TC PipeLines, LP

THIRD QUARTER 2005

Quarterly Report

Results-at-a-Glance

(unaudited) (millions of dollars except per unit amounts)	Three months ended September 30 **2005**	2004	Nine months ended September 30 **2005**	2004
Income Statement				
Net income	**14.8**	12.6	**37.9**	39.9
Net income per unit	**$0.81**	$0.68	**$2.05**	$2.17
Cash Flow				
Cash generated from operations	**12.9**	12.5	**36.0**	40.0
Return of capital	**0.3**	4.4	**11.9**	10.8
Cash distributions paid	**10.7**	10.7	**32.2**	31.0
Cash distributions declared per unit (1)	$0.575	$0.575	$1.725	$1.700

(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 7, 2005, 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, 2005. 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 **2005**	 2004	Nine months ended September 30 **2005**	 2004
Equity income from investment in Northern Border Pipeline	**13.9**	11.3	**34.7**	36.2
Equity income from investment in Tuscarora	**1.7**	1.8	**5.5**	5.4
General and administrative expenses	**(0.5)**	(0.3)	**(1.5)**	(1.3)
Financial charges and other	**(0.3)**	(0.2)	**(0.8)**	(0.4)
Net income	**14.8**	12.6	**37.9**	39.9
Net income allocation				
Common units	**14.1**	11.9	**35.8**	36.6
Subordinated units	**-**	-	**-**	1.4
General partner	**0.7**	0.7	**2.1**	1.9
	14.8	12.6	**37.9**	39.9
Net income per unit	**$0.81**	$0.68	**$2.05**	$2.17
Units outstanding (millions)	**17.5**	17.5	**17.5**	17.5

Statement of Comprehensive Income

(unaudited) (millions of dollars)	Three months ended September 30 **2005**	 2004	Nine months ended September 30 **2005**	 2004
Net income	**14.8**	12.6	**37.9**	39.9
Other comprehensive income				
Change associated with current period hedging transactions of investees	**(0.1)**	(0.1)	**(0.3)**	(0.3)
Total comprehensive income	**14.7**	12.5	**37.6**	39.6

See accompanying notes to the condensed financial statements.

Balance Sheet

(millions of dollars)	September 30, 2005 (unaudited)	December 31, 2004
ASSETS		
Current assets		
Cash and short-term investments	**1.4**	2.5
Investment in Northern Border Pipeline	**280.7**	290.1
Investment in Tuscarora	**39.0**	39.5
	321.1	332.1
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities		
Accrued liabilities	**0.8**	0.7
Current portion of long-term debt	**20.0**	6.5
	20.8	7.2
Long-term debt	**-**	30.0
Partners' equity		
Common units	**293.0**	287.4
General partner	**6.4**	6.3
Accumulated other comprehensive income	**0.9**	1.2
	300.3	294.9
	321.1	332.1

See accompanying notes to the condensed financial statements.

Statement of Cash Flows

(unaudited) (millions of dollars)	Nine months ended September 30 **2005**	 2004
Cash Generated From Operations		
Net income	**37.9**	39.9
Add / (deduct):		
Equity income greater than distributions received	**(2.0)**	-
Decrease in operating working capital	**0.1**	0.1
	36.0	40.0
Investing Activities		
Return of capital from Northern Border Pipeline	**11.1**	10.6
Return of capital from Tuscarora	**0.8**	0.2
Investment in Northern Border Pipeline	**-**	(39.0)
Investment in Tuscarora	**(0.3)**	(0.4)
	11.6	(28.6)
Financing Activities		
Distributions paid	**(32.2)**	(31.0)
Long-term debt issued	**-**	20.0
Long-term debt paid	**(16.5)**	(6.0)
	(48.7)	(17.0)
Decrease in cash and short-term investments	**(1.1)**	(5.6)
Cash and short-term investments		
Beginning of period	**2.5**	7.5
Cash and short-term investments		
End of period	**1.4**	1.9
Supplementary Cash Flow Information		
Interest payments made	**0.9**	0.3

See accompanying notes to the condensed financial statements.

Statement of Changes in Partners' Equity

(unaudited)	Common Units		General Partner	Accumulated Other Comprehensive Income	Partners' Equity	
	(millions of units)	*(millions of dollars)*	*(millions of dollars)*	*(millions of dollars)*	*(millions of units)*	*(millions of dollars)*
Partners' equity at December 31, 2004	17.5	287.4	6.3	1.2	17.5	294.9
Net income	-	35.8	2.1	-	-	37.9
Distributions paid	-	(30.2)	(2.0)	-	-	(32.2)
Other comprehensive income	-	-	-	(0.3)	-	(0.3)
Partners' equity at September 30, 2005	**17.5**	**293.0**	**6.4**	**0.9**	**17.5**	**300.3**

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 was formed by TransCanada PipeLines Limited, a subsidiary of TransCanada Corporation (collectively referred herein as TransCanada), to acquire, own and participate in the management of United States-based pipeline assets. The Partnership commenced operations on May 28, 1999.

The financial statements have been prepared by management in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Amounts are stated in United States dollars. 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. 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, 2005 and 2004, the financial position as at September 30, 2005 and December 31, 2004, cash flows for the nine months ended September 30, 2005 and 2004, and statement of partners' equity at September 30, 2005.

The results of operations for the three and nine months ended September 30, 2005 and 2004 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, 2004.

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 United States - Canadian border near Port of Morgan, Montana to a terminus near North Hayden, Indiana for its customers. Northern Border Pipeline's pipeline system connects with multiple pipelines providing shipper access to the various natural gas markets served by those pipelines. 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 ONEOK, Inc. (ONEOK), which hold a 1.65% general partner interest, and 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 ONEOK. Northern Border Pipeline is regulated by the Federal Energy Regulatory Commission (FERC).

The Partnership 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, 2005 and 2004 includes 30% of the net income of Northern Border Pipeline for the same periods. There were undistributed earnings of $2.0 million as at September 30, 2005 and no undistributed earnings as at December 31, 2004, from Northern Border Pipeline.

The following table sets out summarized financial information representing 100% of the operations of Northern Border Pipeline for the three and nine months ended September 30, 2005 and 2004 and as at September 30, 2005 and December 31, 2004. Certain reclassifications were made to the 2004 financial statements to conform to the current year presentation. TC PipeLines has held its general partner interest since May 28, 1999.

Northern Border Pipeline Income Statement

(unaudited) (millions of dollars)	Three months ended September 30 **2005**	 2004	Nine months ended September 30 **2005**	 2004
Revenues	**89.0**	81.6	**241.6**	246.4
Costs and expenses	**(18.7)**	(19.2)	**(52.8)**	(52.3)
Depreciation	**(14.5)**	(14.5)	**(43.2)**	(43.6)
Financial charges	**(10.7)**	(10.1)	**(31.9)**	(30.2)
Other income	**1.1**	(0.2)	**1.9**	0.3
Net income	**46.2**	37.6	**115.6**	120.6

Northern Border Pipeline amortized $0.4 million and $1.1 million in the three and nine months ended September 30, 2005, respectively, 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, 2005** (unaudited)	December 31, 2004
Assets		
Cash and cash equivalents	**21.0**	20.3
Other current assets	**37.6**	39.0
Plant, property and equipment, net	**1,519.5**	1,545.5
Other assets	**20.9**	20.2
	1,599.0	1,625.0
Liabilities and Partners' Equity		
Current liabilities	**56.4**	49.5
Reserves and deferred credits	**4.5**	4.5
Long-term debt	**602.4**	603.9
Partners' equity		
Partners' capital	**933.0**	963.3
Accumulated other comprehensive income	**2.7**	3.8
	1,599.0	1,625.0

Note 3 Investment in Tuscarora Gas Transmission Company

The Partnership owns a 49% general partner interest in Tuscarora, a general partnership which owns a 240-mile United States interstate pipeline system that transports natural gas from Oregon, where it interconnects to TransCanada's Gas Transmission Northwest System (GTN), 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 wholly-owned subsidiary of Sierra Pacific Resources is Tuscarora's largest shipper, accounting for approximately 69% of total available capacity through 2017. On September 1, 2000, the Partnership acquired its interest in Tuscarora from a subsidiary of TransCanada. As a result of the acquisition allocation, an annual amortization of $0.4 million has been included in the Partnership's equity income from Tuscarora. The amortization period ends in 2025. 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, 2005 and 2004 includes 49% of the net income of Tuscarora for the same periods. There were no undistributed earnings from Tuscarora as at September 30, 2005 and December 31, 2004.

The following table sets out summarized financial information representing 100% of the operations of Tuscarora for the three and nine months ended September 30, 2005 and 2004 and as at September 30, 2005 and December 31, 2004. TC PipeLines has held its general partner interest since September 1, 2000.

Tuscarora Income Statement

(unaudited) (millions of dollars)	Three months ended September30		Nine months ended September30	
	2005	2004	**2005**	2004
Revenues	**7.8**	8.1	**24.1**	24.4
Costs and expenses	**(1.0)**	(1.2)	**(3.2)**	(3.6)
Depreciation	**(1.5)**	(1.5)	**(4.6)**	(4.6)
Financial charges	**(1.5)**	(1.5)	**(4.4)**	(4.6)
Other income	**-**	-	**0.1**	-
Net income	**3.8**	3.9	**12.0**	11.6

Tuscarora Balance Sheet

(millions of dollars)	**September 30, 2005** (unaudited)	December 31, 2004
Assets		
Cash and cash equivalents	**6.5**	3.6
Other current assets	**2.8**	3.0
Plant, property and equipment, net	**133.1**	136.9
Other assets	**1.4**	1.4
	143.8	144.9
Liabilities and Partners' Equity		
Current liabilities	**8.4**	6.9
Long-term debt	**73.5**	75.9
Partners' equity		
Partners' capital	**61.8**	62.0
Accumulated other comprehensive income	**0.1**	0.1
	143.8	144.9

Note 4 Credit Facilities and Long-Term Debt

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 bore interest, at the option of the Partnership, at a one-, two-, three-, or six-month London Interbank Offered Rate (LIBOR) plus 1.25%. The purpose of the TransCanada Credit Facility was 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. At December 31, 2004, the Partnership had $6.5 million borrowings outstanding under the TransCanada Credit Facility. The interest rate on the TransCanada Credit Facility at December 31, 2004 was 3.75%. On February 22, 2005, the Partnership repaid in full its $6.5 million outstanding balance on the TransCanada Credit Facility. On July 31, 2005, the TransCanada Credit Facility expired and was not renewed as there were no anticipated drawings required under the facility.

On March 8, 2004 the Partnership renewed its $30.0 million unsecured credit facility (Revolving Credit Facility) with JPMorgan Chase Bank, NA, as administrative agent. Loans under the Revolving Credit Facility may bear interest at the option of the Partnership, at a one-, two-, three-, or six-month 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, at which time the Partnership expects to renew the facility. Amounts borrowed may be repaid in part or in full prior to that time without penalty. The Revolving Credit Facility may be used 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 Revolving Credit Facility requires that the Partnership's total debt, as of the last day of any fiscal quarter, be no more than the lesser of (i) 35% of capitalization as at the last day of such fiscal quarter, or (ii) 2.5 times the consolidated adjusted EBITDA (net income plus interest expense, income taxes and depreciation and amortization) for the period consisting of such fiscal quarter and the three preceding fiscal quarters. The Partnership repaid $6.0 million and $4.0 million on May 23, 2005 and August 22, 2005, respectively, on its Revolving Credit Facility. The Partnership had $20.0 million and $30.0 million outstanding under the Revolving Credit Facility at September 30, 2005 and December 31, 2004. The interest rate on the Revolving Credit Facility averaged 4.22% and 2.82% for the nine months ended September 30, 2005 and 2004, respectively, and at September 30, 2005 and December 31, 2004, the interest rate was 5.07% and 3.72%, 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 **2005**	 2004	Nine months ended September 30 **2005**	 2004
Net income	**14.8**	12.6	**37.9**	39.9
Net income allocated to general partner				
General partner interest	**(0.3)**	(0.2)	**(0.7)**	(0.8)
Incentive distribution income allocation	**(0.4)**	(0.5)	**(1.4)**	(1.1)
	(0.7)	(0.7)	**(2.1)**	(1.9)
Net income allocable to units	**14.1**	11.9	**35.8**	38.0
Weighted average units outstanding *(millions)*	**17.5**	17.5	**17.5**	17.5
Net income per unit	**$0.82**	$0.68	**$2.05**	$2.17

Note 6 Distributions

On October 18, 2005, the Board of Directors of the general partner declared the Partnership's 2005 third quarter cash distribution. The third quarter cash distribution is payable on November 14, 2005 to unitholders of record as of October 31, 2005. The total cash distribution of $10.7 million will be paid in the following manner: $10.0 million to common unitholders (including $1.2 million to the general partner as holder of 2,035,106 common units), $0.5 million to the general partner as holder of the incentive distribution rights, and $0.2 million to the general partner in respect of its 2% general partner interest.

Note 7 Accounting Pronouncements

In March 2005, the FASB issued Interpretation (FIN) No. 47, "Accounting for Conditional Asset Retirement Obligations - an interpretation of FASB Statement (SFAS) No. 143." The statement clarifies the term "conditional asset retirement obligation," as used in SFAS No. 143 and the circumstances under which an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The effective date of this interpretation is no later than the end of the fiscal year ending after December 15, 2005. The effect of adopting FIN 47 is not expected to be material to TC PipeLines' results of operations or financial position.

In June 2005, the FERC issued guidance describing how FERC-regulated companies should account for costs associated with implementing the pipeline integrity management requirements of the U.S. Department of Transportation's Office of Pipeline Safety. Under the guidance, costs to 1) prepare a plan to implement the program, 2) identify high consequence areas, 3) develop and maintain a record keeping system and 4) inspect, test and report on the condition of affected pipeline segments to determine the need for repairs or replacements, are required to be expensed. Costs of modifying pipelines to permit in-line inspections, certain costs associated with developing or enhancing computer software and costs associated with remedial and mitigation actions to correct an identified condition can be capitalized. The guidance is effective January 1, 2006, to be applied prospectively. The effect of adopting this order is not expected to be material to TC PipeLines' results of operations or financial position.

Note 8 Subsequent Events

Northern Border Pipeline declared a distribution of approximately $57.0 million on November 1, 2005. The Partnership received its 30% share ($17.1 million) on November 1, 2005.

Tuscarora declared a distribution of approximately $4.1 million on October 12, 2005. The Partnership received its 49% share ($2.0 million) on October 31, 2005.