TC PipeLines, LP

First Quarter Report 2002

Financial Highlights

Three months ended March 31 (unaudited) (thousands of dollars, except per unit amounts)	**2002**	2001
Income Statement		
Net income	**11,922**	10,963
Net income per unit	**$0.66**	$0.61
Cash Flow		
Cash flow from equity investments	**12,695**	9,420
Cash distributions paid	**9,065**	8,550
Cash distributions declared per unit [1]	**$0.50**	$0.475

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

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

Results of Operations

TC PipeLines, LP (the Partnership) reported net income of $11.9 million or $0.66 per unit for the first quarter of 2002, an 8% increase compared to 2001 first quarter net income of $11.0 million or $0.61 per unit.

The Partnership's 30% interest in Northern Border Pipeline Company contributed equity income of $11.3 million in the first quarter of 2002, a $0.5 million or 5% increase from the same period last year. This increase is primarily the result of incremental revenues from Project 2000, Northern Border Pipeline's 35-mile pipeline extension and expansion, which was completed in October 2001, lower operations and maintenance expenses, and lower interest expense, resulting from lower average interest rates. These increases were partially offset by a reduction in 2002 first quarter revenues related to amounts owing from Enron North America, a subsidiary of Enron Corp. which has filed for Chapter 11 bankruptcy protection. Adjustments to estimates of ad valorem taxes recorded in the first quarter of 2001 had the impact of reducing taxes reported last year to levels lower than would normally have been expected.

The Partnership's 49% interest in Tuscarora Gas Transmission Company contributed equity income of $1.1 million in the first quarter of 2002, an increase of $0.2 million or 19% compared to the same period last year. The increase is due primarily to incremental revenues from the Hungry Valley lateral, Tuscarora's 14-mile pipeline lateral, which was completed at the end of January 2001.

The Partnership incurred general and administrative expenses of $0.4 million during the first quarter of 2002, which approximates the expenses incurred for the same period last year. The Partnership also incurred net financial charges of $0.1 million in the first quarter of 2002, $0.2 million lower than the same period last year due primarily to lower average interest rates.

Quarterly Cash Distribution for First Quarter 2002

On April 18, 2002, 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 $0.50 per unit. This distribution will be paid on May 15, 2002 to unitholders of record on April 30, 2002.

We are very pleased with our first quarter results. Both Northern Border Pipeline and Tuscarora have recently experienced organic growth and their respective contributions are reflected in our increased earnings and cash flows. As a result of the robust cash flows generated by our assets, subsequent to the first quarter, the Partnership repaid $8 million of its long-term debt outstanding, bringing our current debt balance to $13.5 million. We had borrowed $24.5 million from our third party revolving credit facility on September 1, 2000 to fund a portion of our 49% interest in Tuscarora. Repaying a portion of long-term debt outstanding is consistent with our objective of maintaining the Partnership's financial strength and maximizing our flexibility to access debt or equity markets when required.

Shelf Registration Statement Filed April 23, 2002

On April 23, 2002, the Partnership filed a shelf registration statement with the Securities and Exchange Commission to sell, from time to time, up to $200 million of common units representing limited partner interests as well as debt securities. The Partnership intends to use the net proceeds for general purposes, repayment of debt, future acquisitions, capital expenditures and working capital.

On behalf of TC PipeLines, LP,

Ronald J. Turner
President and Chief Executive Officer
TC PipeLines GP, Inc.
May 14, 2002

Cautionary Statement Regarding Forward-Looking Information
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. 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; majority control of the Northern Border Pipeline management committee by affiliates of Enron Corp., which has filed for bankruptcy protection; the failure of a shipper on either one of the Partnership's pipelines to perform its contractual obligations; 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 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, 2001 and Item 2 of the Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002. 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.

Statement of Income

Three months ended March 31 *(unaudited)* *(thousands of dollars, except per unit amounts)*	**2002**	2001
Equity Income from Investment in Northern Border Pipeline Company	**11,301**	10,767
Equity Income from Investment in Tuscarora Gas Transmission Company	**1,086**	911
General and Administrative Expenses	**(377)**	(357)
Financial Charges	**(88)**	(358)
Net Income	**11,922**	10,963
Net Income Allocation		
Common units	**9,661**	8,947
Subordinated units	**1,847**	1,711
General partner	**414**	305
	11,922	10,963
Net Income per Unit	**$0.66**	$0.61
Units Outstanding (thousands)	**17,500**	17,500

Statement of Comprehensive Income

Three months ended March 31 *(unaudited)* *(thousands of dollars)*	**2002**	2001
Net Income	**11,922**	10,963
Other Comprehensive Income		
Transition adjustment from adoption of SFAS No. 133	**-**	3,104
Change associated with current period hedging transactions	**168**	732
Total Comprehensive Income	**12,090**	14,799

See accompanying Notes to Condensed Financial Statements.

Balance Sheet

(thousands of dollars)	**March 31, 2002** (unaudited)	December 31, 2001
Assets		
Current Assets		
Cash	**12,464**	9,194
Investment in Northern Border Pipeline Company	**249,999**	250,078
Investment in Tuscarora Gas Transmission Company	**29,236**	29,297
Deferred Amounts	**147**	119
	291,846	288,688
Liabilities and Partners' Equity		
Current Liabilities		
Accounts payable	**524**	426
Accrued interest	**93**	58
	617	484
Long-Term Debt	**21,500**	21,500
Partners' Equity		
Common units	**221,251**	218,935
Subordinated units	**39,671**	39,229
General partner	**5,631**	5,532
Other comprehensive income	**3,176**	3,008
	269,729	266,704
	291,846	288,688

Statement of Cash Flows

Three months ended March 31 *(unaudited)* *(thousands of dollars)*	**2002**	2001
Cash Generated from Operations		
Net income	**11,922**	10,963
Add/(Deduct):		
Distributions received in excess of/(less than) equity income	**308**	(2,259)
Decrease/(increase) in operating working capital	**133**	(288)
	12,363	8,416
Investing Activities		
Deferred amounts	**(28)**	(45)
Financing Activities		
Distributions paid	**(9,065)**	(8,550)
Increase/(Decrease) in Cash	**3,270**	(179)
Cash, Beginning of Period	**9,194**	1,566
Cash, End of Period	**12,464**	1,387

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. Other comprehensive income recorded by TC PipeLines arises through its equity investments in Northern Border Pipeline Company (Northern Border Pipeline) and Tuscarora Gas Transmission Company (Tuscarora) and relates to cash flow hedges transacted by Northern Border Pipeline and Tuscarora. 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, 2002 and 2001 and the financial position as at March 31, 2002 and December 31, 2001.

The results of operations for the three months ended March 31, 2002 and 2001 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, 2001.

Note 2 Investment in Northern Border Pipeline Company

The Partnership owns a 30% general partner interest in Northern Border Pipeline, a partnership which owns a 1,249-mile United States interstate pipeline system that transports natural gas from the Montana-Saskatchewan border to markets in the midwestern United States. 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 affiliates of Enron Corp. (Enron), which hold a 1.65% general partner interest, and The Williams Companies, Inc. (Williams), which holds the remaining 0.35% general partner interest. 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. 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 operating and financial profiles. As of March 31, 2002, on an annualized basis, Enron North America (ENA), an affiliate of Enron, that has filed for Chapter 11 bankruptcy protection, is party to shipper contracts representing approximately 3.5% of Northern Border Pipeline's contracted capacity. Northern Border Pipeline estimates that it has aggregate financial exposure for the year 2002 of approximately $9 million of revenues under its firm transportation contracts with ENA, with TC PipeLines' share equating to approximately $2.7 million.

TC PipeLines uses the equity method of accounting for its investment in Northern Border Pipeline. TC PipeLines' equity income for the three months ended March 31, 2002 and 2001 represents 30% of the net income of Northern Border Pipeline for the same periods. Retained earnings of TC PipeLines at March 31, 2002 and December 31, 2001 include undistributed earnings from Northern Border Pipeline of $5.2 million and $5.7 million, respectively. The following sets out summarized financial information representing 100% of the operations of Northern Border Pipeline for the three months ended March 31, 2002 and 2001 and as at March 31, 2002 and December 31, 2001.

Notes to Condensed Financial Statements (Continued)
(unaudited)

Three months ended March 31 *(millions of dollars)*	**2002**	2001
Northern Border Pipeline Income Statement		
Revenues	**78.2**	77.0
Costs and expenses	**(13.8)**	(12.2)
Depreciation	**(14.5)**	(14.5)
Financial charges	**(13.0)**	(15.0)
Other income	**0.8**	0.6
Net income	**37.7**	35.9

Northern Border Pipeline has recorded other comprehensive income of $1.2 million and $12.8 million (including transition adjustment of $10.3 million) for the three months ended March 31, 2002 and 2001, respectively.

(millions of dollars)	**March 31, 2002**	December 31, 2001 (audited)
Northern Border Pipeline Balance Sheet		
Assets		
Cash and cash equivalents	**15.5**	11.0
Other current assets	**34.1**	36.3
Plant, property and equipment, net	**1,673.4**	1,685.7
Other assets	**20.1**	18.9
	1,743.1	1,751.9
Liabilities and Partners' Equity		
Current liabilities	**167.2**	399.0
Reserves and deferred credits	**5.4**	5.6
Long-term debt	**737.2**	513.7
Partners' Equity		
Partners' capital	**822.9**	824.4
Accumulated other comprehensive income	**10.4**	9.2
	1,743.1	1,751.9

Note 3 Investment in Tuscarora Gas Transmission Company

The Partnership owns a 49% general partner interest in Tuscarora, a partnership that 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. The remaining general partner interests in Tuscarora are held 50% by Sierra Pacific Resources and 1% by TransCanada PipeLines Limited, the parent of the Partnership's general partner. The Tuscarora pipeline system is operated by Tuscarora Gas Operating Company, a wholly owned subsidiary of Sierra Pacific Resources. Sierra Pacific Power Company, a subsidiary of Sierra Pacific Resources, is Tuscarora's largest shipper, accounting for 94% of Tuscarora's available capacity. 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, 2002 and 2001 represents 49% of the net income of Tuscarora for the same periods. Retained earnings of TC PipeLines at March 31, 2002 and December 31, 2001 include undistributed earnings from Tuscarora of $0.7 million and $0.6 million, respectively. The following sets out summarized financial information representing 100% of the operations of Tuscarora for the three months ended March 31, 2002 and 2001 and as at March 31, 2002 and December 31, 2001.

Notes to Condensed Financial Statements (Continued)
(unaudited)

Three months ended March 31 *(millions of dollars)*	**2002**	2001
Tuscarora Income Statement		
Revenues	**5.6**	5.2
Costs and expenses	**(0.6)**	(0.6)
Depreciation	**(1.2)**	(1.1)
Financial charges	**(1.5)**	(1.5)
Other income	**0.1**	0.1
Net income	**2.4**	2.1

Tuscarora has recorded other comprehensive income of $(0.4) million and nil for the three months ended March 31, 2002 and 2001, respectively.

(millions of dollars)	**March 31, 2002**	December 31, 2001 (audited)
Tuscarora Balance Sheet		
Assets		
Cash and cash equivalents	**11.7**	1.1
Other current assets	**2.2**	2.1
Plant, property and equipment, net	**121.4**	121.3
Other assets	**1.4**	1.6
	136.7	126.1
Liabilities and Partners' Equity		
Current liabilities	**8.3**	7.7
Long-term debt	**90.0**	80.0
Partners' Equity		
Partners' capital	**38.3**	37.9
Accumulated other comprehensive income	**0.1**	0.5
	136.7	126.1

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, 2002, the Partnership had borrowings of $21.5 million outstanding under the Revolving Credit Facility. The fair value of the Revolving Credit Facility approximates its carrying value because the interest rate is a floating rate. The interest rate on the Revolving Credit Facility averaged 2.757% and 7.112% for the three months ended March 31, 2002 and 2001, respectively and was 2.755% and 3.015% at March 31, 2002 and December 31, 2001, respectively.

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 March 31, 2002 and December 31, 2001, the Partnership had no amount outstanding under the TransCanada Credit Facility.

Notes to Condensed Financial Statements (Concluded)
(unaudited)

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)	**2002**	2001
Net income	**11,922**	10,963
Net income allocated to general partner	**(238)**	(219)
Adjustment to reflect incentive distribution income allocation	**(176)**	(86)
	(414)	(305)
Net income allocable to units	**11,508**	10,658
Weighted average units outstanding (thousands)	**17,500**	17,500
Net income per unit	**$0.66**	$0.61

Note 6 Distributions

On April 18, 2002, the Partnership declared a cash distribution of $0.50 per unit for the quarter ended March 31, 2002. The distribution is payable on May 15, 2002 to unitholders of record as of April 30, 2002.

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