TC PipeLines, LP

THIRD QUARTER 2004

Quarterly Report

Results-at-a-Glance

(unaudited) (millions of dollars except per unit amounts)	Three months ended September 30 **2004**	2003	Nine months ended September 30 **2004**	2003
Income Statement				
Net income	**12.6**	12.0	**39.9**	35.9
Net income per unit	**$0.68**	$0.65	**$2.17**	$1.97
Cash Flow				
Cash generated from operations	**12.5**	12.8	**40.0**	37.2
Cash distributions paid	**10.7**	10.1	**31.0**	29.3
Cash distributions declared per unit [1]	$0.575	$0.55	$1.700	$1.625

[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 November 9, 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 nine months ended September 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.

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Statement of Income

(unaudited) (millions of dollars except per unit amounts)	Three months ended September 30 **2004**	 2003	Nine months ended September 30 **2004**	 2003
Equity income from Investment in Northern Border Pipeline	**11.3**	11.2	**36.2**	33.5
Equity income from Investment in Tuscarora	**1.8**	1.3	**5.4**	3.8
General and adminstrative expenses	**(0.3)**	(0.5)	**(1.3)**	(1.3)
Financial charges	**(0.2)**	-	**(0.4)**	(0.1)
Net income	**12.6**	12.0	39.9	35.9
Net Income Allocation				
Common units	**11.9**	10.8	**36.6**	31.4
Subordinated units	**-**	0.6	**1.4**	3.1
General partner	**0.7**	0.6	**1.9**	1.4
	12.6	12.0	**39.9**	35.9
Net income per unit	**$0.68**	$0.65	**$2.17**	$1.97
Units outstanding (millions)	**17.5**	17.5	**17.5**	17.5

Statement of Comprehensive Income

(unaudited) (millions of dollars)	Three months ended September 30 **2004**	 2003	Nine months ended September 30 **2004**	 2003
Net income	**12.6**	12.0	**39.9**	35.9
Other comprehensive income				
Change associated with current period hedging transactions	**(0.1)**	(0.1)	**(0.3)**	(0.4)
Total Comprehensive Income	**12.5**	11.9	**39.6**	35.5

See accompanying Notes to the Condensed Financial Statements.

Statement of Cash Flows

(unaudited) (millions of dollars)	Nine months ended September 30 **2004**	 2003
Cash Generated From Operations		
Net income	**39.9**	35.9
Add/(deduct):		
Distributions received in excess of equity income	**-**	1.3
Decrease in operating working capital	**0.1**	-
	40.0	37.2
Investing Activities		
Return of capital from Northern Border Pipeline	**10.6**	-
Return of capital from Tuscarora	**0.2**	-
Investment in Northern Border Pipeline	**(39.0)**	-
Investment in Tuscarora	**(0.4)**	(4.1)
	(28.6)	(4.1)
Financing Activities		
Distributions paid	**(31.0)**	(29.3)
Long-term debt issued	**20.0**	-
Long-term debt paid	**(6.0)**	(6.0)
	(17.0)	(35.3)
Decrease in Cash and Short-Term Investments	**(5.6)**	**(2.2)**
Cash and Short-Term Investments		
Beginning of period	**7.5**	6.4
Cash and Short-Term Investments		
End of period	**1.9**	4.2

See accompanying Notes to the Condensed Financial Statements.

Balance Sheet

(millions of dollars)	September 30, 2004 (unaudited)	December 31, 2003 (audited)
ASSETS		
Current assets		
Cash	**1.9**	7.5
Investment in Northern Border Pipeline	**268.8**	240.7
Investment in Tuscarora	**40.0**	39.9
	310.7	288.1
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities		
Accounts payable	**0.7**	0.6
Current portion of long-term debt	**-**	5.5
	0.7	6.1
Long-term debt	**19.5**	-
Partners' equity		
Common units	**269.2**	260.4
Subordinated units	**13.8**	13.9
General partner	**6.2**	6.1
Other comprehensive income	**1.3**	1.6
	290.5	282.0
	310.7	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 nine months ended September 30, 2004 and 2003, the financial position as at September 30, 2004 and December 31, 2003 and cash flows for the nine months ended September 30, 2004 and 2003.

The results of operations for the three and nine months ended September 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. (Northern Border Partners), a publicly traded limited partnership. The 2% general partnership interest in Northern Border Partners 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 (Northern Plains), a wholly owned subsidiary of Enron. Northern Border Pipeline is regulated by the Federal Energy Regulatory Commission (FERC). On March 31, 2004, Enron transferred its ownership interest in Northern Plains, the owner of the majority 1.65% general partner interest in Northern Border Partners, to its newly formed subsidiary, CrossCountry Energy, LLC (CrossCountry). On September 1, 2004, Enron announced that it had reached an agreement with CCE Holdings, LLC (CCE Holdings), a joint venture of Southern Union Company and GE Commercial Finance Energy Financial Services, for the sale of CrossCountry, which sale was approved by the bankruptcy court on September 10, 2004. On September 16, 2004, ONEOK entered into an agreement to purchase Northern Plains, which holds the 1.65% general partner interest in Northern Border Pipeline, from CCE Holdings for $175.0 million. This acquisition is subject to satisfaction of certain approvals and other closing conditions and is expected to close immediately after the CCE Holdings' purchase of CrossCountry, no later than mid-December 2004. Also included in the sale is NBP Services Corporation, which provides administrative and operating services to Northern Border Pipeline.

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, 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 September 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 nine months ended September 30, 2004 and 2003 and as at September 30, 2004 and December 31, 2003.

Northern Border Pipeline Income Statement

(unaudited) (millions of dollars)	Three months ended September 30, **2004**	 2003	Nine months ended September 30, **2004**	 2003
Revenues	**81.6**	81.2	**246.4**	241.7
Costs and expenses	**(19.2)**	(18.7)	**(52.3)**	(52.8)
Depreciation	**(14.5)**	(14.4)	**(43.6)**	(43.3)
Financial charges	**(10.1)**	(11.0)	**(30.2)**	(34.4)
Other income	**(0.2)**	0.1	**0.3**	0.4
Net Income	**37.6**	37.2	**120.6**	111.6

Northern Border Pipeline has amortized $0.4 million for each of the three months ended September 30, 2004 and 2003, and $1.2 million for each of the nine months ended September 30, 2004 and 2003 related to terminated interest rate swap agreements, as a reduction to financial charges from accumulated other comprehensive income.

Northern Border Pipeline Balance Sheet (millions of dollars)	**September 30, 2004** (unaudited)	December 31, 2003 (audited)
Assets		
Cash and cash equivalents	**33.0**	28.7
Other current assets	**39.2**	40.8
Plant, property and equipment, net	**1,555.1**	1,591.8
Other assets	**27.8**	30.0
	1,655.1	1,691.3
Liabilities and Partners' Equity		
Current liabilities	**69.9**	62.3
Reserves and deferred credits	**4.6**	5.1
Long-term debt	**684.7**	821.5
Partners' equity		
Partners' capital	**891.9**	797.2
Accumulated other comprehensive income	**4.0**	5.2
	1,655.1	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 (Sierra Pacific Power), 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 nine months ended September 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 September 30, 2004 and December 31, 2003. The following sets out summarized financial information representing 100% of the operations of Tuscarora for the three and nine months ended September 30, 2004 and 2003 and as at September 30, 2004 and December 31, 2003.

Tuscarora Income Statement

(unaudited)	Three months ended September 30		Nine months ended September 30	
(millions of dollars)	**2004**	2003	**2004**	2003
Revenues	**8.1**	7.3	**24.4**	22.0
Costs and expenses	**(1.2)**	(1.3)	**(3.6)**	(3.8)
Depreciation	**(1.5)**	(1.6)	**(4.6)**	(4.8)
Financial charges	**(1.5)**	(1.6)	**(4.6)**	(4.9)
Net Income	**3.9**	2.8	**11.6**	8.5

Tuscarora has recorded other comprehensive income of less than \$(0.1) million for each of the three months ended September 30, 2004 and 2003, respectively; and less than \$(0.1) million for each of the nine months ended September 30, 2004 and 2003, respectively.

Tuscarora Balance Sheet (millions of dollars)	**September 30, 2004** (unaudited)	December 31, 2003 (audited)
Assets		
Cash and cash equivalents	**10.1**	1.8
Other current assets	**0.2**	4.3
Plant, property and equipment, net	**138.5**	141.9
Other assets	**1.4**	1.6
	150.2	149.6
Liabilities and Partners' Equity		
Current liabilities	**8.7**	6.7
Long-term debt	**78.4**	80.8
Partners' equity		
Partners' capital	**63.0**	62.0
Accumulated other comprehensive income	**0.1**	0.1
	150.2	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. In the first six months of 2004, the Partnership borrowed an aggregate of $20.0 million on the Revolving Credit Facility. The Partnership repaid $6.0 million on its aggregate borrowings during the three months ended September 30, 2004. The Partnership had $19.5 million outstanding as at September 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 2.82% and 2.54% for the three and nine months ended September 30, 2004, respectively, and at September 30, 2004 and December 31, 2003, the interest rate was 3.08% 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 September 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) (millions of dollars except per unit amounts)	Three months ended September 30 **2004**	 2003	Nine months ended September 30 **2004**	 2003
Net income	**12.6**	12.0	**39.9**	35.9
Net income allocated to General Partner				
General Partner interest	**(0.2)**	(0.3)	**(0.8)**	(0.7)
Incentive distribution income allocation	**(0.5)**	(0.3)	**(1.1)**	(0.7)
	(0.7)	(0.6)	**(1.9)**	(1.4)
Net income allocable to units	**11.9**	11.4	**38.0**	34.5
Weighted average units outstanding *(millions)*	**17.5**	17.5	**17.5**	17.5
Net Income per unit	**$0.68**	$0.65	**$2.17**	$1.97

Note 6 Subordinated Unit Conversion

On July 31, 2004, the remaining one third (936,436) of the originally issued 2.8 million subordinated units 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 October 19, 2004, the board of directors of the general partner declared a cash distribution of $0.575 per unit for the three months ended September 30, 2004. The distribution totaling approximately $10.7 million is payable on November 12, 2004 in the following manner: $10.0 million to the holders of common units as of the close of business on October 29, 2004 (including $1.6 million to an affiliate of TransCanada as holder of 2,800,000 common units and $1.6 million to the general partner as holder of 2,809,306 common 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 $4.2 million and $10.6 million return of capital, in the three and nine months ended September 30, 2004, respectively, from Northern Border Pipeline. The Partnership contributed $0.4 million in the three months ended September 30, 2004, representing its 49% share of a $0.8 million cash call issued by Tuscarora to its partners on July 30, 2004, for the 2005 expansion project. The payment to Tuscarora was funded through the use of cash from operations. This contribution was partially offset by $0.2 million return of capital in the three and nine months ended September 30, 2004 from Tuscarora.

Note 9 Subsequent Events

Northern Border Pipeline declared a distribution of approximately $49.6 million in the third quarter of 2004. The Partnership received its 30% share of $14.9 million on November 1, 2004.

Tuscarora declared a distribution of approximately $4.2 million in the third quarter of 2004. The Partnership received its 49% share of $2.0 million on October 28, 2004.

In July 2003, Tuscarora held an open season that resulted in shippers executing long-term contracts which would have supported a planned expansion of the system by approximately 50 MMcf/d by the end of 2005.

The proposed expansion shippers are Local Distribution Companies requiring natural gas transportation to meet peak load requirements previously served by a Liquid Natural Gas (LNG) storage facility connected to the Paiute Pipeline Company (Paiute Pipeline) system. The contracts for LNG storage were scheduled to expire on July 6, 2005 and the shippers had been unable to reach agreement with the LNG facility owners to extend the contracts. However, Paiute Pipeline subsequently reached an agreement with the owner of the LNG facility to purchase the plant and offered Tuscarora's 2005 expansion shippers a lower cost alternative to the Tuscarora 2005 expansion project.

On October 27, 2004 Tuscarora filed with the FERC, as one of several parties, a global settlement agreement which, if approved by the FERC, will result in the termination of its proposed 2005 expansion project.

Under the settlement, if approved by the FERC without condition or modification and with the close of the sale of the LNG facility by the owner to Paiute Pipeline, Tuscarora's 2005 expansion project will be terminated. The timing for FERC approval of the settlement agreement is anticipated to be mid to late December 2004. Under the terms of the settlement, Tuscarora will be reimbursed for all its project costs and, additionally, the 2005 expansion shippers agreed to extend certain of their existing Tuscarora service agreements such that the weighted average life of all Tuscarora contracts will be increased from the current 10.8 years to 12.8 years. Furthermore, if the settlement is approved, the prior owner of the LNG facility will withdraw its petition for review of the FERC order approving Tuscarora's 2002 expansion.