TC PipeLines, LP

SECOND QUARTER 2004

Quarterly Report

Results-at-a-Glance

(unaudited) (millions of dollars except per unit amounts)	Three months ended June 30 **2004**	2003	Six months ended June 30 **2004**	2003
Income Statement				
Net income	**13.6**	12.0	**27.3**	23.9
Net income per unit	**$0.74**	$0.66	**$1.49**	$1.32
Cash Flow				
Cash generated from operations	**14.1**	10.9	**27.5**	24.4
Cash distributions paid	**10.2**	9.6	**20.3**	19.2
Cash distributions declared per unit [1]	$0.575	$0.55	$1.125	$1.075

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

We refer you to the Partnership's quarterly report on Form 10-Q, as filed with the Securities and Exchange Commission on August 6, 2004, which contains management's discussion and analysis of the Partnership's financial condition and results of operations as at and for the three and six months ended June 30, 2004. The Form 10-Q can be accessed electronically on the Partnership's website at www.tcpipelineslp.com/investor/reports.html

Copies of the Form 10-Q may be obtained from the Partnership free of charge.

Investor Relations
David Moneta / Debbie Stein
TC PipeLines GP, Inc
110 Turnpike Road, Suite 203
Westborough, Massachusetts 01581

Toll Free: (877) 290-2772
Fax Line: (403) 920-2457
E-mail: investor_relations@tcpipelineslp.com

Visit TC PipeLines, LP's Internet site at: www.tcpipelineslp.com

Statement of Income

(unaudited) (millions of dollars except per unit amounts)	Three months ended June 30 **2004**	 2003	Six months ended June 30 **2004**	 2003
Equity income from Investment in Northern Border Pipeline	**12.4**	11.3	**24.9**	22.3
Equity income from Investment in Tuscarora	**1.8**	1.2	**3.6**	2.5
General and Adminstrative Expenses	**(0.5)**	(0.4)	**(1.0)**	(0.8)
Financial Charges	**(0.1)**	(0.1)	**(0.2)**	(0.1)
Net Income	**13.6**	12.0	27.3	23.9
Net Income Allocation				
Common units	**12.3**	10.3	**24.7**	20.6
Subordinated units	**0.7**	1.3	**1.4**	2.5
General partner	**0.6**	0.4	**1.2**	0.8
	13.6	12.0	**27.3**	23.9
Net Income per Unit	**$0.74**	$0.66	**$1.49**	$1.32
Units Outstanding (millions)	**17.5**	17.5	**17.5**	17.5

Statement of Comprehensive Income

(unaudited) (millions of dollars)	Three months ended June 30 **2004**	 2003	Six months ended June 30 **2004**	 2003
Net Income	**13.6**	12.0	**27.3**	23.9
Other Comprehensive Income				
Change associated with current period hedging transactions	**(0.1)**	(0.2)	**(0.2)**	(0.3)
Total Comprehensive Income	**13.5**	11.8	**27.1**	23.6

See accompanying Notes to the Condensed Financial Statements.

Statement of Cash Flows

(unaudited) (millions of dollars)	Six months ended June 30 2004	2003
Cash Generated From Operations		
Net income	**27.3**	23.9
Add/(Deduct):		
Distributions received in excess of equity income	**-**	0.6
Decrease/(Increase) in operating working capital	**0.2**	(0.1)
	27.5	24.4
Investing Activities		
Return of capital from Northern Border Pipeline	**6.4**	-
Investment in Northern Border Pipeline	**(39.0)**	-
Investment in Tuscarora	**-**	(3.3)
	(32.6)	(3.3)
Financing Activities		
Distributions paid	**(20.3)**	(19.2)
Long-term debt issued/(repaid)	**20.0**	(6.0)
	(0.3)	(25.2)
Decrease in Cash and Short-Term Investments	**(5.4)**	(4.1)
Cash and Short-Term Investments		
Beginning of period	**7.5**	6.4
Cash and Short-Term Investments		
End of period	**2.1**	2.3

See accompanying Notes to the Condensed Financial Statements.

Balance Sheet

(millions of dollars)	**June 30, 2004** (unaudited)	December 31, 2003 (audited)
ASSETS		
Current Assets		
Cash	**2.1**	7.5
Investment in Northern Border Pipeline	**273.1**	240.7
Investment in Tuscarora	**39.9**	39.9
	315.1	288.1
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Accounts payable	**0.9**	0.6
Current portion of long-term debt	**-**	5.5
	0.9	6.1
Long-Term Debt	**25.5**	-
Partners' Equity		
Common units	**266.8**	260.4
Subordinated units	**14.3**	13.9
General partner	**6.2**	6.1
Other comprehensive income	**1.4**	1.6
	288.7	282.0
	315.1	288.1

See accompanying Notes to the 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 generally accepted accounting principles in the United States of America (GAAP). 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 of normal recurring accruals) necessary to present fairly the results of operations for the three and six months ended June 30, 2004 and 2003, the financial position as at June 30, 2004 and December 31, 2003 and cash flows for the six months ended June 30, 2004 and 2003.

The results of operations for the three and six months ended June 30, 2004 and 2003 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, 2003.

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 Corporation (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).

TC PipeLines uses the equity method of accounting for its investment in Northern Border Pipeline. TC PipeLines' equity income for the three and six months ended June 30, 2004 and 2003 includes 30% of the net income of Northern Border Pipeline for the same periods. There were no undistributed earnings from Northern Border Pipeline as at June 30, 2004 and December 31, 2003. The following sets out summarized financial information representing 100% of the operations of Northern Border Pipeline for the three and six months ended June 30, 2004 and 2003 and as at June 30, 2004 and December 31, 2003.

(unaudited) (millions of dollars)	Three months ended June 30 2004	2003	Six months ended June 30 2004	2003
Northern Border Pipeline Income Statement				
Revenues	**81.5**	80.7	**164.8**	160.6
Costs and expenses	**(16.1)**	(17.4)	**(33.1)**	(34.1)
Depreciation	**(14.6)**	(14.4)	**(29.1)**	(28.9)
Financial charges	**(9.9)**	(11.6)	**(20.1)**	(23.4)
Other income	**0.4**	0.3	**0.5**	0.2
Net Income	**41.3**	37.6	**83.0**	74.4

During each of the three months ended June 30, 2004 and 2003, and during each of the six months ended June 30, 2004 and 2003, Northern Border Pipeline amortized $0.4 million and $0.8 million related to terminated interest rate swap agreements, as a reduction to interest expense from accumulated other comprehensive income.

(millions of dollars)	**June 30, 2004** (unaudited)	December 31, 2003 (audited)
Northern Border Pipeline Balance Sheet		
Assets		
Cash and cash equivalents	**25.1**	28.7
Other current assets	**43.2**	40.8
Plant, property and equipment, net	**1,568.2**	1,591.8
Other assets	**22.9**	30.0
	1,659.4	1,691.3
Liabilities and Partners' Equity		
Current liabilities	**60.1**	62.3
Reserves and deferred credits	**4.6**	5.1
Long-term debt	**684.4**	821.5
Partners' Equity		
Partners' capital	**905.9**	797.2
Accumulated other comprehensive income	**4.4**	5.2
	1,659.4	1,691.3

Note 3 Investment in Tuscarora Gas Transmission Company

The Partnership owns a 49% general partner interest in Tuscarora, a partnership that owns a 240-mile United States interstate pipeline system that transports natural gas from Oregon, where it interconnects with facilities of Gas Transmission Northwest Corporation, 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 68% 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 six months ended June 30, 2004 and 2003 represents 49%

of the net income of Tuscarora for the same periods. There were no undistributed earnings from Tuscarora as at June 30, 2004 and December 31, 2003. The following sets out summarized financial information representing 100% of the operations of Tuscarora for the three and six months ended June 30, 2004 and 2003 and as at June 30, 2004 and December 31, 2003.

(unaudited)	Three months ended June 30		Six months ended June 30	
(millions of dollars)	**2004**	2003	**2004**	2003
Tuscarora Income Statement				
Revenues	**8.0**	7.3	**16.3**	14.7
Costs and expenses	**(1.2)**	(1.3)	**(2.4)**	(2.5)
Depreciation	**(1.5)**	(1.6)	**(3.1)**	(3.2)
Financial charges	**(1.6)**	(1.7)	**(3.1)**	(3.3)
Net Income	**3.7**	2.7	**7.7**	5.7

Tuscarora has recorded other comprehensive income of less than $(0.1) million for each of the three and six months ended June 30, 2004 and 2003.

(millions of dollars)	**June 30, 2004** (unaudited)	December 31, 2003 (audited)
Tuscarora Balance Sheet		
Assets		
Cash and cash equivalents	**4.0**	1.8
Other current assets	**2.8**	4.3
Plant, property and equipment, net	**139.6**	141.9
Other assets	**1.4**	1.6
	147.8	149.6
Liabilities and Partners' Equity		
Current liabilities	**7.0**	6.7
Long-term debt	**78.3**	80.8
Partners' Equity		
Partners' capital	**62.4**	62.0
Accumulated other comprehensive income	**0.1**	0.1
	147.8	149.6

Note 4 Credit Facilities and Long-Term Debt

On March 8, 2004 the Partnership renewed its unsecured credit facility (Revolving Credit Facility) with Bank One, NA, as administrative agent. Under the renewed Revolving Credit Facility, the Partnership may borrow up to an aggregate principal amount of $30.0 million. Loans under the Revolving Credit Facility bear interest, at the option of the Partnership, at a one-, two-, three-, or six-month London Interbank Offered Rate (LIBOR) plus 1.25% or at a floating rate based on the higher of the federal funds effective rate plus 0.5% and the prime rate. The Revolving Credit Facility matures on February 28, 2006. Amounts borrowed may be repaid in part or in full prior to that time without penalty. The Revolving Credit Facility may be used 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 unitholders and the general partner, if necessary. The Partnership had borrowed an aggregate of $11.0 million and $20.0 million, respectively, for the three and six months ended June 30, 2004, on the Revolving Credit Facility. The Partnership had $25.5 million outstanding as at June 30, 2004 and $5.5 million outstanding at December 31, 2003 on the Revolving Credit Facility. The interest rate on the Revolving Credit Facility averaged 2.33% and 2.35% for the three and six months ended June 30, 2004, respectively, and at June 30, 2004 and December 31, 2003, the interest rate was 2.35% and 2.42%, respectively.

On May 28, 2003, the Partnership renewed its $40.0 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 LIBOR 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 unitholders and the general partner, if necessary. The Partnership had no borrowings outstanding under the TransCanada Credit Facility as at June 30, 2004 and December 31, 2003, respectively.

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 June 30		Six months ended June 30	
(millions of dollars except per unit amounts)	**2004**	2003	**2004**	2003
Net income	**13.6**	12.0	**27.3**	23.9
Net income allocated to General Partner				
General Partner interest	**(0.3)**	(0.2)	**(0.6)**	(0.4)
Incentive distribution income allocation	**(0.3)**	(0.2)	**(0.6)**	(0.4)
	(0.6)	(0.4)	**(1.2)**	(0.8)
Net income allocable to units	**13.0**	11.6	**26.1**	23.1
Weighted average units outstanding *(millions)*	**17.5**	17.5	**17.5**	17.5
Net Income per unit	**$0.74**	$0.66	**$1.49**	$1.32

Note 6 Subordinated Unit Conversion

On July 31, 2004, the remaining one third of the originally issued 2,800,000 subordinated units (936,436) held by the general partner, converted into an equal number of common units as a result of satisfying the tests set forth in the Amended and Restated Agreement of Limited Partnership of TC PipeLines, LP (Partnership Agreement). This concludes the subordination period.

Note 7 Distributions

On July 20, 2004, the board of directors of the general partner declared a cash distribution of $0.575 per unit for the three months ended June 30, 2004. The distribution totaling approximately $10.7 million is payable on August 13, 2004 in the following manner: $9.5 million to the holders of common units as of the close of business on July 30, 2004 (including $1.6 million to an affiliate of TransCanada as holder of 2,800,000 common units and $1.1 million to the general partner as holder of 1,872,870 common units), $0.5 million to the general partner as holder of the subordinated units, $0.5 million to the general partner as holder of incentive distribution rights and $0.2 million to the general partner in respect of its 2% general partner interest.

Note 8 Capital Requirements

The Partnership contributed $19.5 million in each of the three months ended March 31, 2004 and June 30, 2004, representing its 30% share of two $65.0 million cash calls issued by Northern Border Pipeline to its partners on January 27, 2004 and April 27, 2004. The funds were used by Northern Border Pipeline to repay a portion of its existing indebtedness. The payment to Northern Border Pipeline was funded through the use of cash from operations and existing credit facilities. These contributions were partially offset by $4.4 million and $6.4 million return of capital, in the three and six months ended June 30, 2004, respectively, from Northern Border Pipeline.

Note 9 Subsequent Events

On July 16, 2004, Tuscarora issued a cash call for a $0.8 million capital contribution for the 2005 expansion to its partners. The Partnership will contribute $0.4 million representing its 49% share to be paid July 30, 2004. The funds will be used to finance the permitting, design and construction of a new 8000 horsepower compressor station located in the State of California in Modoc County (Likely Station) and the addition of a new booster compressor, to be located at the interconnection point with the Paiute Pipeline Company, in the State of Nevada in Washoe County (Wadsworth Station).