UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2008**

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from _________ to _________

Commission File Number: 000-26091
TC PipeLines, LP
(Exact name of registrant as specified in its charter)

Delaware	52-2135448
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

13710 FNB Parkway Omaha, Nebraska	68154-5200
(Address of principal executive offices)	(Zip code)

877-290-2772
(Registrant's telephone number, including area code)

Indicate by check mark if the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.
Large accelerated filer [X] Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company) Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

As of April 30, 2008, there were 34,856,086 of the registrant’s common units outstanding.

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All amounts are stated in United States dollars unless otherwise indicated.

Glossary

The abbreviations, acronyms, and industry terminology used in this quarterly report are defined as follows:

Bcf/d	Billion cubic feet per day
DCF	Discounted cash flow
Dth/d	Dekatherms per day
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	U.S. generally accepted accounting principles
Great Lakes	Great Lakes Gas Transmission Limited Partnership
GTN	Gas Transmission Northwest Corporation
LIBOR	London Interbank Offered Rate
MLP	Master Limited Partnership
MMcf/d	Million cubic feet per day
NOPR	Notice of Proposed Rulemaking
Northern Border	Northern Border Pipeline Company
Our pipeline systems	Great Lakes, Northern Border and Tuscarora
ROE	Return on equity
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
TCNB	TransCanada Northern Border Inc.
TransCanada	TransCanada Corporation and its subsidiaries
Tuscarora	Tuscarora Gas Transmission Company
U.S	United States of America
WCSB	Western Canada Sedimentary Basin

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

TC PipeLines, LP
Consolidated Statement of Income

(unaudited) *(millions of dollars except per common unit amounts)*	**Three months ended March 31,** **2008**	 2007
Equity income from investment in Great Lakes (Note 2)	**18.6**	7.0
Equity income from investment in Northern Border (Note 3)	**19.5**	17.8
Transmission revenues	**6.9**	6.9
Operating expenses	**(2.2)**	(2.0)
Depreciation	**(1.6)**	(1.6)
Financial charges, net and other	**(7.6)**	(8.1)
Net income	**33.6**	20.0
Net income allocation		
Common units	**31.0**	19.0
General partner	**2.6**	1.0
	33.6	20.0
Net income per common unit (Note 6)	**$0.89**	$0.77
Weighted average common units outstanding *(millions)*	**34.9**	24.6
Common units outstanding, end of the period *(millions)*	**34.9**	34.9

Consolidated Statement of Comprehensive Income

(unaudited) *(millions of dollars)*	**Three months ended March 31,** **2008**	 2007
Net income	**33.6**	20.0
Other comprehensive loss		
Change associated with current period hedging transactions (Note 9)	**(12.3)**	(1.2)
Change associated with current period hedging transactions of investees	**(1.6)**	(0.3)
	(13.9)	(1.5)
Total comprehensive income	**19.7**	18.5

See accompanying notes to the consolidated financial statements.

TC PipeLines, LP
Consolidated Balance Sheet

(unaudited)

(millions of dollars)	**March 31, 2008**	December 31, 2007
ASSETS		
Current Assets		
Cash and short-term investments	**1.6**	7.5
Accounts receivable and other	**3.5**	4.2
	5.1	11.7
Investment in Great Lakes (Note 2)	**728.1**	721.1
Investment in Northern Border (Note 3)	**536.6**	541.9
Plant, property and equipment (net of $63.3 million accumulated depreciation, 2007 - $61.7 million)	**137.2**	134.1
Goodwill	**81.7**	81.7
Other assets	**1.9**	2.1
	1,490.6	1,492.6
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Bank indebtedness	-	1.4
Accounts payable	**5.3**	4.8
Accrued interest	**3.6**	3.0
Current portion of long-term debt (Note 5)	**4.6**	4.6
	13.5	13.8
Other long-term liabilities	**22.1**	9.9
Long-term debt (Note 5)	**560.8**	568.8
	596.4	592.5
Partners' Equity		
Common units	**900.1**	892.3
General partner	**19.3**	19.1
Accumulated other comprehensive loss	**(25.2)**	(11.3)
	894.2	900.1
	1,490.6	1,492.6

Subsequent events (Note 10)

See accompanying notes to the consolidated financial statements.

TC PipeLines, LP
Consolidated Statement of Cash Flows

(unaudited) *(millions of dollars)*	**Three months ended March 31,** **2008**	 2007
CASH GENERATED FROM OPERATIONS		
Net income	**33.6**	20.0
Depreciation	**1.6**	1.6
Amortization of other assets	**0.1**	0.1
Equity income in excess of distributions received from Great Lakes	-	(7.0)
Increase in long-term liabilities	**0.1**	-
Equity allowance for funds used during construction	**(0.2)**	-
Decrease in operating working capital	**0.4**	1.0
	35.6	15.7
INVESTING ACTIVITIES		
Reduction in the return of capital from Great Lakes	**(7.0)**	-
Return of capital from Northern Border (Note 3)	**3.6**	4.4
Investment in Great Lakes (Note 2)	-	(733.3)
Investment in Tuscarora, net of cash acquired (Note 4)	-	0.1
Capital expenditures	**(4.5)**	(0.6)
Other assets	-	(1.1)
	(7.9)	(730.5)
FINANCING ACTIVITIES		
Distributions paid	**(25.6)**	(11.3)
Equity issuances, net	-	607.3
Long-term debt issued	-	133.0
Long-term debt repaid (Note 5)	**(8.0)**	(9.0)
	(33.6)	720.0
(Decrease)/increase in cash and short-term investments	**(5.9)**	5.2
Cash and short-term investments, beginning of period	**7.5**	4.6
Cash and short-term investments, end of period	**1.6**	9.8
Interest payments made	**7.1**	5.6

See accompanying notes to the consolidated financial statements.

TC PipeLines, LP
Consolidated Statement of Changes in Partners' Equity

(unaudited)	Common Units		General Partner	Accumulated Other Comprehensive Loss [1]	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, 2007	34.9	892.3	19.1	(11.3)	34.9	900.1
Net income	-	31.0	2.6	-	-	33.6
Distributions paid	-	(23.2)	(2.4)	-	-	(25.6)
Other comprehensive loss	-	-	-	(13.9)	-	(13.9)
Partners' equity at March 31, 2008	**34.9**	**900.1**	**19.3**	**(25.2)**	**34.9**	**894.2**

[1] Based on interest rates at March 31, 2008, the amount of losses related to cash flow hedges reported in accumulated other comprehensive income that will be reclassified to net income in the next 12 months is $7.0 million, which will be offset by a reduction to interest expense of a similar amount.

See accompanying notes to the consolidated financial statements.

TC PipeLines, LP
Notes to Consolidated Financial Statements

Note 1 Organization and Significant Accounting Policies
TC PipeLines, LP and its subsidiaries are collectively referred to herein as "TC PipeLines" or "the Partnership". In this report, references to "we", "us" or "our" refer to TC PipeLines or the Partnership.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates. In the opinion of management, these consolidated financial statements have been properly prepared within reasonable limits of materiality and include all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the financial results for the interim periods presented.

The results of operations for the three months ended March 31, 2008 and 2007 are not necessarily indicative of the results that may be expected for a full fiscal year. The unaudited interim financial statements should be read in conjunction with the financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2007. Our significant accounting policies are consistent with those disclosed in Note 2 of the financial statements in our annual report on Form 10-K for the year ended December 31, 2007. Certain comparative figures have been reclassified to conform to the current period's presentation. Amounts are stated in U.S. dollars.

Note 2 Investment in Great Lakes
On February 22, 2007, we acquired a 46.45 per cent general partner interest in Great Lakes Gas Transmission Limited Partnership (Great Lakes). On the same day, a wholly-owned subsidiary of TransCanada Corporation (TransCanada) became the operator of Great Lakes. Great Lakes is regulated by the Federal Energy Regulatory Commission (FERC).

We use the equity method of accounting for our interest in Great Lakes. Great Lakes had no undistributed earnings for the period ended March 31, 2008 (period February 23, 2007 to March 31, 2007 - $7.0 million).

The following tables contain summarized financial information of Great Lakes:

Summarized Consolidated Great Lakes Income Statement

(unaudited) *(millions of dollars)*	**Three months ended March 31, 2008**	For the period from February 23 to March 31, 2007
Transmission revenues	**79.7**	30.4
Operating expenses	**(15.1)**	(6.1)
Depreciation	**(14.6)**	(5.9)
Financial charges, net and other	**(8.2)**	(3.4)
Michigan business tax	**(1.7)**	-
Net income	**40.1**	15.0

Summarized Consolidated Great Lakes Balance Sheet

(unaudited) *(millions of dollars)*	**March 31, 2008**	December 31, 2007
Assets		
Cash and short-term investments	**60.6**	32.0
Other current assets	**44.3**	55.5
Plant, property and equipment, net	**957.3**	969.2
	1,062.2	1,056.7
Liabilities and Partners' Equity		
Current liabilities	**41.1**	50.7
Deferred credits	**0.4**	0.4
Long-term debt, including current maturities	**440.0**	440.0
Partners' capital	**580.7**	565.6
	1,062.2	1,056.7

Note 3 Investment in Northern Border

We own a 50 per cent general partner interest in Northern Border Pipeline Company (Northern Border). Effective April 1, 2007, TransCanada Northern Border Inc. (TCNB), a wholly-owned subsidiary of TransCanada, became the operator of Northern Border. Northern Border is regulated by the FERC.

We use the equity method of accounting for our interest in Northern Border. Northern Border had no undistributed earnings for the periods ended March 31, 2008 and 2007.

The following tables contain summarized financial information of Northern Border:

Summarized Northern Border Income Statement

(unaudited)	**Three months ended March 31,**	
(millions of dollars)	**2008**	2007
Transmission revenues	**83.8**	79.6
Operating expenses	**(19.4)**	(17.8)
Depreciation	**(15.2)**	(15.3)
Financial charges, net and other	**(9.7)**	(10.4)
Net income	**39.5**	36.1

Summarized Northern Border Balance Sheet

(unaudited) *(millions of dollars)*	**March 31, 2008**	December 31, 2007
Assets		
Cash and short-term investments	**18.1**	22.9
Other current assets	**34.5**	39.8
Plant, property and equipment, net	**1,415.0**	1,428.3
Other assets	**24.8**	23.9
	1,492.4	1,514.9
Liabilities and Partners' Equity		
Current liabilities	**45.9**	53.4
Deferred credits and other	**11.2**	8.1
Long-term debt, including current maturities	**607.3**	615.3
Partners' equity		
Partners' capital	**833.7**	840.5
Accumulated other comprehensive loss	**(5.7)**	(2.4)
	1,492.4	1,514.9

Note 4 Investment in Tuscarora

As of December 31, 2007, we acquired the remaining two per cent general partner interest in Tuscarora Gas Transmission Company (Tuscarora), thereby making it a wholly-owned subsidiary. Tuscarora is operated by TCNB and is regulated by the FERC.

We use the consolidation method of accounting for our investment in Tuscarora.

The following tables contain summarized financial information of Tuscarora:

Summarized Tuscarora Income Statement

(unaudited)	**Three months ended March 31,**	
(millions of dollars)	**2008**	2007
Transmission revenues	**6.9**	6.9
Operating expenses	**(1.2)**	(1.2)
Depreciation	**(1.6)**	(1.6)
Financial charges, net and other	**(0.9)**	(1.2)
Net income	**3.2**	2.9

Summarized Tuscarora Balance Sheet

(unaudited) *(millions of dollars)*	**March 31, 2008**	December 31, 2007
Assets		
Cash and short-term investments	-	6.1
Other current assets	**9.2**	2.6
Plant, property and equipment, net	**137.2**	134.1
Other assets	**0.5**	0.6
	146.9	143.4
Liabilities and Partners' Equity		
Current liabilities	**6.4**	6.1
Long-term debt, including current maturities	**66.4**	66.4
Partners' capital	**74.1**	70.9
	146.9	143.4

Summarized Tuscarora Cash Flow Statement

(unaudited)	**Three months ended March 31,**	
(millions of dollars)	**2008**	2007
Cash flows provided by operating activities	**6.6**	5.1
Cash flows used in investing activities	**(4.5)**	(0.6)
Cash flows used in financing activities	**(8.2)**	-
Decrease/(increase) in cash and short-term investments	**(6.1)**	4.5
Cash and short-term investments, beginning of period	**6.1**	2.9
Cash and short-term investments, end of period	-	7.4

Note 5 Credit Facility and Long-Term Debt

(unaudited) *(millions of dollars)*	**March 31, 2008**	December 31, 2007
Senior Credit Facility	**499.0**	507.0
Series A Senior Notes due 2010	**54.5**	54.5
Series B Senior Notes due 2010	**5.5**	5.5
Series C Senior Notes due 2012	**6.4**	6.4
	565.4	573.4

We had $499.0 million outstanding under the Senior Credit Facility at March 31, 2008 (December 31, 2007 - $507.0 million). The interest rate on the Senior Credit Facility averaged 5.02 per cent for the three months ended March 31, 2008 (2007 - - 6.12 per cent). After hedging activity, the interest rate incurred on the Senior Credit Facility averaged 5.28 per cent for the three months ended March 31, 2008 (2007 – 5.98 per cent). Prior to hedging activities, the interest rate was 3.52 per cent at March 31, 2008 (December 31, 2007 – 5.62 per cent). At March 31, 2008, we were in compliance with our financial covenants.

Annual maturities of the long-term debt are as follows: 2008 - $4.6 million; 2009 - $4.4 million; 2010 - $53.5 million; 2011 - $499.8 million; and, thereafter - $3.1 million.

Note 6 Net Income per Common Unit

Net income per common unit is computed by dividing net income, after deduction of the general partner's allocation, by the weighted average number of common units outstanding. The general partner's allocation is equal to an amount based upon the general partner's two per cent interest, adjusted to reflect an amount equal to incentive distributions. Incentive distributions are received by the general partner if quarterly cash distributions on the common units exceed levels specified in the partnership agreement. Net income per common unit was determined as follows:

(unaudited) *(millions of dollars except per unit amounts)*	**Three months ended March 31,** **2008**	 2007
Net income	**33.6**	20.0
Net income allocated to general partner		
General partner interest	**(0.7)**	(0.4)
Incentive distribution income allocation	**(1.9)**	(0.6)
	(2.6)	(1.0)
Net income allocable to common units	**31.0**	19.0
Weighted average common units outstanding *(millions)*	**34.9**	24.6
Net income per common unit	**$ 0.89**	$ 0.77

Note 7 Cash Distributions

For the three months ended March 31, 2008, we distributed $0.665 per common unit (2007 – $0.60 per common unit). The distributions for the three months ended March 31, 2008 included incentive distributions to the general partner of $1.9 million (2007 - $0.6 million).

Note 8 Related Party Transactions

The Partnership does not have any employees. The management and operating functions are provided by the general partner. The general partner does not receive a management fee or other compensation in connection with its management of the Partnership. The Partnership reimburses the general partner for all costs of services provided, including the costs of employee, officer and director compensation and benefits, and all other expenses necessary or appropriate to the conduct of the business of, and allocable to, the Partnership. Such costs include (i) overhead costs (such as office space and equipment) and (ii) out-of-pocket expenses related to the provision of such services. The Partnership Agreement provides that the general partner will determine the costs that are allocable to the Partnership in any reasonable manner determined by the general partner in its sole discretion. Total costs charged to the Partnership by the general partner were $0.5 million for the three months ended March 31, 2008 (2007 - $0.4 million).

The operator of Great Lakes became a wholly-owned subsidiary of TransCanada through TransCanada's acquisition of Great Lakes Gas Transmission Company on February 22, 2007. On December 19, 2006, the Partnership acquired an additional 49 per cent general partner interest in Tuscarora. In connection with this transaction, TCNB became the operator of Tuscarora. TransCanada and its affiliates provide capital and operating services to Great Lakes, Northern Border and Tuscarora (together, "our pipeline systems"). TransCanada and its affiliates incur costs on behalf of our pipeline systems, including, but not limited to, employee benefit costs, property and liability insurance costs, and transition costs. Total costs charged to our pipeline systems during the three months ended March 31, 2008 and 2007 by TransCanada and its affiliates and amounts owed to TransCanada and its affiliates at March 31, 2008 and December 31, 2007 are summarized in the following table:

(unaudited) *(millions of dollars)*	**Three months ended March 31, 2008**	2007
Costs charged by TransCanada and its affiliates:		
Great Lakes[1]	**7.3**	4.1
Northern Border	**6.8**	-
Tuscarora	**1.1**	0.1
Impact on the Partnership's net income:		
Great Lakes[1]	**3.4**	1.9
Northern Border	**3.3**	-
Tuscarora	**0.7**	0.1

[1] The amounts disclosed for Great Lakes are for the period February 23 to March 31, 2007.

(unaudited) *(millions of dollars)*	**March 31, 2008**	December 31, 2007
Amount owed to TransCanada and its affiliates:		
Great Lakes	**4.7**	1.9
Northern Border	**2.2**	3.0
Tuscarora	**4.1**	3.5

Great Lakes earns transportation revenues from TransCanada and its affiliates under fixed price contracts with remaining terms ranging from one to ten years. Great Lakes earned $30.3 million of transportation revenues under these contracts for the three months ended March 31, 2008 (February 23, 2007 to March 31, 2007 - $12.9 million). This amount represents 38.1 per cent of total revenues earned by Great Lakes for the three months ended March 31, 2008 (February 23, 2007 to March 31, 2007 – 42.4 per cent). $14.1 million of this transportation revenue is included in our equity income from Great Lakes for the three months ended March 31, 2008 (February 23, 2007 to March 31, 2007 - $6.0 million). At March 31, 2008, $9.6 million is included in Great Lakes' receivables in regards to the transportation contracts with TransCanada and its affiliates (December 31, 2007 - - $10.0 million).

Note 9 Derivative Financial Instruments

The interest rate swaps and options are structured such that the cash flows match those of the Senior Credit Facility. The notional amount hedged was $475.0 million during the three months ended March 31, 2008 (2007 - $300.0 million). At March 31, 2008, the fair value of the interest rate swaps and options accounted for as hedges was negative $22.1 million (December 31, 2007 – negative $9.8 million). Effective January 1, 2008, we adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157). Under SFAS 157, these financial assets and liabilities that are recorded at fair value on a recurring basis are categorized into one of three categories based upon a fair value hierarchy. We have classified the interest rate swaps and option as level II where the fair value is determined by using valuation techniques that refer to observable market data or estimated market prices. During the three months ended March 31, 2008, we recorded interest expense of $0.3 million in regards to the interest rate swaps and options.

Note 10 Subsequent Events

On April 17, 2008, the Board of Directors of the general partner declared the Partnership's first quarter 2008 cash distribution in the amount of $0.70 per common unit, payable on May 15, 2008, to unitholders of record on April 30, 2008. The cash distribution represents an increase over the previous quarter of $0.035 per common unit, or $0.14 per unit per annum, to an indicated annual cash distribution of $2.80 per common unit.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

The statements in this report that are not historical information, including statements concerning plans and objectives of management for future operations, economic performance or related assumptions, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements may include words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "forecast" and other words and terms of similar meaning. The absence of these words, however, does not mean that the statements are not forward-looking.

These statements reflect our current views with respect to future events, based on what we believe are reasonable assumptions. Certain factors that could cause actual results to differ materially from those contemplated in the forward-looking statements include:

- the ability of Great Lakes and Northern Border to continue to make distributions at their current levels;
- the impact of unsold capacity on Great Lakes and Northern Border being greater or less than expected;
- competitive conditions in our industry and the ability of our pipeline systems to market pipeline capacity on favorable terms, which is affected by:
    - future demand for and prices of natural gas;
    - competitive conditions in the overall natural gas and electricity markets;
    - availability of supplies of Canadian and U.S. natural gas;
    - availability of additional storage capacity and current storage levels;
    - weather conditions; and
    - competitive developments by Canadian and U.S. natural gas transmission companies;
- the Alberta (Canada) government's decision to implement a new royalty regime effective January 2009 may affect the amount of exploration and drilling in the Western Canada Sedimentary Basin (WCSB);
- the results of the Bison Pipeline Project Open Season and whether or not Northern Border proceeds with the project;
- performance of contractual obligations by customers of our pipeline systems;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- the impact of current and future laws, rulings and governmental regulations, particularly FERC regulations, on us and our pipeline systems;
- our ability to control operating costs; and
- prevailing economic conditions, including conditions of the capital and equity markets and our ability to access these markets.

Other factors described elsewhere in this document, or factors that are unknown or unpredictable, could also have material adverse effects on future results. Please also read Item 1A. "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2007 and Item 1A. "Risk Factors" of this report for the quarter ended March 31, 2008. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. The forward-looking statements and information is made only as of the date of the filing of this report, and except as required by applicable law, we undertake no obligation to update these forward-looking statements and information to reflect new information, subsequent events or otherwise.

The following discusses the results of operations and liquidity and capital resources of TC PipeLines, along with those of Great Lakes, Northern Border and Tuscarora (together "our pipeline systems") as a result of the Partnership's ownership interests.

The following discussion and analysis should be read in conjunction with our unaudited financial statements and notes thereto included elsewhere in this report. See Item 1. "Financial Statements". All amounts are stated in U.S. dollars.

PARTNERSHIP OVERVIEW

TC PipeLines, LP was formed in 1998 as a Delaware limited partnership by TransCanada PipeLines Limited, a wholly-owned subsidiary of TransCanada Corporation, to acquire, own and participate in the management of energy infrastructure assets in North America. Our strategic focus is on delivering stable, sustainable cash distributions to our unitholders and finding opportunities to increase cash distributions while maintaining a low risk profile.

TC PipeLines, LP and its subsidiaries are collectively referred to herein as "TC PipeLines" or "the Partnership." In this report, references to "we", "us" or "our" collectively refer to TC PipeLines or the Partnership. The general partner of the Partnership is TC PipeLines GP, Inc., a wholly-owned subsidiary of TransCanada.

We own a 46.45 per cent general partner interest in Great Lakes, which we acquired on February 22, 2007 from El Paso Corporation. The other 53.55 per cent general partner interest in Great Lakes is held by TransCanada.

We own a 50 per cent general partner interest in Northern Border, while the other 50 per cent interest is held by ONEOK Partners, L.P., a publicly traded limited partnership that is controlled by ONEOK, Inc.

As of December 31, 2007, we acquired the remaining two per cent general partner interest in Tuscarora, thereby making it our wholly-owned subsidiary.

Our general partner interests in Great Lakes, Northern Border and Tuscarora represent our only material assets at March 31, 2008. As a result, we are dependent upon our pipeline systems for all of our available cash. Our pipeline systems derive their operating revenue from transportation of natural gas.

Great Lakes Overview

Great Lakes is a Delaware limited partnership formed in 1990. Great Lakes was originally constructed as an operational loop of the TransCanada Mainline Northern Ontario system. Great Lakes receives natural gas from TransCanada at the Canadian border near Emerson, Manitoba and extends across Minnesota, Northern Wisconsin and Michigan, and redelivers gas to TransCanada at the Canadian border at Sault Ste. Marie, Michigan and St. Clair, Michigan.

Northern Border Overview

Northern Border is a Texas general partnership formed in 1978. Northern Border transports natural gas from the Canadian border near Port of Morgan, Montana to a terminus near North Hayden, Indiana. Additionally, Northern Border transports natural gas produced in the Williston Basin of Montana and North Dakota and the Powder River Basin of Wyoming and Montana and synthetic gas produced at the Dakota Gasification plant in North Dakota.

Tuscarora Overview

Tuscarora is a Nevada general partnership formed in 1993. Tuscarora originates at an interconnection point with existing facilities of Gas Transmission Northwest Corporation (GTN), a wholly-owned subsidiary of TransCanada, near Malin, Oregon and runs southeast through Northeastern California and Northwestern Nevada. Tuscarora's pipeline system terminates near Wadsworth, Nevada. Along its route, deliveries are made in Oregon, Northern California and Northwestern Nevada.

FACTORS THAT IMPACT THE BUSINESS OF OUR PIPELINE SYSTEMS

Key factors that impact the business of our pipeline systems are the supply of and demand for natural gas in the markets in which our pipeline systems operate; the customers of our pipeline systems and the mix of services they require; competition; and government regulation of natural gas pipelines.

Supply and Demand of Natural Gas

Our pipeline systems depend upon the WCSB for the majority of the natural gas that they transport. Overall flows out of the WCSB were lower for the first quarter of 2008 as compared to the same period last year; however, the impact of this decline on any given pipeline is dependent upon market conditions in the markets those pipelines serve. The decline in WCSB gas available for export did not negatively impact throughput on our pipeline systems during the first quarter of 2008 due to favorable market conditions. There are some factors that may mitigate this decline in the future such as strengthening gas prices, clarification of the recently announced Alberta Royalty Regime as it affects natural gas production, and announcements regarding potential natural gas supply discoveries associated with shale gas plays in Western Canada.

Western U.S. demand for Canadian natural gas may decrease this summer due to above normal snowpack in that region, which could cause gas-fired electric generation to be displaced with hydroelectric generation. Canadian natural gas displaced by hydroelectric generation in the Western U.S. is viewed as a positive market fundamental for Great Lakes and Northern Border, potentially increasing Midwestern and Eastern U.S. demand for transportation services on Great Lakes and Northern Border in the upcoming summer months. Tuscarora is generally unaffected by the shift to hydroelectric generation because of its long-term contracts.

The replacement of below normal natural gas storage inventories in Canada could reduce demand for transportation services on Northern Border in the upcoming summer months. However, reduced storage inventories generally increases demand for Great Lakes' transportation, as customers use Great Lakes during the summer months to access and fill storage locations adjacent to its pipeline.

Contracting

For the period ending March 31, 2008, Great Lakes' average contracted capacity compared to design capacity was 114 per cent. For March 2007, Great Lakes' average contracted capacity compared to design capacity was 113 per cent. At March 31, 2008, 93 per cent of capacity was contracted on a firm basis for the remainder of the year. At March 31, 2008, the weighted average remaining life of Great Lakes' firm transportation contracts was 2.4 years.

Northern Border's average contracted capacity was 106 per cent and 103 per cent of its design capacity for the three months ended March 31, 2008 and 2007, respectively. At March 31, 2008, approximately 64 per cent of Northern Border's design capacity was contracted on a firm basis for the remainder of the year. At March 31, 2008, the weighted average contract life of Northern Border's firm transportation contracts was 1.1 years.

RECENT DEVELOPMENTS

Northern Border

Bison Pipeline Project – On April 4, 2008, Northern Border announced that its wholly-owned subsidiary, Bison Pipeline LLC, is conducting a binding open season for potential shippers to request firm pipeline capacity on a proposed new pipeline system. Should this project be built, it will provide another transportation source for Northern Border shippers to export natural gas supply from the Rockies basin.

It is anticipated that the Bison Pipeline Project will consist of approximately 289 miles of 24-inch diameter pipeline, compression and related facilities, originating at the natural gas gathering facilities of Fort Union Gas Gathering, L.L.C. and Bighorn Gas Gathering, LLC near Dead Horse, Wyoming. The pipeline would extend in a northeasterly direction to its terminus in Morton County, North Dakota near Northern Border's Compressor Station No. 6. The initial capacity of the Bison Pipeline Project is anticipated to be approximately 400 million cubic feet per day (MMcf/d) with a maximum capacity of 660 MMcf/d. However, the ultimate capacity of the pipeline will be determined by the level of binding shipper commitments. The projected in-service date for the Bison Pipeline Project is November 15, 2010. It is estimated that this project will cost approximately $498 million. The final transportation rates and potential revenue are dependent upon the final project scope and shipper demand for the project, which may be affected by competition from other proposed pipeline projects to transport natural gas from the Rockies basin. The Bison Pipeline Project is contingent on the results of the binding open season and regulatory approvals.

Demand Outlook – As anticipated, demand for Northern Border’s transportation services is being affected by additional supply in Midwestern markets. Interim service of the Western segment of the Rockies Express Pipeline from Weld County, Colorado to Brown County, Kansas began in January 2008, and full service of the Western segment to Audrain County, Missouri is expected to begin in May 2008. The Western segment of the Rockies Express Pipeline did not impact volumes and rates during the first quarter as Northern Border’s sustainable capacity was fully contracted through the end of the winter season and demand due to cold weather increased daily capacity sales. However, with throughput on the Rockies Express Pipeline ramping up to over one billion cubic feet per day (Bcf/d) combined with lower demand in the spring shoulder months, Northern Border now expects lower throughput and greater discounting through this period, which is expected to lead to a reduction in revenue. We anticipate that increased demand during the summer for cooling and refilling of storage in the Mid-Continent and neighboring market regions will dampen the impact of this new supply on Northern Border’s capacity sales. The Eastern segment of the Rockies Express Pipeline, from Missouri to Ohio, is expected to be placed in service by June 2009, and is anticipated to transport natural gas further east, potentially mitigating excess supply in Northern Border’s market.

Tuscarora

Compressor Station Expansion Project – Tuscarora’s compressor station expansion project to support Sierra Pacific Power Company’s Tracy Combined Cycle Power Plant went into service on April 1, 2008, with a final cost within the original cost estimate. The new contract of 40,000 Dekatherms per day (Dth/d) will generate approximately $5.8 million of annual revenue.

REGULATORY DEVELOPMENTS

Energy Affiliates – In November 2003, the FERC adopted revised standards of conduct which govern the relationships between regulated interstate natural gas pipelines and their energy affiliates. The new standards of conduct were designed to prevent interstate natural gas pipelines from giving any undue preference to their energy affiliates and ensure that transmission service is provided on a nondiscriminatory basis. In November 2006, the United States Court of Appeals for the District of Columbia vacated the FERC’s order regarding standards of conduct for energy affiliates of natural gas pipelines and remanded the matter back to the FERC. On January 9, 2007, the FERC issued Order No. 690, Standards of Conduct for Transmission Providers (the Interim Rule) as the Commission’s interim response to the Appeals Court decision. The Interim Rule reduced the application of the standards of conduct for interstate natural gas pipelines to the relationship between the pipelines and their marketing affiliates as defined in the FERC’s rules that were in effect prior to the current regulations and made certain other revisions that were subject to the appeal. Requests for clarifications, and in the alternative, rehearing of the Interim Rule have been filed. On January 18, 2007, the FERC issued a Notice of Proposed Rulemaking (NOPR), which if accepted as the final rule, would have made permanent the Interim Rule’s applicability of the standards of conduct to govern the relationship between interstate natural gas pipelines and their marketing affiliates. However, on March 21, 2008, FERC substantially revised the Notice of Proposed Rulemaking to modify the approach proposed in the initial NOPR. The Commission's goal is to provide clearer guidance in three areas. These areas are independent functioning rules for transmission and marketing employees, no-conduit rules to prevent the communication of transmission information to marketing affiliates and transparency rules that would take certain information out from under the no-conduit rules by contemporaneously posting on a pipeline's Internet website. The NOPR is currently the subject matter of a comment period and is subject to change. Therefore, we cannot predict the impact or timing of a final rule.

Composition of Proxy Groups for Rates of Return Determinations - On July 19, 2007, the FERC issued a policy statement proposing to update its standards regarding the composition of proxy groups used to determine the appropriate returns on equity (ROE) under the Discounted Cash Flow (DCF) model for natural gas and oil pipelines. The proposed policy statement would permit the inclusion of master limited partnerships (MLPs) in the proxy group for purposes of calculating returns on equity under the DCF analysis. On April 17, 2008, the FERC issued a final policy statement (Policy Statement) in this proceeding, which concluded that (1) MLPs should be included in the ROE proxy group for both oil and gas pipelines; (2) there should be no cap on the level of distributions included in the FERC’s current DCF methodology; (3) the Institutional Brokers Estimated System forecasts should remain the

basis for the short-term growth forecast used in the DCF calculation; (4) there should be an adjustment to the long-term growth rate used to calculate the equity cost of capital for an MLP, which will be set at 50 per cent of the long-term GDP growth rate, rather than the full long-term GDP growth rate currently used for corporations; and (5) there should be no modification to the current respective two-thirds and one-third weightings of the short- and long-term growth factors. Moreover, the Commission will not explore other methods for determining a pipeline's equity cost of capital at this time. The Commission also concludes that this Policy Statement should govern all gas and oil pipeline rate proceedings. The impact to pipelines will be determined on a case by case basis and the impact on our pipeline systems cannot be determined at this time and will not be known until their next rate case.

RESULTS OF OPERATIONS OF TC PIPELINES

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions with respect to values or conditions which cannot be known with certainty, that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Although we believe these estimates and assumptions are reasonable, actual results could differ. There were no significant changes to our critical accounting policies and estimates during the three months ended March 31, 2008.

Information about our critical accounting estimates is included under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our annual report on Form 10-K for the year ended December 31, 2007.

Recent Accounting Pronouncements

In March 2008, the Financial Accounting Standards Board (FASB) issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (SFAS No. 161) as an amendment to SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 161 requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. SFAS No. 161 is effective for our fiscal year beginning January 1, 2009, and we are currently evaluating its applicability to our results of operations and financial position.

Net Income

To supplement our financial statements, we have presented a comparison of the earnings contribution components from each of our investments. We have presented net income in this format in order to enhance investors' understanding of the way management analyzes our financial performance. We believe this summary provides a more meaningful comparison of our net income to prior periods, as we account for our partially owned pipeline systems using the equity method. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with GAAP.

The shaded areas in the tables below disclose the results from Great Lakes and Northern Border, representing 100 per cent of each entity's operations for the given period.

(unaudited) (millions of dollars)	**Partnership**	Tuscarora[1]	Corporate	Great Lakes	Northern Border [2]
	For the three months ended March 31, 2008				
Transmission revenues	**6.9**	6.9	-	79.7	83.8
Operating expenses	**(2.2)**	(1.2)	(1.0)	(15.1)	(19.4)
	4.7	5.7	(1.0)	64.6	64.4
Depreciation	**(1.6)**	(1.6)	-	(14.6)	(15.2)
Financial charges, net and other	**(7.6)**	(0.9)	(6.7)	(8.2)	(9.7)
Michigan business tax	-	-	-	(1.7)	-
				40.1	39.5
Equity income	**38.1**	-	-	18.6	19.5
Net income	**33.6**	3.2	(7.7)	18.6	19.5

[1] TC PipeLines owns a 100 per cent general partner interest in Tuscarora following the acquisition of an additional two per cent interest on December 31, 2007.

[2] TC PipeLines owns a 50 per cent general partner interest in Northern Border. Equity income from Northern Border includes amortization of a $10 million transaction fee paid to the operator of Northern Border at the time of the additional 20 per cent acquisition in April 2006.

(unaudited) (millions of dollars)	**Partnership**	Tuscarora	Corporate	Great Lakes[3] Feb 23 - Mar 31	Northern Border[4]
	For the three months ended March 31, 2007				
Transmission revenues	**6.9**	6.9	-	30.4	79.6
Operating expenses	**(2.0)**	(1.2)	(0.8)	(6.1)	(17.8)
	4.9	5.7	(0.8)	24.3	61.8
Depreciation	**(1.6)**	(1.6)	-	(5.9)	(15.3)
Financial charges, net and other	**(8.1)**	(1.2)	(6.9)	(3.4)	(10.4)
				15.0	36.1
Equity income	**24.8**	-	-	7.0	17.8
Net income	**20.0**	2.9	(7.7)	7.0	17.8

[3] TC PipeLines acquired a 46.45 per cent general partner interest in Great Lakes on February 22, 2007.

[4] TC PipeLines owns a 50 per cent general partner interest in Northern Border. Equity income from Northern Border includes amortization of a $10 million transaction fee paid to the operator of Northern Border at the time of the additional 20 per cent acquisition in April 2006.

First Quarter 2008 Compared with First Quarter 2007

Net income increased $13.6 million, or 68 per cent, to $33.6 million in the first quarter of 2008, compared to $20.0 million in the first quarter of 2007. This was primarily due to increased equity income from Great Lakes in 2008.

Equity income from Great Lakes was $18.6 million in the first quarter of 2008, an increase of $11.6 million or 166 per cent, compared to $7.0 million for the period February 23 to March 31, 2007. The increase in equity income, which was in line with our expectations, was primarily due to a full quarter of income contribution in 2008 as compared to 37 days in the first quarter of 2007. In the first quarter of 2008, Great Lakes recorded Michigan business tax of $1.7 million, which is a new partnership level tax. The Partnership's share of the Michigan business tax was $0.8 million.

Equity income from Northern Border was $19.5 million in the first quarter of 2008, an increase of $1.7 million or ten per cent, compared to $17.8 million in the same period last year. Northern Border's net income increased $3.4 million, or nine per cent, to $39.5 million in the first quarter of 2008 compared to $36.1 million in the first quarter of 2007. The increase in net income was primarily due to increased transmission revenues, partially offset by increased operating

expenses. Transmission revenues increased $4.2 million for the three months ended March 31, 2008 compared to the same period last year due primarily to an increase in overall volumes sold. Operating expenses increased $1.6 million for the three months ended March 31, 2008 compared to the same period last year primarily due to increased general and administrative expenses and increased expense related to the over recovery of the compressor usage surcharge, partially offset by decreased taxes other than income.

Tuscarora's net income for the first quarter of 2008 of $3.2 million was consistent with the same period in the prior year.

The Partnership's operating expenses and financial charges, net and other on a non-consolidated basis for the first quarter of 2008 were consistent with the same period last year.

Partnership Cash Flows

To supplement our financial statements, we disclose "Partnership cash flows". We have presented this additional information to enhance investors' understanding of the way that management analyzes our financial performance. We believe this summary provides a more meaningful comparison of our financial performance to prior periods, as Partnership cash flows fund the cash distributions that we pay to our unitholders. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with GAAP.

(unaudited)	**Three months ended March 31,**	
(millions of dollars except per common unit amounts)	**2008**	2007
Total cash distributions received [(a)]	**34.7**	22.2
Cash flows provided by Tuscarora's operating activities	**6.6**	5.1
Partnership costs [(b)]	**(7.7)**	(7.7)
Partnership cash flows [(b)]	**33.6**	19.6
Partnership cash flows per common unit	**$ 0.96**	$ 0.80
Cash distributions declared	**(27.4)**	(24.9)
Cash distributions declared per common unit	**$ 0.70**	$ 0.65
Cash distributions paid	**(25.6)**	(11.3)
Cash distributions paid per common unit	**$ 0.665**	$ 0.600

[(a)] Reconciliation of non-GAAP financial measure: Total cash distributions received is a non-GAAP financial measure which is the sum of equity income from investment in Great Lakes, less equity income in excess of distributions received from Great Lakes, less reduction in the return of capital from Great Lakes, plus equity income from investment in Northern Border and return of capital from Northern Border. It is provided as a supplement to results reported in accordance with GAAP. Management believes that this is a meaningful measure to assist investors in evaluating the levels of cash distributions from our investments. Below is a reconciliation of total cash distributions received to GAAP financial measures:

	Three months ended March 31,	
(millions of dollars)	**2008**	2007
Equity income from investment in Great Lakes	**18.6**	7.0
Equity income in excess of distributions received from Great Lakes	**-**	(7.0)
Reduction in the return of capital from Great Lakes	**(7.0)**	-
Cash distributions from Great Lakes	**11.6**	-
Equity income from investment in Northern Border	**19.5**	17.8
Return of capital from Northern Border	**3.6**	4.4
Cash distributions from Northern Border	**23.1**	22.2
Total cash distributions received	**34.7**	22.2

[b] Reconciliation of non-GAAP financial measure: Partnership cash flows is a non-GAAP financial measure which is the sum of cash distributions received and cash flows from Tuscarora's operating activities less Partnership costs. We exclude Tuscarora's costs from the Partnership costs so that investors may evaluate our costs independent of costs directly attributable to our investments. Management believes that this is a useful measure to assist investors in evaluating the Partnership's cash flow from its operating activities. A reconciliation of Partnership costs is summarized below:

	Three months ended March 31,	
(millions of dollars)	**2008**	2007
Operating expenses	**2.2**	2.0
Financial charges, net and other	**7.6**	8.1
Less:		
Operating expenses and financial charges from Tuscarora	**(2.1)**	(2.4)
Partnership costs	**7.7**	7.7

First Quarter 2008 Compared with First Quarter 2007

Partnership cash flows increased $14.0 million, or 71 per cent, to $33.6 million for the first quarter of 2008, compared to $19.6 million for the same period of last year. This increase was primarily a result of cash distributions received from Great Lakes, which contributed $11.6 million in the first quarter of 2008 compared to $nil in the same period of last year. Cash flows provided by Tuscarora's operating activities increased $1.5 million for the three months ended March 31, 2008 compared to the same period in the prior year primarily due to a reduction in operating working capital. Cash distributions received from Northern Border increased $0.9 million in the first quarter of 2008 compared to the same period last year.

Excluding the reduction in the return of capital from Great Lakes and the return of capital from Northern Border, we used $4.5 million of cash flows for investing activities for the first quarter of 2008 compared to $734.9 for the first quarter of 2007. Tuscarora made capital expenditures of $4.5 million during the three months ended March 31, 2008 related to the compressor station expansion project in Likely, California. We acquired our 46.45 per cent general partner interest in Great Lakes during the first quarter of 2007 for $733.3 million.

We used $33.6 million of cash flows from financing activities in the first quarter of 2008. Distributions paid by us increased $14.3 million, or 127 per cent, to $25.6 million for the three months ended March 31, 2008 compared to $11.3 million for the same period in the prior year due to the increased number of common units outstanding and increases in quarterly per common unit distribution amounts. We paid $25.6 million in distributions in the first quarter of 2008 in the following manner: $23.2 million to common unitholders (including $1.4 million to the general partner as holder of 2,035,106 common units and $5.8 million to TransCan Northern Ltd. as holder of 8,678,045 common units), $1.9 million to the general partner as holder of the incentive distribution rights, and $0.5 million to the general partner in respect of its two per cent general partner interest.

We repaid $8.0 million of the outstanding balance on our Senior Credit Facility during the first quarter of 2008 compared to $9.0 million during the same period last year. In the first quarter of 2007, the acquisition of Great Lakes was primarily financed through a private placement of common units and a contribution made by our general partner to maintain its two per cent general interest for total net proceeds of $607.3 million. We funded the balance of the consideration paid with a draw on our Senior Credit Facility of $133.0 million.

LIQUIDITY AND CAPITAL RESOURCES OF TC PIPELINES

Overview

Our principal sources of liquidity include distributions received from our investments in Great Lakes and Northern Border, operating cash flow from Tuscarora and our bank credit facility. The Partnership funds its operating expenses, debt service and cash distributions primarily with operating cash flow. Long-term capital needs may be met through the issuance of long-term debt and/or equity.

The Partnership's Debt and Credit Facility

The following table summarizes our debt and credit facility outstanding as of March 31, 2008:

	Payments Due by Period		
(millions of dollars)	Total	Less Than 1 Year	Long-term Portion
Senior Credit Facility	499.0	-	499.0
Series A Senior Notes due 2010	54.5	3.3	51.2
Series B Senior Notes due 2010	5.5	0.5	5.0
Series C Senior Notes due 2012	6.4	0.8	5.6
Total	565.4	4.6	560.8

We had $499.0 million outstanding under the Senior Credit Facility at March 31, 2008 (December 31, 2007 - $507.0 million). The interest rate on the Senior Credit Facility averaged 5.02 per cent for the three months ended March 31, 2008 (2007 - - 6.12 per cent). After hedging activity, the interest rate incurred on the Senior Credit Facility averaged 5.28 per cent for the three months ended March 31, 2008 (2007 – 5.98 per cent). Prior to hedging activities, the interest rate was 3.52 per cent at March 31, 2008 (December 31, 2007 – 5.62 per cent). At March 31, 2008, we were in compliance with our financial covenants.

Interest Rate Swaps and Options

We use derivatives to assist in managing our exposure to interest rate risk. The interest rate swaps and options are structured such that the cash flows match those of the Senior Credit Facility. The notional amount hedged was $475.0 million during the three months ended March 31, 2008 (2007 - $300.0 million). At March 31, 2008, the fair value of the interest rate swaps and options accounted for as hedges was negative $22.1 million (December 31, 2007 – negative $9.8 million). Effective January 1, 2008, we adopted the provisions of SFAS No. 157, *Fair Value Measurements* (SFAS 157). Under SFAS 157, these financial assets and liabilities that are recorded at fair value on a recurring basis are categorized into one of three categories based upon a fair value hierarchy. We have classified the interest rate swaps and option as level II where the fair value is determined by using valuation techniques that refer to observable market data or estimated market prices. During the three months ended March 31, 2008, we recorded interest expense of $0.3 million in regards to the interest rate swaps and options.

2008 First Quarter Cash Distribution

On April 17, 2008, the Board of Directors of the general partner declared the Partnership's 2008 first quarter cash distribution. The first quarter cash distribution will be paid on May 15, 2008 to unitholders of record as of April 30, 2008, totaling $27.4 million and will be paid in the following manner: $24.4 million to common unitholders (including $1.4 million to the general partner as holder of 2,035,106 common units and $6.1 million to TransCan Northern Ltd. as holder of 8,678,045 common units), $2.5 million to the general partner as holder of the incentive distribution rights, and $0.5 million to the general partner in respect of its two per cent general partner interest.

LIQUIDITY AND CAPITAL RESOURCES OF OUR PIPELINE SYSTEMS

Overview

Our pipeline systems' principal source of liquidity is cash generated from operating activities and bank credit facilities. Our pipeline systems fund their operating expenses, debt service and cash distributions to partners primarily with operating cash flow.

Capital expenditures are funded by a variety of sources, including cash generated from operating activities, borrowings under bank credit facilities, issuance of senior notes or equity contributions from our pipeline systems' partners. The ability of our pipeline systems to access capital markets for debt under reasonable terms depends on their financial condition, credit ratings and market conditions.

Our pipeline systems believe that their ability to obtain financing at reasonable rates and their history of consistent cash flow from operating activities provide a solid foundation to meet their future liquidity and capital resource requirements.

Debt of Great Lakes

The following table summarizes Great Lakes' debt outstanding as of March 31, 2008:

	Payments Due by Period		
(millions of dollars)	Total	Less than 1 year	Long-term Portion
8.74% series Senior Notes due 2007 to 2011	40.0	10.0	30.0
9.09% series Senior Notes due 2012 to 2021	100.0	-	100.0
6.73% series Senior Notes due 2009 to 2018	90.0	9.0	81.0
6.95% series Senior Notes due 2019 to 2028	110.0	-	110.0
8.08% series Senior Notes due 2021 to 2030	100.0	-	100.0
Total	440.0	19.0	421.0

Great Lakes is required to comply with certain financial, operational and legal covenants. Under the most restricted covenants in the Senior Note Agreements, approximately $237.0 million of Great Lakes' partners' capital was restricted as to distributions as of March 31, 2008. In addition, Great Lakes is required to maintain a minimum consolidated tangible net worth of $175 million. At March 31, 2008, Great Lakes was in compliance with all of its financial covenants.

Debt and Credit Facility of Northern Border

The following table summarizes Northern Border's debt and credit facility outstanding as of March 31, 2008:

	Payments Due by Period		
(millions of dollars)	Total	Less than 1 year	Long-term Portion
7.75% senior notes due 2009	200.0	-	200.0
7.50% senior notes due 2021	250.0	-	250.0
$250 million credit agreement due 2012 [(a)]	158.0	-	158.0
Total	608.0	-	608.0

[(a)] Northern Border is required to pay a facility fee of 0.05% on the principal commitment amount of its credit agreement.

As of March 31, 2008, Northern Border had outstanding borrowings of $158 million under its $250 million revolving credit agreement and was in compliance with the covenants of the agreement. The weighted average interest rate related to the borrowings on its credit agreement was 3.49 per cent at March 31, 2008.

Interest Rate Collar Agreement

At March 31, 2008, Northern Border's balance sheet reflected an unrealized loss of approximately $4.8 million with a corresponding increase to accumulated other comprehensive loss related to the changes in fair value of its zero cost interest rate collar agreement (the "Collar Agreement") since inception. Since inception, Northern Border has not recognized any amounts in income due to ineffectiveness of the Collar Agreement. During the three months ended March 31, 2008, Northern Border recorded interest expense of $0.3 million under the Collar Agreement.

RELATED PARTY TRANSACTIONS

Great Lakes earns transportation revenues from TransCanada and its affiliates under fixed price contracts with remaining terms ranging from one to ten years. Great Lakes earned $30.3 million of transportation revenues under these contracts for the three months ended March 31, 2008 (February 23, 2007 to March 31, 2007 - $12.9 million). This amount represents 38.1 per cent of total revenues earned by Great Lakes for the three months ended March 31, 2008 (February 23, 2007 to March 31, 2007 – 42.4 per cent). $14.1 million of this transportation revenue is included in our equity income from Great Lakes for the three months ended March 31, 2008 (February 23, 2007 to March 31, 2007 - $6.0 million). At March 31, 2008, $9.6 million is included in Great Lakes' receivables in regards to the transportation contracts with TransCanada and its affiliates (December 31, 2007 - - $10.0 million). Please read Note 8 within Item 1. "Financial Statements" for additional information regarding related party transactions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

OVERVIEW

Our exposure to market risk discussed below includes forward-looking statements and represents an estimate of possible changes in future earnings that would occur assuming hypothetical future movements in interest rates. Our views on market risk are not necessarily indicative of actual results that may occur and do not represent the maximum possible gains and losses that may occur, since actual gains and losses will differ from those estimated, based on actual fluctuations in interest rates and the timing of transactions.

We are exposed to market risk due to interest rate fluctuations. Market risk is the risk of loss arising from adverse changes in market rates. We utilize financial instruments to manage the risks of certain identifiable or anticipated transactions to achieve a more predictable cash flow. Our risk management function follows established policies and procedures to monitor interest rates to ensure our hedging activities mitigate market risks. We do not use financial instruments for trading purposes.

In accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* we record financial instruments on the balance sheet as assets and liabilities based on fair value. We estimate the fair value of financial instruments using available market information and appropriate valuation techniques. Changes in financial instruments' fair value are recognized in earnings unless the instrument qualifies as a hedge under SFAS No. 133 and meets specific hedge accounting criteria. Qualifying financial instruments' gains and losses may offset the hedged items' related results in earnings for a fair value hedge or be deferred in accumulated other comprehensive income for a cash flow hedge.

INTEREST RATE RISK

Our interest rate exposure results from our Senior Credit Facility, which is subject to variability in London Interbank Offered Rate (LIBOR) interest rates. We regularly assess the impact of interest rate fluctuations on future cash flows and evaluate hedging opportunities to mitigate our interest rate risk. The notional amount hedged at March 31, 2008 was $475.0 million. The interest rate swaps and options are structured such that the cash flows match those of the Senior Credit Facility. The fair value of interest rate derivatives has been calculated using period-end market rates. At March 31, 2008, the fair value of our interest rate swaps and options accounted for as hedges was negative $22.1 million.

At March 31, 2008, we had $499.0 million outstanding on our Senior Credit Facility. Utilizing the conditions of the interest rate swaps and options, if LIBOR interest rates hypothetically increased by one per cent compared to the rates in effect as of March 31, 2008, our annual interest expense would have increased and our net income would have decreased by $0.2 million; and if LIBOR interest rates hypothetically decreased by one per cent compared to the rates in effect as of March 31, 2008, our annual interest expense would have decreased and our net income would have increased by $0.2 million. This amount has been determined by considering the impact of the hypothetical interest rates on variable rate borrowings outstanding as of March 31, 2008.

Northern Border utilizes both fixed-rate and variable-rate debt and is exposed to market risk due to the floating interest rates on its credit facility. Northern Border regularly assesses the impact of interest rate fluctuations on future cash flows and evaluates hedging opportunities to mitigate its interest rate risk. As of March 31, 2008, 74 per cent of Northern Border's outstanding debt was at fixed rates. Northern Border utilizes its Collar Agreement to limit the variability of the interest rate on $140.0 million of variable-rate borrowings.

Utilizing the conditions of the Collar Agreement, if interest rates hypothetically increased one per cent compared with rates in effect as of March 31, 2008, Northern Border's annual interest expense would increase and its net income would decrease by approximately $1.6 million; and if interest rates hypothetically decreased one per cent compared with rates in effect as of March 31, 2008, Northern Border's annual interest expense would decrease and its net income would increase by approximately $0.2 million.

Great Lakes and Tuscarora utilize fixed-rate debt; therefore, they are not exposed to market risk due to floating interest rates.

OTHER RISKS

The Partnership is influenced by the same factors that influence our pipeline systems. None of our pipeline systems own any of the natural gas they transport; therefore, they do not assume any of the related natural gas commodity price risk.

The state of Minnesota currently requires Great Lakes to pay use tax on the value of the shipper provided compressor fuel burned in its Minnesota compressor engines. Great Lakes is subject to primarily commodity price volatility and some volume volatility in determining the amount of use tax owed. If natural gas prices changed by $1 per million British thermal units, Great Lakes' annual use tax expense would change by approximately $0.7 million.

The Partnership does not have any material foreign exchange risks.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Based on their evaluation of the Partnership's disclosure controls and procedures as of the end of the period covered by this quarterly report, the principal executive officer and principal financial officer of the general partner of the Partnership have concluded that the Partnership's disclosure controls and procedures were effective in ensuring that the information required to be disclosed by the Partnership in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's (SEC's) rules and forms and that information required to be disclosed by the Partnership in the reports that the Partnership files or submits under the Exchange Act is accumulated and communicated to the management of the general partner of the Partnership, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2008, there has been no change in the Partnership's internal control over financial reporting that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. Risk Factors

Our business is subject to the risks described below and the risk factors disclosed in Part I, Item 1A. "Risk Factors," in our annual report on Form 10-K for the year ended December 31, 2007.

Our pipeline systems may undertake expansion and build projects which involve significant risks that could adversely affect our business.

Our pipeline systems have several major expansion and new build projects planned or underway, including Northern Border's approximate $498 million proposed Bison Pipeline Project and the $17 million Des Plaines Compression Project. A variety of factors outside their control, such as weather, natural disasters, delays in obtaining key materials and difficulties in obtaining permits and rights-of-way or other regulatory approvals, as well as the performance by third party contractors may result in increased costs or delays in construction. Cost overruns or delays in completing a project could result in reduced transportation rates and liquidated damages to customers, as well as lost revenue opportunities. In addition, we cannot be certain that, if completed, these projects will perform in accordance with our expectations and other areas of our pipeline systems' businesses may suffer as a result of the diversion of their management's attention and other resources from their other business concerns. Each of these risks could have a material adverse effect on our results of operations and cash flows.

If our pipeline systems were to become subject to a material amount of entity level taxation for state tax purposes, then our pipeline systems' operating cash flow and cash available for distribution to us and for other business needs would be reduced.

Our pipeline systems are partnerships or tax flow through entities, and as such they generally have not subject to income tax at the entity level. Several states have either adopted or are evaluating a variety of ways to subject partnerships to entity level taxation. For example, in the first quarter of 2008, Great Lakes recorded a Michigan business tax of $1.7 million relating to a new partnership level tax, of which the Partnership's share of the tax was $0.8 million. Imposition of such taxes on our pipeline systems will reduce the cash available for distribution to us and for other business needs by our pipeline systems.

Unitholders will likely be subject to state and local taxes as a result of an investment in units.

In addition to federal income taxes, unitholders will likely be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property. We may be required to withhold income taxes with respect to income allocable or distributions made to our unitholders. In addition, unitholders may be required to file state and local income tax returns and pay state and local income taxes in some or all of the jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. It is the unitholders' responsibility to file all required United States federal, state and local tax returns. Counsel has not rendered an opinion on the state or local tax consequences of an investment in us.

Item 6. Exhibits

No.	Description
10.1	Transportation Service Agreement FT8945 between Great Lakes Gas Transmission Limited Partnership and TransCanada PipeLines Limited, dated February 1, 2008.
23.1	Consent of Independent Registered Public Accounting Firm.
23.2	Consent of Independent Registered Public Accounting Firm.
23.3	Consent of Independent Registered Public Accounting Firm.
23.4	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Consolidated Balance Sheets of TC PipeLines GP, Inc. as of December 31, 2007 and 2006.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TC PipeLines, LP
(a Delaware Limited Partnership)

By: TC PipeLines GP, Inc., its general partner

Date: April 30, 2008	By: /s/ Russell K. Girling Russell K. Girling Chairman, Chief Executive Officer and Director TC PipeLines GP, Inc. (Principal Executive Officer)
Date: April 30, 2008	By: /s/ Amy W. Leong Amy W. Leong Controller TC PipeLines GP, Inc. (Principal Financial Officer)

Exhibit 10.1

TRANSPORTATION SERVICE AGREEMENT
Contract Identification FT8945

This Transportation Service Agreement (Agreement) is entered into by Great Lakes Gas Transmission Limited Partnership (Transporter) and TRANSCANADA PIPELINES LIMITED (Shipper).

WHEREAS, Shipper has requested Transporter to transport Gas on its behalf and Transporter represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Transporter and Shipper agree that the terms below constitute the transportation service to be provided and the rights and obligations of Shipper and Transporter.

1. **EFFECTIVE DATE**: February 01, 2008

2. **CONTRACT IDENTIFICATION**: FT8945

3. **RATE SCHEDULE**: FT

4. **SHIPPER TYPE**: Other

5. **STATE/PROVINCE OF INCORPORATION**: Canada

6. **TERM**: November 01, 2008 to October 31, 2009

7. **EFFECT ON PREVIOUS CONTRACTS**:
This Agreement supersedes, cancels and terminates, as of the effective date stated above, the following contract(s): N/A

8. **MAXIMUM DAILY QUANTITY (Dth/Day):** 100,000
Please see Appendix A for further detail.

9. **RATES**:
Unless Shipper and Transporter have agreed to a Discounted Rate, pursuant to Section 19.2 of the General Terms and Conditions, or to a Negotiated Rate, pursuant to Section 4.5 of the Rate Schedule named above, rates shall be Transporter's maximum rates and charges plus all applicable surcharges in effect from time to time under the applicable Rate Schedule (as stated above) on file with the Commission unless otherwise agreed to by the parties in writing. Provisions governing a Discounted Rate shall be set forth in this Paragraph 9. Provisions governing a Negotiated Rate shall be set forth on Appendix B hereto.

10. **POINTS OF RECEIPT AND DELIVERY**:
The primary receipt and delivery points are set forth on Appendix A.

11. **RELEASED CAPACITY**:
N/A

12. **INCORPORATION OF TARIFF INTO AGREEMENT**:
This Agreement shall incorporate and in all respects be subject to the "General Terms and Conditions" and the applicable Rate Schedule (as stated above) set forth in Transporter's FERC Gas Tariff, Second Revised Volume No. 1, as may be revised from time to time. Transporter may file and seek Commission approval under Section 4 of the Natural Gas Act (NGA) at any time and from time to time to change any rates, charges or provisions set forth in the applicable Rate Schedule (as stated above) and the "General Terms and Conditions" in Transporter's FERC Gas Tariff, Second Revised Volume No. 1, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any such changes which become effective by operation of law and Commission Order, without prejudice to Shipper's right to protest the same.

13. **MISCELLANEOUS**:
No waiver by either party to this Agreement of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any continuing or future default(s), whether of a like or a different character.

Any controversy between the parties arising render this Agreement and not resolved by the parties shall be determined in accordance with the laws of the State of Michigan.

14. **OTHER PROVISIONS**:
It is agreed that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Partner, agent, management official or employee of the Transporter or any director, officer or employee of any of the foregoing, for any obligation of the Transporter arising under this Agreement or for any claim based on such obligation and that the sole recourse of Shipper under this Agreement is limited to assets of the Transporter.

Upon termination of this Agreement, Shipper's and Transporter's obligations to each other arising under this Agreement, prior to the date of termination, remain in effect and are not being terminated by any provision of this Agreement.

15. **NOTICES AND COMMUNICATIONS**:
All notices and communications with respect to this Agreement shall be in writing and sent to the addresses stated below or at any other such address(es) as may be designated in writing:

ADMINISTRATIVE MATTERS	
Great Lakes Gas Transmission Limited Partnership 5250 Corporate Drive Troy, MI 48098 Attn: Transportation Services	TRANSCANADA PIPELINES LIMITED 450 - 1st Street S.W. Calgary, AB T2P 5H1 Canada Attn: Steve Pohlod
PAYMENT BY ELECTRONIC TRANSFER Great Lakes Gas Transmission Limited Partnership JPMorgan Chase Bank, Detroit, MI ABA No: 072000326 Account No: 07308-43	TRANSCANADA PIPELINES LIMITED Attn: Angie Czenczek

AGREED TO BY:

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP **By: Great Lakes Gas Transmission Company** Operator and Agent for Great Lakes Gas Transmission Limited Partnership	**TRANSCANADA PIPELINES LIMITED**
By: /s/ Martin Wilde Martin Wilde Title: Director, Marketing & Business Operations	By: /s/ Steve Pohlod Steve Pohlod Title: Vice President, Commercial East Canadian Pipelines
	By: /s/ Max Feldman Max Feldman Title: Senior Vice President, Canadian and Eastern U.S. Pipelines

APPENDIX A
Contract Identification FT8945

Date: February 01. 2008
Supersedes Appendices Dated: Not Applicable

Shipper: TRANSCANADA PIPELINES LIMITED

Maximum Daily Quantity (Dth/Day) per Location:

Begin Date	End Date	Point(s) of Primary Receipt	Point(s) of Primary Delivery	MDQ	(MAOP)
11/01/2008	10/31/2009	EMERSON		100,000	974
11/01/2008	10/31/2009		ST. CLAIR	100,000	974

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of TC PipeLines GP, Inc., General Partner of TC PipeLines, LP:

We consent to the incorporation by reference in the registration statements (No. 333-121537 and No. 333-141488) on Form S-3 of TC PipeLines, LP of our report dated April 23, 2008, with respect to the consolidated balance sheets of TC PipeLines GP, Inc. as of December 31, 2007 and 2006, which report appears in Exhibit 99.1 to the Form 10-Q of TC PipeLines, LP dated April 30, 2008.

/s/ KPMG LLP

Chartered Accountants

Calgary, Canada
April 30, 2008

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of TC PipeLines GP, Inc., General Partner of TC PipeLines, LP

We consent to the incorporation by reference in the registration statements (No. 333-121537 and No. 333-141488) on Form S-3 of TC PipeLines, LP of our reports dated February 27, 2008 with respect to the consolidated balance sheets of TC PipeLines, LP as of December 31, 2007 and 2006, and the related statements of income, comprehensive income, cash flows and changes in partners' equity for each of the years in the three-year period ended December 31, 2007 and the effectiveness of internal control over financial reporting as of December 31, 2007, which reports appear in the December 31, 2007 annual report on Form 10-K of TC PipeLines, LP.

/s/ KPMG LLP

Chartered Accountants

Calgary, Canada
April 29, 2008

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of TC PipeLines GP, Inc.,
General Partner of TC PipeLines, LP

We consent to the incorporation by reference in the registration statements (No. 333-121537 and No. 333-141488) on Form S-3 of TC PipeLines, LP of our report dated January 22, 2008, with respect to the consolidated balance sheets of Great Lakes Gas Transmission Limited Partnership and subsidiary as of December 31, 2007 and 2006, and the related consolidated statements of income and partners' capital and cash flows for each of the years in the three-year period ended December 31, 2007, which report appears in the December 31, 2007 annual report on Form 10-K of TC PipeLines, LP.

/s/ KPMG LLP

Detroit, Michigan
April 29, 2008

Exhibit 23.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
TC PipeLines GP, Inc., General Partner of TC PipeLines, LP:

We consent to the incorporation by reference in the registration statements (No. 333-121537 and No. 333-141488) on Form S-3 of TC PipeLines, LP of our report dated February 27, 2008 with respect to the balance sheets of Northern Border Pipeline Company as of December 31, 2007 and 2006, and the related statements of income, comprehensive income, cash flows and changes in partners' equity for each of the years in the three-year period ended December 31, 2007, which report appears in the December 31, 2007 annual report on Form 10-K of TC PipeLines, LP.

/s/ KPMG LLP

Omaha, Nebraska
April 29, 2008

Exhibit 31.1

CERTIFICATION

I, Russell K. Girling, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TC PipeLines, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation, of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 30, 2008

/s/ Russell K. Girling

Russell K. Girling

Chairman, Chief Executive Officer and Director
TC PipeLines GP, Inc., as general partner of
TC PipeLines, LP (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Amy W. Leong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TC PipeLines, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation, of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 30, 2008 /s/ Amy W. Leong

Amy W. Leong

Controller
TC PipeLines GP, Inc., as general partner of
TC PipeLines, LP (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

I, Russell K. Girling, Chief Executive Officer of TC PipeLines GP, Inc., the general partner of TC PipeLines, LP (the Partnership), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 hereby certify, to the best of my knowledge**,** in connection with the Partnership's Quarterly Report on Form 10-Q for the period ended March 31, 2008 as filed with the Securities and Exchange Commission (the Report) on the date hereof, that:

- the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Dated: April 30, 2008

/s/ Russell K. Girling

Russell K. Girling

Chairman, Chief Executive Officer and Director
TC PipeLines GP, Inc., as general partner of
TC PipeLines, LP (Principal Executive Officer)

Exhibit 32.2

CERTIFICATION

I, Amy W. Leong, Principal Financial Officer of TC PipeLines GP, Inc., the general partner of TC PipeLines, LP (the Partnership), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 hereby certify, to the best of my knowledge**,** in connection with the Partnership's Quarterly Report on Form 10-Q for the period ended March 31, 2008 as filed with the Securities and Exchange Commission (the Report) on the date hereof, that:

- the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Dated: April 30, 2008

/s/ Amy W. Leong

Amy W. Leong
Controller
TC PipeLines GP, Inc., as general partner of
TC PipeLines, LP (Principal Financial Officer)

Exhibit 99.1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of TC PipeLines GP, Inc., General Partner of TC PipeLines, LP:

We have audited the accompanying consolidated balance sheets of TC PipeLines GP, Inc. (a Delaware corporation) as of December 31, 2007 and 2006. These consolidated balance sheets are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated balance sheets based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the balance sheets are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheets. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated balance sheets referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2007 and 2006 in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Chartered Accountants
Calgary, Canada
April 23, 2008

CONSOLIDATED BALANCE SHEETS

TC PipeLines GP, Inc.

December 31 *(millions of dollars)*	**2007**	2006
Assets		
Current assets		
Cash and short-term investments	**8.8**	4.9
Accounts receivables and other	**4.2**	2.5
Due from affiliate (Note 11)	**1.8**	6.0
	14.8	13.4
Investment in Great Lakes (Note 3)	**721.1**	-
Investment in Northern Border (Note 4)	**541.9**	561.2
Plant, property and equipment (Note 6)	**134.1**	127.0
Goodwill (Note 7)	**81.7**	79.2
Other assets	**2.1**	3.3
	1,495.7	784.1
Liabilities and Stockholder's Equity		
Current liabilities		
Bank indebtedness	**1.4**	-
Accounts payable	**4.8**	3.3
Accrued interest	**3.0**	1.3
Due to affiliates (Note 11)	**4.4**	3.1
Current portion of long-term debt (Note 8)	**4.6**	4.7
	18.2	12.4
Long-term debt (Note 8)	**568.8**	463.4
Hedging deferrals	**9.9**	-
Deferred income tax (Note 9)	**21.7**	18.6
	618.6	494.4
Non-controlling interests (Note 7)	**832.6**	266.3
Stockholder's equity (Note 10)		
Common stock ($0.01 par value per share; 1,000 shares authorized; 100 shares issued)	-	-
Additional paid-in capital	**22.2**	18.2
Retained earnings	**23.7**	4.9
Accumulated other comprehensive (loss)/income	**(1.4)**	0.3
	44.5	23.4
	1,495.7	784.1

The accompanying notes are an integral part of these consolidated balance sheets.

NOTES TO CONSOLIDATED BALANCE SHEETS

Note 1 Organization

TC PipeLines GP, Inc. (the GP), a Delaware corporation, was formed by TransCanada PipeLines Limited in December 1998 to become the general partner of TC PipeLines, LP (the LP), a Delaware limited partnership. The GP and the LP are collectively referred to herein as the Company. On May 15, 2003, TransCanada PipeLines Limited became a wholly-owned subsidiary of TransCanada Corporation (collectively referred to herein as TransCanada). The GP is a wholly-owned subsidiary of TransCanada.

The GP holds a two per cent general partner interest in the LP and also owns 2,035,106 common units, representing an effective 7.7 per cent limited partner interest in the LP at December 31, 2007. By virtue of the GP's performance of all management and operating functions required by the LP pursuant to the Amended and Restated Agreement of Limited Partnership of TC PipeLines, LP (Partnership Agreement), the GP has control of the operating and financial policies of the LP.

The LP is a publicly traded partnership. Common units of the LP are listed on the NASDAQ Global Market and are quoted for trading under the symbol "TCLP." As at December 31, 2007 the LP owned a 46.45 per cent general partner interest in Great Lakes Gas Transmission Limited Partnership (Great Lakes), a 50 per cent general partner interest in Northern Border Pipeline Company (Northern Border) and wholly-owned Tuscarora Gas Transmission Company (Tuscarora).

Great Lakes owns a 2,115-mile interstate pipeline that transports natural gas from TransCanada at the Canadian border near Emerson, Manitoba across Minnesota, Northern Wisconsin and Michigan, and redelivers gas to TransCanada at the Canadian border at Sault Ste. Marie, Michigan and St. Clair, Michigan. Northern Border owns a 1,249-mile interstate pipeline system that transports natural gas from the Canadian border near Port of Morgan, Montana to a terminus near North Hayden, Indiana. Tuscarora owns a 240-mile interstate pipeline system that transports natural gas from Malin, Oregon, where it interconnects with facilities of Gas Transmission Northwest Corporation, a wholly-owned subsidiary of TransCanada, to Northwestern Nevada.

Note 2 Significant Accounting Policies

a) Basis of Presentation and Use of Estimates

The accompanying consolidated balance sheets and related notes present the financial position of the Company as of December 31, 2007 and 2006. The preparation of consolidated balance sheets in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheets. Although management believes these estimates are reasonable, actual results could differ from these estimates. Amounts are stated in United States dollars. Certain comparative figures have been reclassified to conform to the current year's presentation.

b) Principles of Consolidation

The consolidated balance sheets include the accounts of the GP and the LP. The GP controls the operations of the LP through its two per cent general partner interest. All significant intercompany transactions and accounts have been eliminated on consolidation. The Company uses the equity method of accounting for its investments in Great Lakes and Northern Border, over which it is able to exercise significant influence. The Company accounted for its investment in Tuscarora using the equity method until December 19, 2006. On this date, the Company acquired an additional 49 per cent general partner interest in Tuscarora and, as a result of acquiring a controlling interest in Tuscarora, began to consolidate Tuscarora's operations.

c) Cash and Short-Term Investments

The Company's short-term investments with original maturities of three months or less are considered to be cash equivalents and are recorded at cost, which approximates market value. At December 31, 2007, $0.7 million of the Company's cash is restricted (2006 - $0.6 million).

d) Plant, Property and Equipment

Plant, property and equipment relates solely to Tuscarora and is stated at original cost. Costs of restoring the land above and around the pipeline are capitalized to pipeline facilities and depreciated over the remaining life of the related pipeline facilities. Depreciation of pipeline facilities and compression equipment is provided on a straight-line composite basis over the estimated useful life of the pipeline of 30 years and of the compression equipment of 25 years. Metering and other is depreciated on a straight-line basis over the estimated useful lives of the equipment, which range from 3 to 30 years. Repair and maintenance costs are expensed as incurred. Costs that are considered a betterment are capitalized. An allowance for funds used during construction, using the rate of return on rate base approved by the Federal Energy Regulatory Commission (FERC), is capitalized and included in the cost of plant, property and equipment.

Long-lived assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is assessed by comparing the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of such assets exceed the fair value of the assets.

e) Revenue Recognition

Transmission revenues are recognized in the period in which the service is provided. When rate cases are pending final Federal Energy Regulatory Commission (FERC) approval, a portion of revenue collected is subject to possible refund. As of December 31, 2007, the Company has not recognized any transmission revenue that is subject to refund.

f) Income Taxes

The Company follows the liability method of accounting for income taxes in accordance with Statement of Financial Accounting Standards No. 109 “Accounting for Income Taxes” (SFAS 109). Under SFAS 109, deferred income taxes are recorded based upon differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the underlying assets are received and liabilities settled.

g) Acquisitions and Goodwill

The Company accounts for business acquisitions using the purchase method of accounting and accordingly the assets and liabilities of the acquired entities are recorded at their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of net assets acquired is attributed to goodwill. Goodwill is not amortized for accounting purposes; however, it is tested on an annual basis for impairment, or more frequently if any indicators of impairment are evident.

h) Derivative Financial Instruments and Hedging Activities

The Company utilizes derivative and other financial instruments to manage its exposure to changes in interest rates. Derivatives and other instruments must be designated as hedges and be effective to qualify for hedge accounting. Derivatives are recorded at their fair value at each balance sheet date. For cash flow hedges, unrealized gains or losses relating to derivatives are recognized as other comprehensive income. In the event that a derivative does not meet the designation or effectiveness criteria, any unrealized gain or loss on the instrument is recognized immediately in earnings.

If a derivative that previously qualified as a hedge is settled, de-designated or ceases to be effective, the gain or loss at that date is deferred and recognized in the same period and in the same financial statement category as the corresponding hedged transactions. If a hedged anticipated transaction is no longer probable to occur, related gains or losses are immediately recognized in earnings and amounts previously recognized in other comprehensive income are reclassified to earnings prospectively. Costs associated with the purchase of certain hedging instruments are deferred and amortized against interest expense.

i) ***Asset Retirement Obligation***

SFAS No. 143, *Accounting for Asset Retirement Obligations*, provides accounting requirements for the recognition and measurement of liabilities associated with the retirement of tangible long-lived assets. Under the standard, these liabilities are recognized at fair value as incurred and capitalized as part of the cost of the related tangible long-lived assets. Accretion of the liabilities due to the passage of time is classified as an operating expense. Retirement obligations associated with long-lived assets included within the scope of SFAS No. 143 are those for which a legal obligation exists under enacted laws, statutes, ordinances, or written or oral contracts, including obligations arising under the doctrine of promissory estoppel.

FIN 47, *Accounting for Conditional Asset Retirement Obligations – an interpretation of SFAS No. 143*, 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. No amount is recorded for asset retirement obligations relating to the assets as it is not possible to make a reasonable estimate of the fair value of the liability due to the inability to determine the scope and timing of the asset retirements. Management believes it is reasonable to assume that all retirement costs associated with the pipeline system will be recovered through rates in future periods.

j) ***Government Regulation***

Tuscarora, the LP's wholly-owned pipeline system, is subject to regulation by the FERC. The Company's accounting policies conform to SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation.* Accordingly, certain assets or liabilities that result from the regulated ratemaking process are recorded that would not be recorded under generally accepted accounting principles for non-regulated entities. The Company regularly evaluates the continued applicability of SFAS No. 71, considering such factors as regulatory changes, the impact of competition, and the ability to recover regulatory assets. As of December 31, 2007 and 2006, the LP has no regulatory assets or liabilities.

Note 3 Investment in Great Lakes

On February 22, 2007, the LP acquired a 46.45 per cent general partner interest in Great Lakes. TransCanada, which previously held a 50 per cent interest in Great Lakes, acquired the other 3.55 per cent interest concurrent with the LP's acquisition of its interest. Effective February 22, 2007, a wholly-owned subsidiary of TransCanada became the operator of Great Lakes. Great Lakes is regulated by the FERC.

The LP uses the equity method of accounting for its investment in Great Lakes. Great Lakes had no undistributed earnings for the year ended December 31, 2007.

The following table contains summarized consolidated balance sheet information for Great Lakes as at December 31, 2007:

Summarized Consolidated Great Lakes Balance Sheet

December 31 *(millions of dollars)*	**2007**
Assets	
Cash and short-term investments	**32.0**
Other current assets	**55.5**
Plant, property and equipment, net	**969.2**
	1,056.7
Liabilities and Partners' Equity	
Current liabilities	**50.7**
Deferred credits	**0.4**
Long-term debt, including current maturities	**440.0**
Partners' capital	**565.6**
	1,056.7

Note 4 Investment in Northern Border

The LP owns a 50 per cent general partner interest in Northern Border. The remaining 50 per cent partnership interest in Northern Border is held by ONEOK Partners, L.P. (ONEOK), a publicly traded limited partnership. The Northern Border system was operated by ONEOK Partners GP, LLC (ONEOK Partners GP), a wholly-owned subsidiary of ONEOK, Inc. during the three months ended March 31, 2007. Effective April 1, 2007, TransCanada Northern Border Inc. (TCNB), a wholly-owned subsidiary of TransCanada, became the operator of Northern Border. Northern Border is regulated by the FERC.

On April 6, 2006, the LP acquired an additional 20 per cent general partner interest in Northern Border. The LP uses the equity method of accounting for its investment in Northern Border. Equity income from Northern Border includes amortization of a $10 million transaction fee paid to the operator of Northern Border as an inducement to become operator at the time of the additional 20 per cent acquisition in April 2006. Northern Border had no undistributed earnings for the years ended December 31, 2007 and 2006.

The following table contains summarized balance sheet information for Northern Border as at December 31, 2007 and 2006:

Summarized Northern Border Balance Sheet

December 31 *(millions of dollars)*	**2007**	2006
Assets		
Cash and short-term investments	**22.9**	11.0
Other current assets	**39.8**	35.5
Plant, property and equipment, net	**1,428.3**	1,475.7
Other assets	**23.9**	22.5
	1,514.9	1,544.7
Liabilities and Partners' Equity		
Current liabilities	**53.4**	47.7
Deferred credits and other	**8.1**	2.1
Long-term debt, including current maturities and notes payable	**615.3**	619.8
Partners' equity		
Partners' capital	**840.5**	874.1
Accumulated other comprehensive (loss)/income	**(2.4)**	1.0
	1,514.9	1,544.7

Note 5 Investment in Tuscarora

As of December 31, 2007, the LP wholly-owns Tuscarora. On December 19, 2006, the LP acquired an additional 49 per cent general partner interest in Tuscarora from Tuscarora Gas Pipeline Co., a wholly-owned subsidiary of Sierra Pacific Resources. Prior to this acquisition, the LP used the equity method of accounting for its investment in Tuscarora. Subsequent to this acquisition, the LP used the consolidation method of accounting for its investment in Tuscarora. On December 31, 2007, the LP acquired the remaining two per cent general partner interest in Tuscarora, with one per cent purchased from a wholly-owned subsidiary of TransCanada and the other one per cent purchased from Tuscarora Gas Pipeline Co. Tuscarora is operated by TCNB. Tuscarora is regulated by the FERC.

Tuscarora had no undistributed earnings for the years ended December 31, 2007 and 2006.

Note 6 Plant, Property and Equipment

	2007			2006		
December 31 *(millions of dollars)*	**Cost**	**Accumulated Depreciation**	**Net Book Value**	Cost	Accumulated Depreciation	Net Book Value
Tuscarora						
Pipeline	**146.6**	**53.1**	**93.5**	146.1	48.2	97.9
Compression	**25.0**	**5.5**	**19.5**	25.0	4.5	20.5
Metering and other	**11.0**	**3.1**	**7.9**	10.0	2.7	7.3
Under construction	**13.2**	**-**	**13.2**	1.3	-	1.3
	195.8	**61.7**	**134.1**	182.4	55.4	127.0

Note 7 Acquisitions

Great Lakes

On February 22, 2007, the LP acquired a 46.45 per cent general partner interest in Great Lakes from El Paso Corporation. The total purchase price was $942.4 million, subject to certain closing adjustments, and included the indirect assumption of $209.0 million of debt. The acquisition was partially financed through a private placement of common units for gross proceeds of $600.0 million which closed concurrently with the acquisition. A dilution gain of $17.6 million was recognized as a result of the common units owned by the GP having an increased value after the private placement with a reduction to non-controlling interests on the balance sheet. In addition, the GP maintained its two per cent general partner interest in the LP by contributing $12.6 million to the LP in connection with the private placement. The LP funded the balance of the total consideration with a draw on its senior credit facility, which was amended and restated in connection with the acquisition.

The acquisition was accounted for using the purchase method of accounting. The purchase price was allocated using an estimate of fair value of the net assets at the date of acquisition. The difference between the purchase price and the estimated fair value of net assets of $457.5 million, being goodwill, was recorded as part of the LP's investment in Great Lakes.

Great Lakes' business is subject to rate regulation based on historical costs which do not change with market conditions or change of ownership. Accordingly, upon acquisition, the assets and liabilities of Great Lakes were determined to have a fair value equal to the rate regulated historical costs. No intangibles other than goodwill were identified in the acquisition.

TransCanada, which previously held a 50 per cent interest in Great Lakes, acquired the other 3.55 per cent general partner interest simultaneously with the LP's acquisition of its interest. In connection with these transactions, a wholly-owned subsidiary of TransCanada became the operator of Great Lakes.

Northern Border

On April 6, 2006, the LP acquired an additional 20 per cent general partner interest in Northern Border for $298.0 million plus a $10.0 million transaction fee payable to TCNB, bringing the LP's total interest to 50 per cent. Through the acquisition, the LP indirectly assumed $121.7 million of debt. The LP funded the transaction through a Bridge Loan Credit Facility (see note 8). In connection with this transaction, TCNB became the operator of Northern Border in April 2007.

The acquisition was accounted for using the purchase method of accounting. The purchase price was allocated using an estimate of fair value of the net assets at the date of acquisition. The difference between the purchase price and the fair value of net assets of $115.0 million, being goodwill, was recorded as part of the LP's investment in Northern Border. The $10.0 million transaction fee payable to the operator has been recorded as part of the LP's investment in Northern Border and is being amortized over the term of the related operating agreement.

Northern Border's business is subject to rate regulation based on historical costs which do not change with market conditions or change of ownership. Accordingly, upon acquisition, the assets and liabilities of Northern Border were determined to have a fair value equal to the rate regulated historical costs. No intangibles other than goodwill were identified in the acquisition.

Tuscarora

On December 19, 2006, the LP acquired an additional 49 per cent general partnership interest in Tuscarora for $99.8 million. Through the acquisition the LP indirectly assumed $37.5 million of Tuscarora debt. The LP funded the transaction through the Senior Credit Facility (see note 8). In connection with this transaction, TCNB became the operator of Tuscarora.

The acquisition was accounted for using the purchase method of accounting. The purchase price was allocated as follows using an estimate of fair value of the assets acquired and liabilities assumed at the date of acquisition:

Purchase Price Allocation (millions of dollars)	Acquisition of additional 49% interest
Current assets	4.7
Plant, property and equipment	56.6
Other non-current assets	0.7
Goodwill	79.1
Current liabilities	(2.6)
Long-term debt	(37.5)
Non-controlling interests	(1.2)
	99.8

On December 31, 2007, the LP acquired the other two per cent general partner interest in Tuscarora. One per cent was purchased from a wholly-owned subsidiary of TransCanada, while the other one per cent was purchased from Tuscarora Gas Pipeline Co. for a total purchase price of $3.9 million. The acquisitions were accounted for using the purchase method of accounting. The difference between the combined purchase prices and the non-controlling interest recorded on the LP's balance sheet of $2.6 million was recorded as goodwill.

Tuscarora's business is subject to rate regulation based on historical costs which do not change with market conditions or change of ownership. Accordingly, upon acquisition, the assets and liabilities of Tuscarora were determined to have a fair value equal to the rate regulated historical costs. No intangibles other than goodwill were identified in the acquisitions.

Note 8 Credit Facilities and Long-Term Debt

(millions of dollars)	**2007**	2006
Senior Credit Facility	**507.0**	397.0
Series A Senior Notes	**54.5**	57.9
Series B Senior Notes	**5.5**	6.0
Series C Senior Notes	**6.4**	7.2
Revolving Credit Facility	-	-
	573.4	468.1

On February 28, 2006, the LP renewed a $20.0 million unsecured credit facility (Revolving Credit Facility). In 2006, the LP repaid the Revolving Credit Facility in full and it was terminated. The interest rate on the Revolving Credit Facility averaged 5.60 per cent for the year ended December 31, 2006.

On March 31, 2006, the LP entered into an unsecured credit agreement for a $310.0 million credit facility (Bridge Loan Credit Facility) with a banking syndicate. Borrowings under the Bridge Loan Credit Facility bore interest, at the option of the LP, at the LIBOR or the base rate plus an applicable margin. On April 5, 2006, the LP borrowed $307.0 million under the Bridge Loan Credit Facility to finance the purchase price and a $10.0 million transaction fee payable in connection with the acquisition of an additional 20 per cent general partner interest in Northern Border. The remaining $3.0 million commitment under the Bridge Loan Credit Facility was terminated. On December 12, 2006, the Bridge Loan Credit Facility was refinanced through a $297.0 million draw on a $410.0 million credit agreement (Senior Credit Facility) with a banking syndicate and the use of $10.0 million cash on hand. The interest rate on the Bridge Loan Credit Facility averaged 6.29 per cent for the year ended December 31, 2006.

On December 12, 2006, the LP entered into a credit agreement for the Senior Credit Facility. On December 19, 2006, the LP borrowed an additional $100.0 million under the Senior Credit Facility to finance the purchase price of an additional 49 per cent general partner interest in Tuscarora.

On February 13, 2007, the Senior Credit Facility was amended and restated in connection with the Great Lakes acquisition. The amount available under the Senior Credit Facility increased from $410.0 million to $950.0 million, consisting of a $700.0 million senior term loan and a $250.0 million senior revolving credit facility, with $194.0 million of the senior term loan

available being terminated upon closing of the Great Lakes acquisition. In accordance with the Senior Credit Facility agreement, once repaid, a senior term loan cannot be re-borrowed. On November 29, 2007, $18.0 million of the senior term loan was repaid and hence terminated, leaving $488.0 million available and outstanding under the senior term loan. At December 31, 2007, $19.0 million is outstanding under the senior revolving credit facility, leaving $231.0 million available for future borrowings.

The Senior Credit Facility matures on December 12, 2011, at which time all amounts outstanding will be due and payable. Amounts borrowed may be repaid in part or in full prior to that time without penalty. Borrowings under the Senior Credit Facility will bear interest based, at the LP's election, on the LIBOR or the prime rate plus, in either case, an applicable margin. There was $507.0 million outstanding under the Senior Credit Facility at December 31, 2007 (2006 - $397.0 million). The interest rate on the Senior Credit Facility averaged 6.01 per cent for the year ended December 31, 2007 (2006 – 6.16 per cent). After hedging activity, the interest rate incurred on the Senior Credit Facility averaged 5.75 per cent for the year ended December 31, 2007. Prior to hedging activities, the interest rate was 5.62 per cent at December 31, 2007 (2006 – 6.07 per cent). At December 31, 2007, the LP was in compliance with its financial covenants.

In 1995, Tuscarora issued $91.7 million of 7.13 per cent senior secured notes, which mature on December 21, 2010 (Series A). In 2000, Tuscarora issued $8.0 million of 7.99 per cent senior secured notes, which mature on December 21, 2010 (Series B). In 2002, Tuscarora issued $10.0 million of 6.89 per cent senior secured notes, which mature on December 21, 2012 (Series C). The Series A, Series B and Series C notes (collectively, the Notes) have a final payment at maturity of $46.7 million, $4.1 million and $2.7 million, respectively. The Notes are secured by Tuscarora's transportation contracts, supporting agreements and substantially all of Tuscarora's property. The credit agreement for the Notes contains certain provisions that include, among other items, limitations on additional indebtedness and distributions to partners.

Annual maturities of the Senior Credit Facility and the Notes are summarized as follows:

2008	4.6
2009	4.4
2010	53.5
2011	507.8
2012	3.1
	573.4

Note 9 Income Taxes
Deferred income tax liabilities of $21.7 million for 2007 (2006 - $18.6 million) arise from the Company's investments having higher book basis than tax basis.

Note 10 Stockholder's Equity
A wholly-owned subsidiary of TransCanada holds 100 common shares representing 100 per cent of the issued common stock of the Company. On December 11, 2007, the Company declared a distribution of $7.5 million in the form of a dividend to a wholly-owned subsidiary of TransCanada. On July 21, 2006 the Company declared a distribution of $6.5 million in the form of a return of capital to the same wholly-owned subsidiary of TransCanada.

Note 11 Related Party Transactions
The Company does not have any employees. The management and operating functions are provided by TransCanada. TransCanada does not receive a management fee or other compensation in connection with its management of the Company. The Company reimburses TransCanada for all costs of services provided, including the costs of employee, officer and director compensation and benefits, and all other expenses necessary or appropriate to the conduct of the business of, and allocable to, the Company. Such costs include (i) overhead costs (such as office space and equipment) and (ii) out-of-pocket expenses related to the provision of such services. Total costs charged to the Company by TransCanada was $1.9 million for the year ended December 31, 2007 (2006 - $1.2 million).

A wholly-owned subsidiary of TransCanada became the operator of Great Lakes through TransCanada's acquisition of Great Lakes Gas Transmission Company on February 22, 2007. On December 19, 2006, the LP acquired an additional 49 per cent general partner interest in Tuscarora. In connection with this transaction, TCNB became the operator of Tuscarora. TransCanada and its affiliates provide capital and operating services to the LP's pipeline systems. TransCanada and its affiliates incur costs on behalf of the LP's pipeline systems, including, but not limited to, employee benefit costs, property and liability insurance costs, and transition costs. Total costs charged to the LP's pipeline systems in 2007 by TransCanada and its affiliates and amounts owed to TransCanada and its affiliates at December 31, 2007 are summarized in the following table:

(millions of dollars)	Great Lakes	Northern Border	Tuscarora
Costs charged by TransCanada and its affiliates	25.6	22.5	1.8
Impact on the LP's net income	11.2	11.0	0.9
Amount owed to TransCanada and its affiliates	1.9	3.0	3.5

Great Lakes earns transportation revenues from TransCanada and its affiliates under fixed priced contracts with remaining terms ranging from one to ten years. Great Lakes earned $113.9 million of transportation revenues under these contracts for the period February 23, 2007 to December 31, 2007. This amount represents 48.2 per cent of total revenues earned by Great Lakes for the period February 23, 2007 to December 31, 2007. $52.9 million of transportation revenue is included in the LP's equity income from Great Lakes during the same period. At December 31, 2007, $10.0 million is included in Great Lakes' receivables in regards to the transportation contracts with TransCanada and its affiliates.

For the year ended December 31, 2007, the LP recorded transmission revenues of $19.4 million in regards to various contracts with Sierra Pacific Power Company, a wholly-owned subsidiary of Sierra Pacific Resources.

On April 6, 2006, the LP acquired an additional 20 per cent general partner interest in Northern Border. At the time of this transaction, the LP paid a $10.0 million transaction fee to TCNB related to the assumption of operatorship. This fee has been recorded as part of the LP's investment in Northern Border and is being amortized over the term of the related operating agreement partially offsetting equity income.

On May 8, 2007, the LP reimbursed TransCanada $2.8 million for third party costs related to the LP's acquisition of its interest in Great Lakes. On September 26, 2007, the LP reimbursed TransCanada $1.2 million for a working capital adjustment related to the LP's acquisition of its interest in Great Lakes.

On December 31, 2007, the LP acquired a one per cent general partner interest in Tuscarora from a wholly-owned subsidiary of TransCanada for $2.0 million. The purchase price of this acquisition was derived from the formula used to calculate the purchase price of a separate one per cent general partner interest in Tuscarora which was purchased from Tuscarora Gas Pipeline Co. on the same day.

As at December 31, 2007, $0.4 million was owed to TransCan Northern Ltd., a wholly-owned subsidiary of TransCanada (2006 - $0.5 million). As at December 31, 2007, $3.1 million was owed to TransCanada PipeLines USA Ltd. (TCPL USA), a wholly-owned subsidiary of TransCanada (2006 - $2.3 million).

As at December 31, 2006, $6.0 million was owed to the Company by TCPL USA under a credit facility agreement. The advance bore interest at the United States prime rate. Amounts advanced were repaid in full in 2007.

Note 12 Capital Requirements

On April 30, 2007, the LP made a contribution of $7.5 million to Northern Border, representing the LP's 50 per cent share of a $15.0 million cash call issued by Northern Border. The funds were used by Northern Border to repay indebtedness.

The LP contributed $3.1 million to Northern Border during 2006, representing its then 30 per cent share of a $10.3 million cash call issued by Northern Border. The funds were used by Northern Border to fund an expansion project.

Note 13 Derivative Financial Instruments
The carrying value of cash and short-term investments, accounts receivable and other, accounts payable and accrued interest approximate their fair values because of the short maturity or duration of these instruments, or because the instruments carry a variable rate of interest or a rate that approximates current rates. The fair value of the LP's long-term debt is estimated by discounting the future cash flows of each instrument at current borrowing rates.

The estimated fair values of the LP's and its subsidiary's long-term debt as of December 31, 2007 and 2006 are as follows:

	2007		2006	
(millions of dollars)	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Senior Credit Facility	**507.0**	**507.0**	397.0	397.0
Series A Senior Notes	**54.5**	**58.7**	57.9	60.9
Series B Senior Notes	**5.5**	**6.0**	6.0	6.4
Series C Senior Notes	**6.4**	**7.0**	7.2	7.5
	573.4	**578.7**	468.1	471.8

The LP's short-term and long-term debt results in exposure to changing interest rates. The LP uses derivatives to assist in managing its exposure to interest rate risk.

At December 31, 2007, the fair value of the interest rate swaps and options accounted for as hedges was negative $9.8 million (2006 - positive $1.6 million). The fair value of interest rate swaps and options have been calculated using year-end market rates. The notional amount hedged was $475.0 million as at December 31, 2007 (2006 - $200.0 million). $300.0 million of variable-rate debt is hedged by an interest rate swap during the period from March 12, 2007 through December 12, 2011, where the weighted average fixed interest rate paid is 4.89 per cent. $100.0 million of variable-rate debt is hedged by an interest rate option during the period from May 22, 2007 through May 22, 2009 to an interest rate range between a weighted average floor of 4.09 per cent and a cap of 5.35 per cent. $75.0 million of variable-rate debt is hedged by an interest rate swap during the period from February 29, 2008 through February 28, 2011, where the fixed interest rate paid will be 3.86 per cent. In addition to these fixed rates, the LP pays an applicable margin in accordance with the Senior Credit Facility agreement. The interest rate swaps and options are structured such that the cash flows match those of the Senior Credit Facility.

Note 14 Accounting Pronouncements
In 2006, the Financial Accounting Standards Board issued SFAS No. 157, *Fair Value Measurements*, and during 2007,issued SFAS No. 141(R), *Business Combinations - revised*, SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – including an amendment of FASB Statement No. 115*, and SFAS No. 160, *Noncontrolling Interests in Consolidated financial Statements*.

SFAS No. 157 establishes a framework for measuring fair value and requires additional disclosures about fair value measurements. The effect of adopting SFAS No. 157 is not expected to be material to the Company's results of operations or financial position.

SFAS No. 141(R) replaces SFAS No. 141, *Business Combinations*. SFAS No. 141 (R) retains the fundamental requirements of SFAS No. 141 that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination, with the objective of improving the relevance and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. The requirements of this standard will not have a material impact on the results of the Company.

SFAS No. 159 permits entities to choose to measure selected financial assets and financial liabilities at fair value. The fair value option established by SFAS No. 159 permits all entities to choose to measure eligible items at fair value at specified election dates. The effect of adopting SFAS No. 159 is not expected to be material to the LP's results of operations or financial position.

SFAS No. 160 clarifies the classification of non-controlling interests in consolidated statements of financial position and the accounting for and reporting of transactions between the reporting entity and holders of such non-controlling interests. The Company is currently reviewing the applicability of SFAS No. 160 to its financial position.

In June 2007 the Emerging Issues Task Force of the FASB issued EITF 07-4, "Application of the Two-Class Method under FASB Statement No. 128, *Earnings per Share*, to Master Limited Partnerships". EITF 07-4 addresses how current period earnings of a Master Limited Partnership (MLP) should be allocated to the GP, limited partners and when applicable, incentive distribution rights when applying the two-class method under Statement 128. A tentative conclusion was ratified by the FASB in December 2007. The Company is currently reviewing the applicability of EIFT 07-4 to its financial position.