TC PipeLines, LP

Third Quarter Report 2002

Financial Highlights

(unaudited) (thousands of dollars, except per unit amounts)	Three months ended September 30 **2002**	2001	Nine months ended September 30 **2002**	2001
Income Statement				
Net income	**12,448**	10,972	**36,584**	31,728
Net income per unit	**\$0.68**	\$0.60	**\$2.01**	\$1.75
Cash Flow				
Cash flow from equity investments	**13,817**	11,303	**39,964**	33,088
Cash distributions paid	**9,580**	9,066	**27,710**	26,166
Cash distributions declared per unit [1]	**\$0.525**	\$0.50	**\$1.55**	\$1.475

[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

I am pleased to report that TC PipeLines, LP (the Partnership) had another very strong quarter, resulting from the solid operational performances of Northern Border Pipeline and Tuscarora. Both of our equity investments contributed increased cash flows and earnings to the Partnership in the third quarter.

2002 Third Quarter Cash from Operations Increased by 24%
In the third quarter, the Partnership generated $38.7 million in cash from operations, an increase of $7.5 million or 24% compared to $31.2 million generated in the third quarter of 2001. Cash from operations is comprised primarily of cash received from the Partnership's equity investments. Northern Border Pipeline distributed $36.7 million to the Partnership this quarter, compared to $31.4 million in the third quarter of 2001. Tuscarora distributed $3.3 million to the Partnership, compared to $1.7 million in the third quarter of 2001. In aggregate, the Partnership's third quarter cash flow from equity investments increased by 21% compared to the third quarter of 2001.

2002 Third Quarter Earnings Increased by 13%
The Partnership reported net income of $12.4 million or $0.68 per unit for the third quarter of 2002, a 13% increase compared to 2001 third quarter net income of $11.0 million or $0.60 per unit.

For the nine months ended September 30, 2002, the Partnership earned net income of $36.6 million or $2.01 per unit, a 15% increase compared to net income of $31.7 million or $1.75 per unit for the same period last year.

Equity income from Northern Border Pipeline amounted to $11.8 million in the third quarter of 2002, a $1.1 million increase compared to 2001 third quarter equity income of $10.7 million. The increase is primarily due to incremental revenues from Project 2000.

Equity income from Tuscarora amounted to $1.2 million in the third quarter of 2002, a $0.4 million increase compared to 2001 third quarter equity income of $0.8 million. The increase is primarily due to incremental revenues being generated from new transportation contracts and lower interest expense, resulting form the capitalization of interest expense related to funds being used for Tuscarora's expansion.

The Partnership incurred general and administrative expenses of $0.4 million and net financial charges of $0.1 million during the third quarter of 2002, compared to $0.3 million and $0.2 million, respectively, in the third quarter of 2001.

Update on Tuscarora Expansion
On January 30, 2002, the Federal Energy Regulatory Commission (FERC) approved an expansion of Tuscarora's pipeline system. The addition of two compressor stations to be located along the Tuscarora mainline as well as an 11-mile pipeline extension from Tuscarora's current terminus near Reno, Nevada to Wadsworth, Nevada is within budget and on schedule to be completed at the end of November of this year. Service is scheduled to commence in December. The expansion is expected to result in a 43% increase (approximately 55 million cubic feet per day) to Tuscarora's current transportation capacity, increasing Tuscarora's capacity to approximately 182 million cubic feet per day. The new capacity is fully contracted for terms ranging from ten to fifteen years. Terms of these transportation contracts allow for approximately 70% of the new volumes to flow upon commencement of service. The remaining 30% of new volumes are expected to be flowing by the end of 2003.

The second phase of the expansion that would have further increased Tuscarora's capacity by an additional 40 million cubic feet per day by the end of 2003 has been cancelled due to the termination of the precedent agreement that supported this capacity. Tuscarora has advised the Partnership that it has initiated the process to amend its FERC certificate to remove the second phase from the proposed expansion. The expansion had a capital budget of $60 million, consisting of approximately $43 million for the first phase and approximately $17 million for the second phase. With the cancellation of the second phase, Tuscarora has removed $17 million from the capital budget of the expansion. Further, the Partnership expects the actual capital expenditures for the first phase to come in under $43 million.

2002 Third Quarter Cash Distribution

On October 22, 2002, the Partnership announced that the board of directors of TC PipeLines GP, Inc., its general partner, declared the Partnership's 2002 third quarter cash distribution in the amount of $0.525 per unit. The third quarter distribution will be paid on November 14, 2002 to unitholders of record as of October 31, 2002.

On behalf of TC PipeLines, LP,

Ronald J. Turner
President and Chief Executive Officer
TC PipeLines GP, Inc.
November 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 Private 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 FERC, majority control of the Northern Border Pipeline Company management committee by Northern Plains Natural Gas Company and Pan Border Gas Company, affiliates of Enron Corp., which has filed for bankruptcy protection and has put these Enron affiliates up for sale, the failure of a shipper on either one of the Partnership's pipelines to perform its contractual obligations, including Sierra Pacific Power Company, the shipper of approximately 94% of Tuscarora Gas Transmission Company's capacity, 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. 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 statements.

Statement of Income

(unaudited) *(thousands of dollars, except per unit amounts)*	**Three months ended September 30** **2002**	2001	**Nine months ended September 30** **2002**	2001
Equity Income from Investment in Northern Border Pipeline Company	**11,759**	10,662	**34,612**	30,918
Equity Income from Investment in Tuscarora Gas Transmission Company	**1,192**	841	**3,305**	2,620
General and Administrative Expenses	**(403)**	(326)	**(1,084)**	(982)
Financial Charges	**(100)**	(205)	**(249)**	(828)
Net Income	**12,448**	10,972	**36,584**	31,728
Net Income Allocation				
Common units	**10,445**	8,891	**29,938**	25,773
Subordinated units	**1,494**	1,700	**5,222**	4,928
General partner	**509**	381	**1,424**	1,027
	12,448	10,972	**36,584**	31,728
Net Income per Unit	**$0.68**	$0.60	**$2.01**	$1.75
Units Outstanding (thousands)	**17,500**	17,500	**17,500**	17,500

Statement of Comprehensive Income

(unaudited) *(thousands of dollars)*	**Three months ended September 30** **2002**	2001	**Nine months ended September 30** **2002**	2001
Net Income	**12,448**	10,972	**36,584**	31,728
Other Comprehensive Income				
Transition adjustment from adoption of SFAS No. 133	**-**	-	**-**	3,104
Change associated with current period hedging transactions	**(118)**	(3,614)	**(816)**	(1,332)
Total Comprehensive Income	**12,330**	7,358	**35,768**	33,500

See accompanying Notes to Condensed Financial Statements.

Balance Sheet

(thousands of dollars)	**September 30, 2002** (unaudited)	December 31, 2001
Assets		
Current Assets		
Cash	**5,499**	9,194
Investment in Northern Border Pipeline Company	**247,408**	250,078
Investment in Tuscarora Gas Transmission Company	**33,656**	29,297
Deferred Amounts	**188**	119
	286,751	288,688
Liabilities and Partners' Equity		
Current Liabilities		
Accounts payable	**496**	426
Accrued interest	**28**	58
	524	484
Long-Term Debt	**11,500**	21,500
Partners' Equity		
Common units	**226,435**	218,935
Subordinated units	**40,166**	39,229
General partner	**5,934**	5,532
Accumulated other comprehensive income	**2,192**	3,008
	274,727	266,704
	286,751	288,688

Statement of Cash Flows

Nine months ended September 30 *(unaudited) (thousands of dollars)*	**2002**	2001
Cash Generated from Operations		
Net income	**36,584**	31,728
Add/(Deduct):		
Distributions received in excess of/(less than) equity income	**2,048**	(449)
Decrease/(increase) in operating working capital	**40**	(47)
	38,672	31,232
Investing Activities		
Investment in Tuscarora Gas Transmission Company	**(4,508)**	-
Deferred amounts	**(114)**	(61)
	(4,622)	(61)
Financing Activities		
Distributions paid	**(27,710)**	(26,166)
Repayment of long-term debt	**(10,000)**	-
Subordinated unit conversion	**(35)**	-
	(37,745)	(26,166)
(Decrease)/Increase in Cash	**(3,695)**	5,005
Cash, Beginning of Period	**9,194**	1,566
Cash, End of Period	**5,499**	6,571

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 for the three and nine months ended September 30, 2002 and 2001, the financial position as at September 30, 2002 and December 31, 2001 and cash flows for the nine months ended September 30, 2002 and 2001.

The results of operations for the three and nine months ended September 30, 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. The 2% general partnership interest in Northern Border Partners, L.P. is controlled by affiliates of Enron Corp. (Enron), which hold a 1.65% general partner interest, and TransCanada PipeLines Limited (TransCanada), parent of TC PipeLines' general partner, which holds the remaining 0.35% general partner interest. 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. Enron North America Corp. (ENA), an affiliate of Enron that has filed for Chapter 11 bankruptcy protection, was a party to shipper contracts obligating ENA to pay demand charges for approximately 3.4% of Northern Border Pipeline's capacity. Northern Border Pipeline has advised TC PipeLines that at September 30, 2002, this pipeline capacity has been deemed rejected and terminated. Northern Border Pipeline has further advised it has posted the available capacity and awarded portions of the capacity at maximum rates as allowed under its tariff for varying terms. For the nine months ended September 30, 2002, Northern Border Pipeline has experienced lost revenues of approximately $1.8 million related to ENA's capacity, with TC PipeLines' share equating to approximately $0.5 million.

TC PipeLines uses the equity method of accounting for its investment in Northern Border Pipeline. TC PipeLines' equity income for the three and nine months ended September 30, 2002 and 2001 represents 30% of the net income of Northern Border Pipeline for the same periods. Retained earnings of TC PipeLines at September 30, 2002 and December 31, 2001 include undistributed earnings from Northern Border Pipeline of $3.6 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 and nine months ended September 30, 2002 and 2001 and as at September 30, 2002 and December 31, 2001.

Notes to Condensed Financial Statements (continued)
(unaudited)

(millions of dollars)	Three months ended September 30 2002	Three months ended September 30 2001	Nine months ended September 30 2002	Nine months ended September 30 2001
Northern Border Pipeline Income Statement				
Revenues	**81.6**	77.9	**239.9**	231.9
Costs and expenses	**(15.2)**	(15.6)	**(42.6)**	(43.9)
Depreciation	**(14.5)**	(14.2)	**(43.5)**	(42.9)
Financial charges	**(13.2)**	(12.7)	**(39.9)**	(41.5)
Other income/(expense)	**0.5**	0.2	**1.5**	(0.5)
Net income	**39.2**	35.6	**115.4**	103.1

Northern Border Pipeline has recorded other comprehensive income of $(0.4) million and $(12.1) million, for the three months ended September 30, 2002 and 2001, respectively and $(2.1) million and $5.9 million (including transition adjustment of $10.3 million) for the nine months ended September 30, 2002 and 2001, respectively.

(millions of dollars)	**September 30, 2002**	December 31, 2001 (audited)
Northern Border Pipeline Balance Sheet		
Assets		
Cash and cash equivalents	**28.0**	11.0
Other current assets	**37.9**	36.3
Plant, property and equipment, net	**1,649.3**	1,685.7
Other assets	**36.3**	18.9
	1,751.5	1,751.9
Liabilities and Partners' Equity		
Current liabilities	**120.4**	399.0
Reserves and deferred credits	**5.4**	5.6
Long-term debt, net of current maturities	**801.0**	513.7
Partners' equity		
Partners' capital	**817.6**	824.4
Accumulated other comprehensive income	**7.1**	9.2
	1,751.5	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. 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 approximately 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 and nine months ended September 30, 2002 and 2001 represents 49% of the net income of Tuscarora for the same periods. Retained earnings of TC PipeLines at each of September 30, 2002 and December 31, 2001 include undistributed earnings from Tuscarora of $0.6 million. The following sets out summarized financial information representing 100% of the operations of Tuscarora for the three and nine months ended September 30, 2002 and 2001 and as at September 30, 2002 and December 31, 2001.

Notes to Condensed Financial Statements (continued)
(unaudited)

(millions of dollars)	Three months ended September 30 2002	2001	Nine months ended September 30 2002	2001
Tuscarora Income Statement				
Revenues	**5.6**	5.3	**16.8**	15.8
Costs and expenses	**(0.6)**	(0.7)	**(2.0)**	(1.9)
Depreciation	**(1.2)**	(1.2)	**(3.5)**	(3.5)
Financial charges	**(1.3)**	(1.5)	**(4.4)**	(4.7)
Other income	**0.2**	-	**0.5**	0.3
Net income	**2.7**	1.9	**7.4**	6.0

Tuscarora has recorded other comprehensive income of less than $0.1 million and nil for the three months ended September 30, 2002 and 2001, respectively, and $(0.4) million and nil for the nine months ended September 30, 2002 and 2001, respectively.

(millions of dollars)	September 30, 2002	December 31, 2001 (audited)
Tuscarora Balance Sheet		
Assets		
Cash and cash equivalents	**1.1**	1.1
Other current assets	**2.1**	2.1
Plant, property and equipment, net	**143.4**	121.3
Other assets	**1.2**	1.6
	147.8	126.1
Liabilities and Partners' Equity		
Current liabilities	**12.3**	7.7
Long-term debt, net of current maturities	**87.7**	80.0
Partners' equity		
Partners' capital	**47.7**	37.9
Accumulated other comprehensive income	**0.1**	0.5
	147.8	126.1

Note 4 Credit Facilities and Long-Term Debt

On September 30, 2002, the Partnership renewed its unsecured credit facility (Revolving Credit Facility) with Bank One, NA, as agent of the credit facility. Under the renewed Revolving Credit Facility, the Partnership may borrow up to an aggregate principal amount of $20 million. Loans under the Revolving Credit Facility bear interest at a floating rate. The Revolving Credit Facility matures on July 31, 2004. 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. At September 30, 2002 and December 31, 2001, the Partnership had borrowings of $11.5 million and $21.5 million, respectively, 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 2.9% and 4.6% for the three months ended September 30, 2002 and 2001, respectively, 2.8% and 5.8% for the nine months ended September 30, 2002 and 2001, respectively, and was 2.9% and 3.0% at September 30, 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 September 30, 2002 and December 31, 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:

	Three months ended September 30		**Nine months ended September 30**	
(thousands of dollars, except per unit amounts)	**2002**	2001	**2002**	2001
Net income	**12,448**	10,972	**36,584**	31,728
Net income allocated to general partner	**(249)**	(219)	**(732)**	(635)
Adjustment to reflect incentive distribution income allocation	**(260)**	(162)	**(692)**	(392)
	(509)	(381)	**(1,424)**	(1,027)
Net income allocable to units	**11,939**	10,591	**35,160**	30,701
Weighted average units outstanding (thousands)	**17,500**	17,500	**17,500**	17,500
Net income per unit	**$0.68**	$0.60	**$2.01**	$1.75

Note 6 Subordinated Unit Conversion

On August 1, 2002, 936,435 subordinated units, representing one-third of the outstanding subordinated units held by the general partner, were converted into an equal number of common units as provided for in the amended and restated partnership agreement of TC PipeLines.

Note 7 Distributions

On October 22, 2002, the Partnership declared a cash distribution of $0.525 per unit for the quarter ended September 30, 2002. The distribution totaling approximately $9.6 million is payable on November 14, 2002 to unitholders of record as of October 31, 2002. The Partnership has declared aggregate cash distributions totaling approximately $28.2 million (aggregate $1.55 per unit) relating to the nine months ended September 30, 2002.

Inquiries:
Theresa Jang
Controller
TC PipeLines GP, Inc.

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

E-mail:
investor_relations@tcpipelineslp.com

Website:
www.tcpipelineslp.com