in the third quarter of 2001, a $0.4 million or 4% increase from the same period last year. This increase is primarily the result of continued efforts by Northern Border Pipeline to manage its operations and maintenance costs and favorable interest rates. These savings were partially offset by higher taxes other than income, reflecting current estimates for property taxes, and lower other income. In the third quarter of 2000, Northern Border Pipeline had recorded other income related to issues that had been resolved by the filing of Northern Border Pipeline's rate settlement agreement. There is no comparable other income in the third quarter of 2001.

The Partnership's 49% interest in Tuscarora Gas Transmission Company contributed equity income of $0.8 million in the third quarter of 2001. The Partnership acquired its 49% interest in Tuscarora on September 1, 2000 and recorded $0.2 million of equity income in the third quarter of 2000, reflecting one month's activity.

The Partnership incurred general and administrative expenses of $0.3 million during the third quarter of 2001, which approximates the expenses incurred for the same period last year. The Partnership also incurred net financial charges of $0.2 million in the third quarter of 2001, which are comprised primarily of interest expense under the Partnership's third party revolving credit facility.

Quarterly Cash Distribution for Third Quarter 2001

On October 22, 2001, 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 $0.50 per unit. This distribution will be paid on November 14, 2001 to unitholders of record at October 31, 2001.

The Partnership has had another very strong quarter and we are pleased to have achieved our earnings and cash distribution targets. We are also excited to have reached important milestones related to the respective expansions of the Northern Border and Tuscarora pipeline systems. Both these projects offer the Partnership the kind of organic growth that is key to our business strategy of connecting Canadian natural gas to new and growing natural gas consuming markets.

Northern Border Pipeline's Project 2000

On October 1, 2001, Northern Border Pipeline announced the completion of Project 2000. Project 2000 extends Northern Border's pipeline system by 34 miles from its former terminus at Manhattan, Illinois to an interconnection with Northern Indiana Public Service Company at North Hayden, Indiana. With the Project 2000 extension and expansion, Northern Border Pipeline is now able to deliver 545 million cubic feet of natural gas per day to northern Indiana, a large industrial region. In addition, Northern Border Pipeline's delivery capability into the Chicago area has increased by 198 million cubic feet per day, approximately 30% more than was deliverable before Project 2000.

Project 2000 is expected to add approximately $13 million in annual revenues to Northern Border Pipeline (of which the Partnership would share 30%), as the project is fully supported by long-term firm contracts. We are extremely pleased that the project was completed almost one month early and for approximately $70 million, well under its $94 million capital budget.

Tuscarora's Proposed Expansion

We are also pleased to report that Tuscarora is making good progress with its proposal to expand its mainline's capacity from 127 million cubic feet per day to approximately 220 million cubic feet per day. Tuscarora received a preliminary determination from the Federal Energy Regulatory Commission (FERC) in late September 2001, approving the economic and public necessity portion of the expansion application. This is an important step in the approval process for the expansion.

We expect to have FERC environmental approval for the expansion by the end of this year and a final certificate in early 2002. Following this timetable, we would expect commercial operations to begin in late 2002, with full expansion volumes flowing when construction is completed in late 2003. The $60 million expansion is fully supported by firm transportation contracts with terms ranging from 10 to 15 years.

On behalf of TC PipeLines, LP,

Ronald J. Turner
President and Chief Executive Officer
TC PipeLines GP, Inc.
November 9, 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.

Statement of Income

(unaudited) (thousands of dollars, except per unit amounts)	Three months ended September 30		Nine months ended September 30	
	2001	2000	**2001**	2000
Equity Income from Investment in Northern Border Pipeline Company	**10,662**	10,288	**30,918**	27,735
Equity Income from Investment in Tuscarora Gas Transmission Company	**841**	226	**2,620**	226
General and Administrative Expenses	**(326)**	(448)	**(982)**	(1,018)
Financial Charges	**(205)**	(86)	**(828)**	(86)
Net Income	**10,972**	9,980	**31,728**	26,857
Net Income Allocation				
Common units	**8,891**	8,144	**25,773**	22,028
Subordinated units	**1,700**	1,558	**4,928**	4,213
General partner	**381**	278	**1,027**	616
	10,972	9,980	**31,728**	26,857
Net Income per Unit	**$0.60**	$0.55	**$1.75**	$1.50
Units Outstanding (thousands)	**17,500**	17,500	**17,500**	17,500

Balance Sheet

(thousands of dollars)	**September 30, 2001** (unaudited)	December 31, 2000
Assets		
Current Assets		
Cash	**6,571**	1,566
Investment in Northern Border Pipeline Company	**249,349**	248,098
Investment in Tuscarora Gas Transmission Company	**28,851**	27,881
Deferred Amounts	**61**	-
	284,832	277,545
Liabilities and Partners' Capital		
Current Liabilities		
Accounts payable	**521**	499
Accrued interest	**72**	141
	593	640
Long-Term Debt	**21,500**	21,500
Partners' Capital		
Common units	**216,724**	212,253
Subordinated units	**38,806**	37,951
General partner	**5,437**	5,201
Other comprehensive income	**1,772**	-
	262,739	255,405
	284,832	277,545

See accompanying Notes to Condensed Financial Statements.

Statement of Cash Flows

(unaudited) (thousands of dollars)	Nine months ended September 30	
	2001	2000
Cash Generated from Operations		
Net income	**31,728**	26,857
Add/(Deduct):		
Equity income (in excess of)/less than distributions received	**(449)**	2,989
(Increase)/decrease in operating working capital	**(47)**	322
	31,232	30,168
Investing Activities		
Investment in Tuscarora Gas Transmission Company	**-**	(28,435)
Deferred amounts	**(61)**	-
	(61)	(28,435)
Financing Activities		
Distributions paid	**(26,166)**	(24,107)
Long-term debt issued	**-**	24,500
	(26,166)	393
Increase in Cash	**5,005**	2,126
Cash, Beginning of Period	**1,566**	795
Cash, End of Period	**6,571**	2,921

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. Certain comparative figures have been reclassified to conform with the current year's presentation.

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, 2001 and 2000, the financial position as at September 30, 2001 and December 31, 2000, and the cash flows for the nine months ended September 30, 2001 and 2000.

The results of operations for the three and nine months ended September 30, 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 1,249-mile interstate natural gas pipeline system extending from the Montana-Saskatchewan border near Port of Morgan, Montana, to a terminus near North Hayden, Indiana. The remaining 70% partnership interest in Northern Border Pipeline is held by Northern Border Partners, L.P., a publicly traded limited partnership that is not affiliated with the Partnership. The general partners of Northern Border Partners, L.P. are controlled by Enron Corp. and The Williams Companies, Inc. As a result, TC PipeLines has one member and controls 30% of the voting power of the Northern Border Pipeline management committee, Enron has two members and controls 57.75% of the voting power, and Williams has the one remaining member and 12.25% of the voting power of the Northern Border Pipeline management committee. The Northern Border pipeline system is operated by Northern Plains Natural Gas Company, a wholly owned subsidiary of Enron Corp. Northern Border Pipeline is regulated by the Federal Energy Regulatory Commission (FERC).

The Northern Border pipeline system serves more than 50 firm transportation shippers with diverse operation and financial profiles. As of September 30, 2001, on an annualized basis, an affiliate of Enron holds firm contracts representing approximately 2.4% of Northern Border Pipeline's capacity, or approximately $8 million in annual revenues. The same Enron affiliate also holds capacity representing approximately 3.9% of Northern Border Pipeline's capacity, or approximately $12 million in annual revenues, that has been temporarily released by other shippers.

TC PipeLines uses the equity method of accounting for its investment in Northern Border Pipeline. TC PipeLines' equity income for each of the three and nine months ended September 30, 2001 and 2000 represents 30% of the net income of Northern Border Pipeline for the same periods. The following sets out summarized financial information representing 100% of the operations of Northern Border Pipeline for the three and nine months ended September 30, 2001 and 2000 and as at September 30, 2001 and December 31, 2000.

(unaudited)	**Three months ended September 30**		**Nine months ended September 30**	
(millions of dollars)	**2001**	2000	**2001**	2000
Northern Border Pipeline Income Statement				
Revenues	**77.9**	78.3	**231.9**	231.8
Costs and expenses	**(15.6)**	(16.4)	**(43.9)**	(51.7)
Depreciation	**(14.2)**	(14.3)	**(42.9)**	(43.6)
Financial charges	**(12.7)**	(16.4)	**(41.5)**	(49.1)
Other income/(expense)	**0.2**	3.1	**(0.5)**	5.0
Net income	**35.6**	34.3	**103.1**	92.4

Northern Border Pipeline has recorded other comprehensive income of $(12.1) million and $5.9 million for the three and nine months ended September 30, 2001.

(millions of dollars)	September 30, 2001 (unaudited)	December 31, 2000
Northern Border Pipeline Balance Sheet		
Assets		
Cash and cash equivalents	**12.2**	29.0
Other current assets	**35.3**	38.1
Plant, property and equipment, net	**1,696.5**	1,687.0
Other assets	**15.5**	14.4
	1,759.5	1,768.5
Liabilities and Partners' Equity		
Current liabilities	**409.1**	114.3
Reserves and deferred credits	**5.6**	4.9
Long-term debt	**513.6**	822.3
Partners' Equity		
Partners' capital	**825.3**	827.0
Accumulated other comprehensive income	**5.9**	-
	1,759.5	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 and nine months ended September 30, 2001 represents 49% of the net income of Tuscarora for the same periods. Equity income for the three and nine months ended September 30, 2000 represents 49% of the net income of Tuscarora for the month of September 2000. The following sets out summarized financial information representing 100% of the operations of Tuscarora for the three and nine months ended September 30, 2001 and 2000 and as at September 30, 2001 and December 31, 2000.

(unaudited)	Three months ended September 30		Nine months ended September 30	
(millions of dollars)	**2001**	2000	**2001**	2000
Tuscarora Income Statement				
Revenues	**5.3**	4.8	**15.8**	14.5
Costs and expenses	**(0.7)**	(0.7)	**(1.9)**	(1.8)
Depreciation	**(1.2)**	(1.1)	**(3.5)**	(3.3)
Financial charges	**(1.5)**	(1.5)	**(4.7)**	(4.5)
Other income	**-**	0.1	**0.3**	0.2
Net income	**1.9**	1.6	**6.0**	5.1

(millions of dollars)	September 30, 2001 (unaudited)	December 31, 2000
Tuscarora Balance Sheet		
Assets		
Cash and cash equivalents	**6.3**	7.1
Other current assets	**1.9**	3.2
Plant, property and equipment, net	**117.2**	115.7
Other assets	**2.0**	2.5
	127.4	128.5
Liabilities and Partners' Capital		
Current liabilities	**7.0**	8.9
Reserves and deferred credits	**14.4**	12.0
Long-term debt	**82.1**	84.2
Partners' capital	**23.9**	23.4
	127.4	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 September 30, 2001, the Partnership had borrowings of $21.5 million outstanding under the Revolving Credit Facility at a year-to-date weighted average interest rate of 5.751%. The fair value of the Revolving Credit Facility approximates its carrying value.

On May 28, 2001, the Partnership renewed its $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 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, Tuscarora, and any other entity in which the Partnership directly or indirectly acquires an interest, to fund working capital and for other general business purposes, including temporary funding of cash distributions to partners, if necessary. At September 30, 2001, the Partnership had no amount 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:

(unaudited)	**Three months ended September 30**		**Nine months ended September 30**	
(thousands of dollars, except per unit amounts)	**2001**	2000	**2001**	2000
Net income	**10,972**	9,980	**31,728**	26,857
Net income allocated to general partner	**(219)**	(200)	**(635)**	(538)
Adjustment to reflect incentive distribution income allocation	**(162)**	(78)	**(392)**	(78)
	(381)	(278)	**(1,027)**	(616)
Net income allocable to units	**10,591**	9,702	**30,701**	26,241
Weighted average units outstanding (thousands)	**17,500**	17,500	**17,500**	17,500
Net income per unit	**$0.60**	$0.55	**$1.75**	$1.50

Note 6 Distributions

On October 22, 2001, the Partnership declared a cash distribution of $0.50 per unit for the quarter ended September 30, 2001. The distribution is payable on November 14, 2001 to unitholders of record at October 31, 2001.

Inquiries:
Theresa Jang
Controller
TC PipeLines GP, Inc.

Toll Free: (877) 290-2772
Direct dial: (403) 920-2050
Fax line: (403) 920-2350

E-mail:
investor_relations@tcpipelineslp.com

Website:
www.tcpipelineslp.com