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 SEPTEMBER 30, 2003

OR

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

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) |
| 110 Turnpike Road, Suite 203 Westborough, Massachusetts | 01581 |
| (Address of principal executive offices) | (Zip code) |

508-871-7046
(Registrant's telephone number, including area code)

Indicate by check mark whether 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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes [X]    No [ ]

As of November 13, 2003 there were 16,563,564 of the registrant's common units outstanding.

TC PIPELINES, LP

TABLE OF CONTENTS

# PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## TC PIPELINES, LP

## STATEMENT OF INCOME

| (UNAUDITED) (MILLIONS OF DOLLARS, EXCEPT PER UNIT AMOUNTS) | THREE MONTHS ENDED SEPTEMBER 30 2003 | THREE MONTHS ENDED SEPTEMBER 30 2002 | NINE MONTHS ENDED SEPTEMBER 30 2003 | NINE MONTHS ENDED SEPTEMBER 30 2002 |
|---|---|---|---|---|
| Equity Income from Investment in Northern Border Pipeline | 11.2 | 11.8 | 33.5 | 34.6 |
| Equity Income from Investment in Tuscarora | 1.3 | 1.2 | 3.8 | 3.3 |
| General and Administrative Expenses | (0.5) | (0.4) | (1.3) | (1.1) |
| Financial Charges | - | (0.1) | (0.1) | (0.2) |
| Net Income | 12.0 | 12.5 | 35.9 | 36.6 |
| NET INCOME ALLOCATION | | | | |
| Common units | 10.8 | 10.5 | 31.4 | 30.0 |
| Subordinated units | 0.6 | 1.5 | 3.1 | 5.2 |

General partner 0.6 0.5 1.4 1.4 - ------------- ------------- ------------- --------- 12.0 12.5 35.9 36.6 --- ------------- ------------- ------------- ------- ----- ------------- ------------- ------------- ----- Net Income per Unit $0.65 $0.68 $1.97 $2.01 ------- ------------- ------------- ------------- --- --------- ------------- ------------- ------------- - Units Outstanding (millions) 17.5 17.5 17.5 17.5 --- ------------- ------------- ------------- ------- ----- ------------- ------------- ------------- -----

STATEMENT OF COMPREHENSIVE INCOME

THREE MONTHS ENDED NINE MONTHS ENDED SEPTEMBER 30 SEPTEMBER 30 (UNAUDITED) ------------ ------ ----- ------------ - (MILLIONS OF DOLLARS) 2003 2002 2003 2002 - ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ ---- Net Income 12.0 12.5 35.9 36.6 Other Comprehensive Income Change associated with current period hedging transactions (0.1) (0.1) (0.4) (0.8)

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- Total
Comprehensive
Income 11.9
12.4 35.5
35.8 -------
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See accompanying Notes to Condensed Financial Statements.



PART I. FINANCIAL INFORMATION (CONTINUED)

ITEM 1. FINANCIAL STATEMENTS (CONTINUED)

TC PIPELINES, LP

BALANCE SHEET

(MILLIONS OF
DOLLARS)
SEPTEMBER
30, 2003
December 31,
2002 - -----
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--
(UNAUDITED)
(AUDITED)
ASSETS
Current
Assets Cash
4.2 6.4
Investment
in Northern
Border
Pipeline
242.1 242.9
Investment
in Tuscarora
39.9 36.7 --
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- 286.2
286.0 ------
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LIABILITIES
AND
PARTNERS'
EQUITY
Current
Liabilities

Accounts payable 0.6 0.6 Current portion of long-term debt 5.5 - - ------------------------------------ -- 6.1 0.6 Long-Term Debt - 11.5 Partners' Equity Common units 245.0 238.9 Subordinated units 27.2 27.0 General partner 6.2 5.9 Other comprehensive income 1.7 2.1 ------------------------------------------- 280.1 273.9 ------------------------------------ --- 286.2 286.0 ------------------------------------------ -- ------------------------------------ -

STATEMENT OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30 (UNAUDITED) ------------------------------------ --- (MILLIONS OF DOLLARS) 2003 2002 - ------------------------------------------------------------------------------------------------------------ ------- CASH GENERATED FROM OPERATIONS Net income 35.9 36.6 Add: Distributions received in excess of equity income 1.3 2.0 ------------------------------------ ------- 37.2

38.6 -------
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INVESTING
ACTIVITIES
Investment
in Tuscarora
(4.1) (4.5)
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FINANCING
ACTIVITIES
Distributions
paid (29.3)
(27.7)
Reduction of
long-term
debt (6.0)
(10.0) -----
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(35.3)
(37.7) -----
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DECREASE IN
CASH (2.2)
(3.6) CASH,
BEGINNING OF
PERIOD 6.4
9.2 --------
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CASH, END OF
PERIOD 4.2
5.6 --------
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See accompanying Notes to Condensed Financial Statements.



PART I. FINANCIAL INFORMATION (CONTINUED)

ITEM 1. FINANCIAL STATEMENTS (CONTINUED)

TC PIPELINES, LP

NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 BASIS OF PRESENTATION

TC PipeLines, LP, and its subsidiary limited partnerships, TC PipeLines Intermediate Limited Partnership and TC Tuscarora Intermediate Limited Partnership, all Delaware limited partnerships, are collectively referred to herein as TC PipeLines or the Partnership. The Partnership commenced operations on May 28, 1999.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States. Other comprehensive income recorded by TC PipeLines arises through its equity investments in Northern Border Pipeline Company (Northern Border Pipeline) and Tuscarora Gas Transmission Company (Tuscarora) and relates to cash flow hedges transacted by Northern Border Pipeline and Tuscarora. Amounts are stated in United States dollars.

Since a determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of these financial statements requires the use of estimates and assumptions which have been made using careful judgment. In the opinion of management, these financial statements have been properly prepared within reasonable limits of materiality and include all adjustments (consisting of normal recurring accruals) necessary to present fairly the results of operations for the three and nine months ended September 30, 2003 and 2002, the financial position as at September 30, 2003 and December 31, 2002 and cash flows for the nine months ended September 30, 2003 and 2002.

The results of operations for the three and nine months ended September 30, 2003 and 2002 are not necessarily indicative of the results that may be expected for a full fiscal year. The interim financial statements should be read in conjunction with the Partnership's financial statements and notes included in TC PipeLines' Annual Report on Form 10-K for the year ended December 31, 2002.

NOTE 2   INVESTMENT IN NORTHERN BORDER PIPELINE COMPANY

The Partnership owns a 30% general partner interest in Northern Border Pipeline, a partnership which owns a 1,249-mile United States interstate pipeline system that transports natural gas from the Montana-Saskatchewan border to markets in the midwestern United States. The remaining 70% partnership interest in Northern Border Pipeline is held by Northern Border Partners, L.P., a publicly traded limited partnership. The 2% general partnership interest in Northern Border Partners, L.P. is controlled by affiliates of Enron Corp. (Enron), which hold a 1.65% general partner interest, and TransCanada Corporation (TransCanada), parent of TC PipeLines' general partner (General Partner), which holds the remaining 0.35% general partner interest. The Northern Border pipeline system is operated by Northern Plains Natural Gas Company, a wholly owned subsidiary of Enron. Northern Border Pipeline is regulated by the Federal Energy Regulatory Commission (FERC).

TC PipeLines uses the equity method of accounting for its investment in Northern Border Pipeline. TC PipeLines' equity income for the three and nine months ended September 30, 2003 and 2002 represents 30% of the net income of Northern Border Pipeline for the same periods. Retained earnings of TC PipeLines at September 30, 2003 and December 31, 2002 include undistributed earnings from Northern Border Pipeline of $0.5 million and $1.3 million, respectively. The following sets out summarized financial information representing 100% of the operations of Northern Border Pipeline for the three and nine months ended September 30, 2003 and 2002 and as at September 30, 2003 and December 31, 2002.





THREE
MONTHS
ENDED NINE
MONTHS
ENDED
SEPTEMBER
30
SEPTEMBER
30
(UNAUDITED)
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(MILLIONS
OF DOLLARS)
2003 2002
2003 2002 -
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-- NORTHERN
BORDER
PIPELINE
INCOME
STATEMENT
Revenues
81.2 81.6
241.7 239.9
Costs and
expenses
(18.7)
(15.2)
(52.8)
(42.6)
Depreciation
(14.4)
(14.5)
(43.3)
(43.5)
Financial
charges
(11.0)
(13.2)
(34.4)
(39.9)
Other
income 0.1
0.5 0.4 1.5
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----- Net
income 37.2
39.2 111.6
115.4 -----
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Northern Border Pipeline has recorded other comprehensive income of $(0.4) million for each of the three month periods ended September 30, 2003 and 2002, and $(1.2) million and $(2.1) million for the nine months ended September 30, 2003 and 2002, respectively.

(MILLIONS OF
DOLLARS)
SEPTEMBER
30, 2003
December 31,
2002 - -----
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(UNAUDITED)
(AUDITED)
NORTHERN
BORDER
PIPELINE
BALANCE
SHEET ASSETS

| | | |
|---|---|---|
| Cash and cash equivalents | 17.0 | 25.4 |
| Other current assets | 36.5 | 40.8 |
| Plant, property and equipment, net | 1,596.4 | 1,636.0 |
| Other assets | 34.2 | 37.8 |
| | 1,684.1 | 1,740.0 |
| LIABILITIES AND PARTNERS' EQUITY | | |
| Current liabilities | 52.2 | 130.9 |
| Reserves and deferred credits | 6.0 | 15.4 |
| Long-term debt, net of current maturities | 818.8 | 783.9 |
| Partners' Equity | | |
| Partners' capital | 801.5 | 803.0 |
| Accumulated other comprehensive income | 5.6 | 6.8 |
| | 1,684.1 | 1,740.0 |

NOTE 3 INVESTMENT IN TUSCARORA GAS TRANSMISSION COMPANY

The Partnership owns a 49% general partner interest in Tuscarora, a partnership that owns a 240-mile United States interstate pipeline system that transports natural gas from Oregon, where it interconnects with facilities of Gas Transmission Northwest Corporation, to northern Nevada. The remaining general partner interest in Tuscarora is held 50% by Sierra Pacific Resources and 1% by TransCanada. The Tuscarora pipeline system is operated by Tuscarora Gas Operating Company, a wholly owned subsidiary of Sierra Pacific Resources. Sierra Pacific Power Company, a subsidiary of Sierra Pacific Resources, is Tuscarora's largest shipper, accounting for approximately 68% of Tuscarora's available capacity. Tuscarora is regulated by the FERC.

The Partnership uses the equity method of accounting for its investment in Tuscarora. TC PipeLines' equity income for the three and nine months ended

September 30, 2003 and 2002 represents 49% of the net income of





Tuscarora for the same periods. Retained earnings of TC PipeLines at September 30, 2003 and December 31, 2002 include undistributed earnings from Tuscarora of nil and $0.8 million, respectively. The following sets out summarized financial information representing 100% of the operations of Tuscarora for the three and nine months ended September 30, 2003 and 2002 and as at September 30, 2003 and December 31, 2002.

| (UNAUDITED) (MILLIONS OF DOLLARS) | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| TUSCARORA INCOME STATEMENT | | | | |
| Revenues | 7.3 | 5.6 | 22.0 | 16.8 |
| Costs and expenses | (1.3) | (0.6) | (3.8) | (1.9) |
| Depreciation | (1.6) | (1.2) | (4.8) | (3.6) |
| Financial charges | (1.6) | (1.3) | (4.9) | (4.3) |
| Other income | - | 0.2 | - | 0.5 |
| Net income | 2.8 | 2.7 | 8.5 | 7.5 |

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Tuscarora has recorded other comprehensive income of less than $(0.1) million for each of the three month periods ended September 30, 2003 and September 30, 2002, and less than $(0.1) million and $(0.4) million for the nine months ended September 30, 2003 and 2002, respectively.

(MILLIONS OF DOLLARS) SEPTEMBER 30, 2003 December 31, 2002 - ----- ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ -- (UNAUDITED) (AUDITED) TUSCARORA BALANCE SHEET ASSETS Cash and cash equivalents 4.8 0.6 Other current assets 2.6 4.3 Plant, property and equipment, net 144.5 148.4 Other assets 0.9 1.2 -------- ------------ ------------ ------- 152.8 154.5 ------------ ------------ ------------ --- -------- ------------ ------------ ------- LIABILITIES AND PARTNERS' EQUITY Current liabilities 7.9 14.6 Long-term debt 83.1 85.3 Partners' Equity Partners' capital 61.8 54.2 Accumulated other comprehensive income - 0.4 ------------ ------------ ------------

--- 152.8
154.5 ------
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NOTE 4 CREDIT FACILITIES AND LONG-TERM DEBT

On September 30, 2002, the Partnership renewed its unsecured credit facility (Revolving Credit Facility) with Bank One, NA, as administrative agent. Under the Revolving Credit Facility, the Partnership may borrow up to an aggregate principal amount of $20.0 million. Loans under the Revolving Credit Facility bear interest at a floating rate. The Revolving Credit Facility matures on July 31, 2004. Amounts borrowed may be repaid in part or in full prior to that time without penalty. The Revolving Credit Facility





may be used to finance capital expenditures and for other general business purposes. At September 30, 2003 and December 31, 2002, the Partnership had borrowings of $5.5 million and $11.5 million, respectively, outstanding under the Revolving Credit Facility. The fair value of the Revolving Credit Facility approximates its carrying value because the interest rate is a floating rate. The interest rate on the Revolving Credit Facility averaged 2.4% and 2.9% for the three months ended September 30, 2003 and 2002, respectively; 2.6% and 2.8% for the nine months ended September 30, 2003 and 2002, respectively; and was 2.4% and 2.7% at September 30, 2003 and December 31, 2002, respectively.

On May 28, 2003, the Partnership renewed its $40.0 million unsecured two-year revolving credit facility (TransCanada Credit Facility) with TransCanada PipeLine USA Ltd., an affiliate of the General Partner. The TransCanada Credit Facility bears interest at London Interbank Offered Rate plus 1.25%. The purpose of the TransCanada Credit Facility is to provide borrowings to fund capital expenditures, to fund capital contributions to Northern Border Pipeline, Tuscarora, and any other entity in which the Partnership directly or indirectly acquires an interest, to fund working capital and for other general business purposes, including temporary funding of cash distributions to unitholders and the General Partner, if necessary. At September 30, 2003 and December 31, 2002 the Partnership had no amount outstanding under the TransCanada Credit Facility.

NOTE 5 NET INCOME PER UNIT

Net income per unit is computed by dividing net income, after deduction of the General Partner's allocation, by the weighted average number of common and subordinated units outstanding. The General Partner's allocation is equal to an amount based upon the General Partner's 2% interest, adjusted to reflect an amount equal to incentive distributions. Net income per unit was determined as follows:

THREE
MONTHS
ENDED NINE
MONTHS
ENDED
SEPTEMBER
30
SEPTEMBER
30
(UNAUDITED)
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| (MILLIONS OF DOLLARS, EXCEPT PER UNIT AMOUNTS) | 2003 | 2002 | 2003 | 2002 |
| --- | --- | --- | --- | --- |
| Net income | 12.0 | 12.5 | 35.9 | 36.6 |
| Net income allocated to General Partner | | | | |
| General Partner interest | (0.3) | (0.2) | (0.7) | (0.7) |
| Incentive distribution income allocation | (0.3) | (0.3) | (0.7) | (0.7) |
| | (0.6) | (0.5) | (1.4) | (1.4) |
| Net income allocable to units | 11.4 | 12.0 | 34.5 | 35.2 |
| Weighted average units outstanding (MILLIONS) | 17.5 | 17.5 | 17.5 | 17.5 |
| Basic and diluted net income per unit | $0.65 | $0.68 | $1.97 | $2.01 |

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PART I. FINANCIAL INFORMATION (CONTINUED)

ITEM 1. FINANCIAL STATEMENTS (CONCLUDED)

TC PIPELINES, LP

NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 6 SUBORDINATED UNIT CONVERSION

On August 1, 2003, 936,435 subordinated units, representing one-half of the outstanding subordinated units held by the General Partner, upon satisfaction of the financial tests set forth in the partnership agreement, automatically converted into an equal number of common units as provided for in the partnership agreement of TC PipeLines.

After the early conversion of 936,435 subordinated units on August 1, 2002, this early conversion of an additional 936,435 subordinated units reduces the number of outstanding subordinated units to 936,436, which will, upon satisfaction of the financial tests, automatically convert into common units on the first day after the record date for distributions for the quarter ending June 30, 2004.

NOTE 7 DISTRIBUTIONS

On October 21, 2003, the Board of Directors of the General Partner declared a cash distribution of $0.55 per unit for the three months ended September 30, 2003. The distribution totaling approximately $10.1 million is payable on November 14, 2003 in the following manner: $9.1 million to the holders of common units as of the close of business on October 31, 2003, $0.5 million to the General Partner as holder of the subordinated units, $0.3 million to the General Partner as holder of incentive distribution rights, and $0.2 million to the General Partner in respect of its 2% general partner interest.

NOTE 8 ACCOUNTING PRONOUNCEMENTS

SFAS No. 143, "Accounting for Asset Retirement Obligations," became effective for the Partnership on January 1, 2003. As the Partnership does not directly own any long-lived assets, no asset retirement obligation has been recorded on its balance sheet.

SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" amends and clarifies accounting for derivative instruments and for hedging activities under SFAS No. 133. As at September 30, 2003, TC PipeLines does not engage in any hedging activities and is not affected by the changes resulting from this standard.



PART I. FINANCIAL INFORMATION (CONTINUED)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

TC PIPELINES, LP

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This quarterly report includes forward-looking statements regarding future events and the future financial performance of TC PipeLines, LP. All forward-looking statements are based on the Partnership's beliefs as well as assumptions made by and information currently available to the Partnership. Words such as "anticipates", "believes", "estimates", "expects", "plans", "intends", "forecasts", and similar expressions, identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These statements reflect the Partnership's current views with respect to future events and are subject to various risks, uncertainties and assumptions including:

- regulatory decisions, particularly those of the Federal Energy Regulatory Commission (FERC);

- majority control and operation of Northern Border Pipeline Company by affiliates of Enron Corp., and as a result, any further developments in the Enron bankruptcy proceedings, Enron's intention to create a new pipeline operating company, and bankruptcy-related regulatory issues, including the potential denial by the Securities and Exchange Commission (SEC) of Enron's application for exemption from the Public Utility Holding Company Act and any impact of such denial on Northern Border Pipeline Company and the Partnership;

- the failure of a shipper on either one of the Partnership's pipelines to perform its contractual obligations;

- the ability of affiliates of Sierra Pacific Resources to continue to meet their contractual obligations to Tuscarora Gas Transmission Company;

- the ability of Northern Border Pipeline Company to recontract its capacity;

- the ownership of Tuscarora by affiliates of Sierra Pacific Resources and affiliates of the Partnership at a percentage of 50% each and the resulting ability of each partner to veto any decisions of the Tuscarora management committee;

- cost and availability of acquisitions;

- future demand for natural gas;

- overcapacity in the industry;

- conflicts of interest between TransCanada, the owner of the Partnership's general partner, on the one hand, and the Partnership, on the other hand; and

- prevailing economic conditions, particularly conditions of the capital and equity markets;





and other risks discussed in the Partnership's filings with the SEC, including the Partnership's Annual Report on Form 10-K for the year ended December 31, 2002. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements.

## RESULTS OF OPERATIONS OF TC PIPELINES, LP

TC PipeLines, LP was formed in 1998 to acquire, own and participate in the management of United States based pipeline assets. TC PipeLines, LP, and its subsidiary limited partnerships, TC PipeLines Intermediate Limited Partnership and TC Tuscarora Intermediate Limited Partnership, all Delaware limited partnerships, are collectively referred to herein as TC PipeLines or the Partnership. TC PipeLines GP, Inc., a wholly owned subsidiary of TransCanada, is the general partner of the Partnership. The Partnership owns a 30% general partner interest in Northern Border Pipeline and a 49% general partner interest in Tuscarora.

## INVESTMENT IN NORTHERN BORDER PIPELINE COMPANY

Northern Border Pipeline owns a 1,249-mile United States interstate pipeline system that transports natural gas from the Montana-Saskatchewan border to markets in the midwestern United States. The Partnership acquired its 30% interest in Northern Border Pipeline from affiliates of its General Partner. The Partnership has one member and 30% of the voting power of the Northern Border Pipeline management committee.

The remaining 70% general partner interest in Northern Border Pipeline is held by Northern Border Partners, L.P., a publicly traded limited partnership. The general partners of Northern Border Partners are Northern Plains Natural Gas Company and Pan Border Gas Company, both Enron affiliates, and Northwest Border Pipeline Company, a subsidiary of TransCanada. TransCanada has one member and 12.25% of the voting power on the Northern Border Pipeline management committee. TransCanada and TC PipeLines collectively have two members and an aggregate 42.25% of the voting power of the Northern Border Pipeline management committee. Northern Plains and Pan Border collectively have two members and 57.75% of the voting power of the Northern Border Pipeline management committee. Northern Plains also serves as the operator of the Northern Border pipeline system.

INVESTMENT IN TUSCARORA GAS TRANSMISSION COMPANY

Tuscarora owns a 240-mile United States interstate pipeline system that transports natural gas from Oregon, where it interconnects with facilities of Gas Transmission Northwest Corporation, to northern Nevada. The Partnership owns a 49% general partner interest in Tuscarora. The remaining general partner interest in Tuscarora is held 50% by Sierra Pacific Resources and 1% by TCPL Tuscarora Ltd., an indirect subsidiary of TransCanada. Under the Tuscarora partnership agreement, voting power of the management committee is allocated among Tuscarora's three general partners in proportion to their general partner interests in Tuscarora. The Tuscarora pipeline system is operated by Tuscarora Gas Operating Company, a wholly owned subsidiary of Sierra Pacific Resources. Sierra Pacific Power Company, a





subsidiary of Sierra Pacific Resources, is Tuscarora's largest shipper, accounting for approximately 68% of Tuscarora's available capacity.

On December 1, 2002, Tuscarora completed and placed into service an expansion of its pipeline system. The expansion consisted of the addition of two compressor stations, located along the Tuscarora mainline, as well as an 11-mile pipeline extension from Tuscarora's previous terminus near Reno, Nevada to Wadsworth, Nevada. The expansion increased Tuscarora's capacity to approximately 182 million cubic feet per day. The project had a capital budget of $43.0 million but was completed at a capital cost of approximately $39.0 million. The new capacity is contracted under long-term firm contracts ranging from ten to fifteen years. Under the terms of these transportation contracts, approximately 70% of the new contracted capacity came into effect upon commencement of service. The remaining 30% of new contracted capacity will come into effect by the end of 2003.

CRITICAL ACCOUNTING POLICY

TC PipeLines accounts for its investments in both Northern Border Pipeline and Tuscarora using the equity method of accounting as detailed in notes two and three to the condensed financial statements. The equity method of accounting is appropriate where the investor does not control but is able to exercise significant influence over the operating and financial policies of an investee. TC PipeLines is able to exercise significant influence over its investments in Northern Border Pipeline and Tuscarora as evidenced by its representation on their respective management committees.

Since the interests in Northern Border Pipeline and Tuscarora are currently the Partnership's only significant sources of income, the Partnership's results of operations are influenced by and reflect the same factors that influence the financial results of Northern Border Pipeline and Tuscarora, respectively.

THIRD QUARTER 2003 COMPARED WITH THIRD QUARTER 2002

Net income decreased $0.5 million, or 4%, to $12.0 million for third quarter 2003, compared to $12.5 million for the same period last year. Net income for third quarter 2003 reflects a decrease in equity income from Northern Border Pipeline, partially offset by an increase in equity income from Tuscarora.

Equity income from the Partnership's investment in Northern Border Pipeline decreased $0.6 million, or 5%, to $11.2 million for third quarter 2003, compared to $11.8 million for the same period last year. Northern Border Pipeline's operations and maintenance expense was higher during third quarter 2003 compared to the same period last year





due primarily to higher electric power costs for certain compressor stations (see "Results of Operations of Northern Border Pipeline Company"). Operations and maintenance expense also includes an increase in employee benefits expense at Northern Border Pipeline in third quarter 2003 as compared to the same period last year. The effect of the higher operations and maintenance expense at Northern Border Pipeline during third quarter 2003 is a $1.0 million decrease to the Partnership's equity income. The increase in Northern Border Pipeline's operations and maintenance expense in third quarter 2003 as compared to the same period last year was partially offset by reductions in interest expense. The decrease in interest expense during third quarter 2003 was due primarily to lower average interest rates and lower average debt balances outstanding, resulting in an increase of $0.6 million to the Partnership's equity income. The remaining $0.2 million decrease in the Partnership's equity income from Northern Border Pipeline is attributable to decreases in revenues and other income.

Equity income from the Partnership's investment in Tuscarora increased $0.1 million, or 8%, to $1.3 million for third quarter 2003, compared to $1.2 million for the same period last year. Tuscarora's revenues increased primarily due to new transportation contracts from the expansion, increasing the Partnership's equity income from Tuscarora by $0.8 million. This increase was mostly offset by increased operations and maintenance expense and increased depreciation expense, both resulting from Tuscarora's expansion, as well as increased interest expense. The combined effect of these increased expenses reduced the Partnership's equity income from Tuscarora by $0.7 million.

NINE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 2002

Net income decreased $0.7 million, or 2%, to $35.9 million for the first nine months of 2003, compared to $36.6 million for the same period last year. Net income for the first nine months of 2003 reflects a decrease in equity income from Northern Border Pipeline, partially offset by an increase in equity income from Tuscarora.

Equity income from the Partnership's investment in Northern Border Pipeline decreased $1.1 million, or 3%, to $33.5 million for the first nine months of 2003, compared to $34.6 million for the same period last year. Northern Border Pipeline's revenues for the first nine months of 2003 were higher than the same period last year, as the first nine months of 2002 reflects uncollected revenues associated with the transportation capacity previously held by Enron North America (the impact on TC PipeLines' equity income was $0.5 million). Also, Northern Border Pipeline's interest expense was lower during the first nine months of 2003 compared to the same period last year due





primarily to lower average interest rates and lower average debt balances outstanding, resulting in an increase of $1.7 million to the Partnership's equity income. These increases to the Partnership's equity income were more than offset by the resulting impact of increases in Northern Border Pipeline's operations and maintenance expense and taxes other than income as well as a decrease in other income. The increase in 2003 operations and maintenance expense is primarily due to higher electric power costs for certain compressor stations (see "Results of Operations of Northern Border

Pipeline Company") as compared to the same period last year. Operations and maintenance expense also includes an increase in employee benefits expense for Northern Border Pipeline in the first nine months of 2003 as compared to the same period last year. The increase in 2003 taxes other than income is due primarily to adjustments to ad valorem taxes. Northern Border Pipeline periodically reviews and adjusts its estimates of ad valorem taxes. Reductions to previous estimates in 2002 exceeded reductions to previous estimates in 2003. In addition, Northern Border Pipeline received a refund of use taxes during the first nine months of 2002, resulting in lower taxes other than income when compared to the same period in 2003. The combined effect of these increased expenses at Northern Border Pipeline during the first nine months of 2003 is a $3.0 million decrease to the Partnership's equity income. Other income was lower during the first nine months of 2003 as compared to the same period last year. The 2003 amount includes interest expense for refunds required by the order issued by the FERC on March 27, 2003 (see "Results of Operations of Northern Border Pipeline Company - Update on Company Use Gas FERC Filing") whereas the 2002 amount includes income primarily related to interest received on the refund of use taxes previously discussed and income for previously vacated frequency bands. The resulting impact on the Partnership was a $0.3 million reduction in equity income.

Equity income from the Partnership's investment in Tuscarora increased $0.5 million, or 15%, to $3.8 million for the first nine months of 2003, compared to $3.3 million for the same period in 2002. Tuscarora's revenues increased primarily due to new transportation contracts from the expansion, increasing the Partnership's equity income from Tuscarora by $2.5 million. This increase was partially offset by increased operations and maintenance expense and increased depreciation expense, both resulting from Tuscarora's expansion, as well as increased interest expense. The combined effect of these increases in expenses reduced the Partnership's equity income from Tuscarora by $1.8 million. As well, a decrease in Tuscarora's other income resulted in a $0.2 million reduction in the Partnership's equity income.





## LIQUIDITY AND CAPITAL RESOURCES OF TC PIPELINES, LP

### EARLY CONVERSION OF SUBORDINATED UNITS

On August 1, 2003, 936,435 subordinated units, representing one-half of the outstanding subordinated units held by the General Partner, upon satisfaction of the financial tests set forth in the partnership agreement, automatically converted into an equal number of common units as provided for in the partnership agreement of TC PipeLines.

After the early conversion of 936,435 subordinated units on August 1, 2002, this early conversion of an additional 936,435 subordinated units reduces the number of outstanding subordinated units to 936,436, which will, upon satisfaction of the financial tests, automatically convert into common units on the first day after the record date for distributions for the quarter ending June 30, 2004.

### CASH DISTRIBUTION POLICY OF TC PIPELINES, LP

During the subordination period, which generally cannot end before June 30, 2004, the Partnership will make distributions of Available Cash as defined in the partnership agreement in the following manner:

- First, 98% to the common units, pro rata, and 2% to the General Partner, until there is distributed for each outstanding common unit an amount equal to the minimum quarterly distribution for that quarter;

- Second, 98% to the common units, pro rata, and 2% to the General Partner, until there is distributed for each outstanding common unit an amount equal to any arrearages in payment of the minimum quarterly distribution on the common units for that quarter and for any prior quarters during the subordination period;

- Third, 98% to the subordinated units, pro rata, and 2% to the General Partner, until there is distributed for each outstanding subordinated unit an amount equal to the minimum quarterly distribution for that quarter; and

- o Thereafter, in a manner whereby the General Partner has rights (referred to as incentive distribution rights) to receive increasing percentages of excess quarterly cash distributions over specified cash distribution thresholds.

2003 THIRD QUARTER CASH DISTRIBUTION

On October 21, 2003, the Board of Directors of the General Partner declared the Partnership's 2003 third quarter cash distribution in the amount of $0.55 per unit. This distribution will be paid on November 14, 2003 to unitholders of record as of October 31, 2003. The third quarter cash distribution, totaling $10.1 million, will be paid in the following manner: $9.1 million to common unitholders (including $1.5 million to an affiliate of TransCanada as holder of 2,800,000 common units and $1.0 million to the General Partner as holder of 1,872,870 common units), $0.5 million to the General Partner as holder of the subordinated units, $0.3 million to the General Partner as holder of





incentive distribution rights, and $0.2 million to the General Partner in respect of its 2% general partner interest.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows provided by operating activities decreased $1.4 million, or 4%, to $37.2 million for the first nine months of 2003, compared to $38.6 million for the same period last year. For the first nine months of 2003 and 2002, the Partnership received cash distributions of $33.9 million and $36.7 million, respectively, from its equity investment in Northern Border Pipeline. The Partnership also received cash distributions of $4.7 million and $3.3 million from its equity investment in Tuscarora during the first nine months of 2003 and 2002, respectively.

CASH FLOWS FROM INVESTING ACTIVITIES

In the first nine months of 2003, the Partnership made an equity contribution of $4.9 million to Tuscarora related to Tuscarora's 2002 expansion project, which was partially offset by a $0.8 million return of capital from Tuscarora.

CASH FLOWS FROM FINANCING ACTIVITIES

In the first nine months of 2003, the Partnership paid $29.3 million in cash distributions: $25.0 million to common unitholders (including $4.5 million to an affiliate of TransCanada as holder of 2,800,000 common units and $1.5 million to the General Partner as holder of 936,435 common units), $3.0 million to the General Partner as holder of the subordinated units, $0.8 million to the General Partner, as holder of incentive distribution rights, and $0.5 million to the General Partner in respect of its 2% general partner interest. This compares to cash distributions of $27.7 million, which were paid by the Partnership in the first nine months of 2002.

On September 30, 2002, the Partnership renewed its unsecured credit facility (Revolving Credit Facility) with Bank One, NA, as administrative agent. Under the Revolving Credit Facility, the Partnership may borrow up to an aggregate principal amount of $20.0 million. Loans under the Revolving Credit Facility bear interest, at the option of the Partnership, at a one-, two-, three-, or six-month London Interbank Offered Rate (LIBOR) plus 1.25% or at a floating rate based on the higher of the federal funds effective rate plus 0.5% or the prime rate. The Revolving Credit Facility matures on July 31, 2004. Amounts borrowed may be repaid in part or in full prior to that time without penalty. The Revolving Credit Facility may be used to finance capital expenditures and for other general business purposes. In the first nine months of 2003 the Partnership made principal re-payments on the Revolving Credit Facility of $6.0 million. At September 30, 2003 and November 13, 2003, the Partnership had borrowings of $5.5 million outstanding under the Revolving Credit

Facility. The interest rate on the Revolving Credit Facility averaged 2.4% for the three months ended September 30, 2003, 2.6% for the nine months ended September 30, 2003 and was 2.4% at September 30, 2003.

On May 28, 2003, the Partnership renewed its $40.0 million unsecured two-year revolving credit facility (TransCanada Credit Facility) with TransCanada PipeLine USA Ltd., an affiliate of the General Partner. The TransCanada Credit Facility bears interest at LIBOR plus 1.25%. The purpose of the TransCanada Credit Facility is to provide borrowings to fund capital expenditures, to fund capital contributions to Northern Border Pipeline, Tuscarora, and any other entity in which the Partnership directly or indirectly acquires an interest, to fund working capital and for other general business purposes, including temporary funding of cash distributions to unitholders and the General Partner, if necessary. At September 30, 2003 and November 13, 2003, the Partnership had no amount outstanding under the TransCanada Credit Facility.

## CAPITAL REQUIREMENTS

To the extent TC PipeLines has any capital requirements with respect to its investments in Northern Border Pipeline and Tuscarora or makes acquisitions during the remainder of 2003, TC PipeLines expects to fund these requirements with operating cash flows, debt and/or equity.

## RESULTS OF OPERATIONS OF NORTHERN BORDER PIPELINE COMPANY

## CRITICAL ACCOUNTING POLICIES

Certain amounts included in or affecting Northern Border Pipeline's Financial Statements and related disclosures must be estimated, requiring it to make certain assumptions with respect to values or conditions that cannot be known with certainty at the time the financial statements are prepared. The preparation of financial statements in conformity with accounting principles generally accepted 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any effects on Northern Border Pipeline's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Certain of Northern Border Pipeline's accounting policies are of more significance in its financial statement preparation process than others. Northern Border Pipeline's accounting policies conform to Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation." Accordingly, certain





assets that result from the regulated ratemaking process are recorded that would not be recorded under accounting principles generally accepted in the United States of America for nonregulated entities. Northern Border Pipeline continually assesses whether the future recovery of the regulatory assets is probable by considering such factors as regulatory changes and the impact of competition. If future recovery ceases to be probable, Northern Border Pipeline would be required to write-off the regulatory assets at that time. At September 30, 2003, Northern Border Pipeline has recorded regulatory assets of $9.8 million, which are being recovered from its shippers over varying periods of time.

Northern Border Pipeline's long-lived assets are stated at original cost. Northern Border Pipeline must use estimates in determining the economic useful lives of those assets. For utility property, no retirement gain or loss is included in income except in the case of retirements or sales of entire regulated operating units. The original cost of utility property retired is charged to accumulated depreciation and amortization, net of salvage and cost of removal.

Effective January 1, 2003, Northern Border Pipeline adopted SFAS No. 143, "Accounting for Asset Retirement Obligations." Northern Border Pipeline has advised that SFAS No. 143 did not have a material impact on its financial position or results of operations. SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred, if the liability can be reasonably estimated. Northern Border Pipeline has advised that it was unable to estimate and record liabilities for its obligations that fall under the provisions of this statement because it cannot reasonably estimate when such obligations would be settled.

Northern Border Pipeline's accounting for financial instruments follows SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" which requires that every derivative instrument be recorded on the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement. At September 30, 2003, Northern Border Pipeline's balance sheet reflects a non-cash gain of approximately $19.0 million in derivative financial instruments with a corresponding increase in long-term debt.

RESULTS OF OPERATIONS

The following sets out summarized financial information for Northern Border Pipeline for the three and nine months ended September 30, 2003 and 2002 and as at September 30, 2003 and December 31, 2002. Amounts discussed represent 100% of the operations of Northern Border Pipeline, in which the Partnership has held a 30% interest since May 28, 1999.

| (UNAUDITED) (MILLIONS OF DOLLARS) | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
| --- | --- | --- | --- | --- |
| | 2003 | 2002 | 2003 | 2002 |
| NORTHERN BORDER PIPELINE INCOME STATEMENT | | | | |
| Revenues | 81.2 | 81.6 | 241.7 | 239.9 |
| Costs and expenses | (18.7) | (15.2) | (52.8) | (42.6) |

Depreciation
(14.4)
(14.5)
(43.3)
(43.5)
Financial
charges
(11.0)
(13.2)
(34.4)
(39.9)
Other
income 0.1
0.5 0.4 1.5
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----- Net
income 37.2
39.2 111.6
115.4 -----
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(MILLIONS OF
DOLLARS)
SEPTEMBER
30, 2003
December 31,
2002 - -----
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(UNAUDITED)
(AUDITED)
NORTHERN
BORDER
PIPELINE
BALANCE
SHEET ASSETS
Cash and
cash
equivalents
17.0 25.4
Other
current
assets 36.5
40.8 Plant,
property and
equipment,
net 1,596.4
1,636.0
Other assets

34.2 37.8 --
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- 1,684.1
1,740.0 ----
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LIABILITIES
AND
PARTNERS'
EQUITY
Current
liabilities
52.2 130.9
Reserves and
deferred
credits 6.0
15.4 Long-
term debt,
net of
current
maturities
818.8 783.9
Partners'
Equity
Partners'
capital
801.5 803.0
Accumulated
other
comprehensive
income 5.6
6.8 --------
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1,684.1
1,740.0 ----
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UPDATE ON COMPANY USE GAS FERC FILING

In February 2003, Northern Border Pipeline filed to amend its FERC tariff to clarify the definition of company use gas, which is gas supplied by its shippers for its operations, by adding detailed language to the broad categories that comprise company use gas. Northern Border Pipeline had included in its collection of company use gas, quantities that were equivalent to the cost of electric power at its electric-driven compressor stations during the period of June 2001 through January 2003. On March 27, 2003, the FERC issued an order rejecting Northern Border Pipeline's proposed tariff sheet revision and requiring refunds with interest within 90 days of the order. The refunds with interest amounted to $10.3 million, which Northern Border Pipeline paid to its shippers in May 2003.

THIRD QUARTER 2003 COMPARED WITH THIRD QUARTER 2002

Net income to partners decreased $2.0 million for the third quarter of 2003, as compared to the same period in 2002. Northern Border Pipeline's net income was reduced by higher operating expenses partially offset by reductions in interest expense.

Operations and maintenance expenses, included in costs and expenses, increased $3.5 million for the third quarter of 2003, as compared to the same period in 2002, due primarily to the cost for electricity to power Northern Border Pipeline's electric-driven compressors. Previously, Northern Border Pipeline included in its collection of company-use gas quantities that were equivalent to the cost of electric power. Operations and maintenance expenses also include an increase in employee benefits expenses.

Interest expense decreased $2.2 million for the third quarter of 2003, as compared to the same period in 2002, due to a decrease in Northern Border Pipeline's average interest rate as well as a decrease in average debt outstanding.

Other income decreased $0.4 million for the third quarter of 2003, as compared to the same period in 2002. The amount for the third quarter of 2002 includes income of $0.6 million for previously vacated microwave frequency bands.

NINE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 2002

Net income to partners decreased $3.8 million for the nine months ended September 30, 2003, as compared to the same period in 2002. Northern Border Pipeline's net income was reduced by higher operating expenses and decreases in other income partially offset by increases in operating revenues and reductions in interest expense.

Operating revenues increased $1.8 million for the nine months ended September 30, 2003, as compared to the same period in 2002. The 2002 results were reduced by uncollected revenues associated with the transportation capacity previously held by Enron North America Corp., which filed for Chapter 11 bankruptcy protection in December 2001 (see "Update On The Impact Of Enron's Chapter 11 Filing On Northern Border Pipeline's Business"). For the nine months ended September 30, 2002, the revenues lost on this capacity totaled approximately $1.8 million.

Costs and expenses consist of operations and maintenance expenses and taxes other than income. Operations and maintenance expenses increased $8.4 million for the nine months ended September 30, 2003, as compared to the same period in 2002, due primarily to the cost for electricity to power Northern Border Pipeline's electric-driven compressors. Previously, Northern Border Pipeline included in its collection of company-use gas quantities that were equivalent to the cost of electric power. Operations and maintenance expenses also include an increase in employee benefits expenses.

Taxes other than income increased $1.8 million for the nine months ended September 30, 2003, as compared to the same period in 2002. The 2002 amount included a $1.0 million refund of use taxes previously paid on exempt purchases. Both 2003 and 2002 also include adjustments to ad valorem taxes. Northern Border Pipeline periodically reviews and adjusts its estimates of ad valorem taxes. Reductions to previous estimates in 2002 exceeded reductions to previous estimates in 2003 by approximately $0.4 million.



Interest expense decreased $5.5 million for the nine months ended September 30, 2003, as compared to the same period in 2002, due to a decrease in Northern Border Pipeline's average interest rate as well as a decrease in average debt outstanding.

Other income decreased $1.1 million for the nine months ended September 30, 2003, as compared to the same period in 2002. The 2003 amount includes $0.3 million of interest expense for refunds required by the order issued by the FERC on March 27, 2003 (see "Update on Company Use Gas FERC Filing"). The

2002 amount included $0.6 million of income primarily related to interest received on the refund of use taxes discussed previously and income of $0.6 million for previously vacated microwave frequency bands.

LIQUIDITY AND CAPITAL RESOURCES OF NORTHERN BORDER PIPELINE COMPANY

DEBT AND CREDIT FACILITIES

Northern Border Pipeline's debt and credit facilities outstanding at September 30, 2003, are as follows:

| | Payments Due by Period | | |
| --- | --- | --- | --- |
| | Total | Current Portion (Less Than 1 Year) | Long-Term Portion |
| | (In Millions) | | |
| $175 million Pipeline Credit Agreement, average 1.92%, due 2005 | 126.0 | - | 126.0 |
| 6.25% Senior Notes due 2007 | 225.0 | - | 225.0 |
| 7.75% Senior Notes due 2009 | 200.0 | - | 200.0 |
| 7.50% Senior Notes due 2021 | 250.0 | - | 250.0 |
| Total | 801.0 | - | 801.0 |

Northern Border Pipeline has outstanding interest rate swap agreements with notional amounts totaling $225 million that expire in May 2007. Under the interest rate swap agreements, Northern Border Pipeline makes payments to counterparties at variable rates based on the London Interbank Offered Rate and in return receives payments based on a 6.25% fixed rate. At September 30, 2003, the average effective interest rate on Northern Border Pipeline's interest rate swap agreements was 2.38%. Northern Border Pipeline's balance sheet reflects a non-cash gain of approximately $19.0 million in derivative financial instruments with a corresponding increase in long-term debt at September 30, 2003.





Short-term liquidity needs will be met by operating cash flows and through the Pipeline Credit Agreement. Long-term capital needs may be met through the ability to issue long-term indebtedness.

After Northern Border Partners, L.P. announced it would record impairment charges in the third quarter, Standard & Poor's Rating Services announced that it placed its 'A-' corporate credit ratings of Northern Border Pipeline and Northern Border Partners, L.P. on CreditWatch with negative implications. These impairment charges did not result from the business of Northern Border Pipeline.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows provided by operating activities were $136.5 million in the nine months ended September 30, 2003 as compared to $163.4 million for the comparable period in 2002. The decrease is primarily due to Northern Border Pipeline's refund to its shippers for $10.3 million in 2003 and a reduction in prepayments in 2003 that Northern Border Pipeline had required certain shippers make in 2002 for transportation service.

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures were $3.8 million for the nine months ended September 30, 2003 as compared to $6.7 million for the comparable period in 2002. The capital expenditures for 2003 and 2002 were primarily related to renewals and replacements of existing facilities.

Northern Border Pipeline has advised that total capital expenditures for 2003 are estimated to be $17 million. Northern Border Pipeline has further advised that it currently anticipates funding its 2003 capital expenditures primarily by borrowing on debt facilities and using operating cash flows.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows used in financing activities were $141.0 million for the nine months ended September 30, 2003 as compared to $139.8 million for the comparable period in 2002. Distributions to partners were $113.0 million and $122.2 million in the nine months ended September 30, 2003 and 2002, respectively. The distributions for 2003 were reduced to reflect the impact of the refunds ordered by the FERC on March 27, 2003 in accordance with the Northern Border Pipeline distribution formula.

For the nine months ended September 30, 2003 and 2002, borrowings on long-term debt totaled $121.0 million and $416.9 million, respectively. The 2002 amount included proceeds from the $225 million 6.25% Senior Notes, which were primarily used to repay previously existing indebtedness. Total payments on debt were $149.0 million and $434.0 million in the nine months ended September 30, 2003 and 2002, respectively.

OUTLOOK UPDATE

As a result of commercial activity during July 2003, essentially all of Northern Border Pipeline's capacity is under contract at least through December 31, 2003 and, assuming no extensions of existing contracts or execution of new contracts, approximately 70% and 59% is under contract at least through December 31, 2004 and 2005, respectively.

On July 15, 2003, Northern Border Pipeline announced that Cargill, Incorporated had assumed all of the firm capacity formerly held by Mirant Americas Energy Marketing, LP. This represents approximately 10% of Northern Border Pipeline's contracted firm capacity and extends for terms into 2006 and 2008. Additionally, Cargill assumed the management services of Pan-Alberta Gas, Ltd., previously performed by Mirant.

UPDATE ON THE IMPACT OF ENRON'S CHAPTER 11 FILING ON NORTHERN BORDER PIPELINE'S BUSINESS

As more fully discussed in TC PipeLines' Annual Report on Form 10-K for the year ended December 31, 2002, on December 2, 2001, Enron Corp. and certain of its wholly-owned subsidiaries filed a voluntary petition for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code.

Northern Border Partners, L.P. owns a 70% general partner interest in Northern Border Pipeline and TC PipeLines, LP owns the remaining 30%. Northern Plains Natural Gas Company and Pan Border Gas Company, subsidiaries of Enron, are two of the general partners of Northern Border Partners, L.P. Northern Plains is also the operator of the Northern Border pipeline system. On June 25, 2003, Enron announced the organization of CrossCountry Energy Corp., a newly formed holding company that will hold, among other things, Enron's ownership interests in Northern Plains and Pan Border. Enron also announced it had filed a motion with the U.S. Bankruptcy Court for the Southern District of New York (the Bankruptcy Court) to approve the proposed transfer of those ownership interests to CrossCountry Energy. That motion was approved by the Bankruptcy Court on September 25, 2003. The transfer of ownership interests to CrossCountry Energy is pending.

On September 18, 2003, Enron announced that Enron and its debtor-in-possession subsidiaries (collectively with Enron, the Debtors) filed their proposed amended joint Chapter 11 plan (the Plan) and related disclosure statement (the Disclosure Statement) with the Bankruptcy Court which amended the Plan and Disclosure Statement previously filed with the Bankruptcy Court on July 11, 2003. Financial projections for three going-forward businesses, including CrossCountry Energy, were included in the Plan. Also Northern Border Pipeline has advised that, under the Plan, it is anticipated that, if CrossCountry Energy is not sold to a third party, as permitted by the Plan, shares of CrossCountry Energy would be distributed directly or indirectly to creditors of the Debtors. Northern Border Pipeline has advised that Enron has indicated that the Plan and Disclosure Statement may be further amended. Northern Border Pipeline has further advised that, in addition, a number of objections to the Plan have been filed, including an objection by the court appointed examiner for Enron North America Corp.





Northern Border Pipeline has advised that when the transfer of interests in Northern Plains and Pan Border to CrossCountry Energy, as contemplated above, takes place, the articles of incorporation of Northern Plains and Pan Border will be amended to reflect certain shareholder protections that will be retained by Enron until a distribution of any common stock of CrossCountry Energy pursuant to the Plan. Northern Border Pipeline has advised that Northern Plains and Pan Border, subject to any applicable fiduciary duties and/or contractual obligations, will need the affirmative vote of Enron to vote its interest at the Northern Border Pipeline's Management Committee to, among other things, (a) enter into any business other than owning and operating natural gas pipelines and related businesses and (b) enter into any compromise or settlement of any action, suit, litigation, arbitration or proceeding or any governmental investigation or audit relating to the assets, liabilities or business of the entities or Northern Border Pipeline, in excess of $2,000,000.

UPDATE TO POTENTIAL PUBLIC UTILITY HOLDING COMPANY ACT (PUHCA) REGULATION

Further to the discussion of potential impacts to Northern Border Pipeline provided in the Partnership's quarterly report on Form 10-Q for the periods ended March 31, 2003 and June 30, 2003, Northern Border Pipeline has advised that, on October 21, 2003, the SEC granted Enron's motion for oral argument and set the hearing for December 4, 2003. The Initial Decision is stayed pending the resolution of the SEC's further review.

If Enron's exemption application is denied by the SEC, Northern Border Pipeline has advised that it cannot estimate the amount of time that the SEC will provide for Enron to register as a holding company under PUHCA at which time Enron and its holding company system would become subject to PUHCA. Northern Border Pipeline has advised that it intends to seek orders from the SEC that, if granted, would minimize the impacts previously described of PUHCA on Northern Border Pipeline's operations. Northern Border Pipeline has further advised that it also may seek exemptions for its operations from regulation under PUHCA. Similar orders and exemptions have been granted by the SEC to other operating subsidiaries of holding companies under PUHCA. Northern Border Pipeline has advised that no assurance can be given that Northern Border Pipeline will be successful in obtaining all the orders or





exemptions that it intends to seek or that its operations will not be subject to the full regulatory impact of PUHCA.

While TC PipeLines currently does not anticipate that the outcome of the SEC's determination will have a material impact on its ability to conduct its operations or to meet its obligations, the Partnership cannot guarantee that further regulatory developments may not have an impact on its operations.

Both Houses of Congress have passed bills that would repeal PUHCA. It is uncertain whether or when a reconciled energy bill would be enacted into law.

UPDATE ON POTENTIAL INCREASED HEALTH CARE AND PENSION EXPENSES

Further to the discussion in the Partnership's annual report on Form 10-K for the year ended December 31, 2002, Northern Border Pipeline has advised that, on July 22, 2003, Enron filed a motion with the bankruptcy court requesting authority to terminate the Enron Gas Pipeline Employee Benefit Trust (the Trust) and to apportion the Trust's assets among certain identified pipeline companies, one being Northern Plains. In the motion, it states that, as of June 30, 2002, the asset/liability allocation percentage for Northern Plains was 2.7% with a liability allocation of $1.89 million and asset allocation of $846,000. Northern Border Pipeline has advised that, if approved as filed, the assets of the Trust will be transferred to one or more qualifying trusts maintained for the benefit of the Northern Border pipeline company retirees in accordance with the Enron Corp. Medical Plan for Inactive Participants.

Further to the discussion in the Partnership's annual report on Form 10-K for the year ended December 31, 2002 of potential cost impacts to Northern Border Pipeline as a result of increased health care expenses and pension benefits, Northern Border Pipeline has advised that Enron has advised Northern Plains that it intends to file to terminate Enron's Cash Balance Plan, its pension benefit plan. Northern Border Pipeline has advised that it is possible that costs incurred by Northern Plains related to termination of the plan could be material. Northern Border Pipeline has advised that, while the determination of reimbursement of such termination costs by Northern Border Pipeline under its operating agreement will be made at the time of occurrence, such costs could be material to Northern Border Pipeline.

For additional risks associated with Enron's Chapter 11 filing, please read the Partnership's Annual Report on Form 10-K for the year ended December 31, 2002 - "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations of Northern Border Pipeline Company - Update on the Impact of Enron's

Chapter 11 Filing on Northern Border Pipeline's Business-Possible Effects."

## RESULTS OF OPERATIONS OF TUSCARORA GAS TRANSMISSION COMPANY

### CRITICAL ACCOUNTING POLICIES

Tuscarora's accounting policies conform to SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation." Accordingly, certain assets and liabilities that result from the regulated ratemaking process are recorded that would not be recorded under generally accepted accounting principles for nonregulated entities.

Effective January 1, 2003, Tuscarora adopted SFAS No. 143, "Accounting for Asset Retirement Obligations," which did not have a material impact on its financial position or results of operations.

### RESULTS OF OPERATIONS

The following sets out summarized financial information for Tuscarora for the three and nine months ended September 30, 2003 and 2002 and as at September 30, 2003 and December 31, 2002. Amounts discussed represent 100% of the operations of Tuscarora, in which the Partnership has held a 49% interest since September 1, 2000.

| (UNAUDITED) (MILLIONS OF DOLLARS) | THREE MONTHS ENDED SEPTEMBER 30 | | NINE MONTHS ENDED SEPTEMBER 30 | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| TUSCARORA INCOME STATEMENT | | | | |
| Revenues | 7.3 | 5.6 | 22.0 | 16.8 |
| Costs and expenses | (1.3) | (0.6) | (3.8) | (1.9) |
| Depreciation | (1.6) | (1.2) | (4.8) | (3.6) |
| Financial charges | (1.6) | (1.3) | (4.9) | (4.3) |
| Other income | - | 0.2 | - | 0.5 |

----------- ----------- ----------- ----------- ---- Net income 2.8 2.7 8.5 7.5 ----------- ----------- ----------- ----------- ----- ----- ----------- ----------- ----------- -----------





(MILLIONS OF DOLLARS) SEPTEMBER 30, 2003 December 31, 2002 - ----- ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ -- (UNAUDITED) (AUDITED) TUSCARORA BALANCE SHEET ASSETS Cash and cash equivalents 4.8 0.6 Other current assets 2.6 4.3 Plant, property and equipment, net 144.5 148.4 Other assets 0.9 1.2 -------- ------------ ------------ ------- 152.8 154.5 ------------ ------------ ------------ --- -------- ------------ ------------ ------- LIABILITIES AND PARTNERS' EQUITY Current

liabilities
7.9 14.6
Long-term
debt 83.1
85.3
Partners'
Equity
Partners'
capital 61.8
54.2
Accumulated
other
comprehensive
income - 0.4
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--- 152.8
154.5 ------
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-

THIRD QUARTER 2003 COMPARED WITH THIRD QUARTER 2002

Net income increased $0.1 million, or 4%, to $2.8 million for third quarter 2003, compared to $2.7 million for the same period last year. This increase is primarily due to higher revenue, mostly offset by higher operations and maintenance expense and higher depreciation expense.

Revenues earned by Tuscarora increased $1.7 million, or 30%, to $7.3 million for third quarter 2003, compared to $5.6 million for the same period last year. This increase is due to incremental revenues being generated from new transportation contracts, including those resulting from the expansion in 2002.

Costs and expenses incurred by Tuscarora increased $0.7 million, or 117%, to $1.3 million for third quarter 2003, compared to $0.6 million for the same period last year. This increase is primarily due to higher operations and maintenance expenses required to operate the two new compressor stations that were placed into service December 1, 2002.

Depreciation recorded by Tuscarora increased $0.4 million, or 33%, to $1.6 million for third quarter 2003, compared to $1.2 million for the same period last year. This increase reflects the larger asset base resulting from the expansion in December 2002.

Financial charges recorded by Tuscarora increased $0.3 million, or 23%, to $1.6 million for third quarter 2003, compared to $1.3 million for the same period last year. This increase is primarily due to higher average debt balances in third quarter 2003 as compared to third quarter 2002.





NINE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 2002

Net income increased $1.0 million, or 13%, to $8.5 million for the first nine months of 2003, compared to $7.5 million for the same period last year. This increase is primarily due to higher revenue, partially offset by higher operations and maintenance expense, and higher depreciation expense.

Revenues earned by Tuscarora increased $5.2 million, or 31%, to $22.0 million for the first nine months of 2003, compared to $16.8 million for the same period last year. This increase is due to incremental revenues being generated from new transportation contracts, including those resulting from the expansion.

Costs and expenses incurred by Tuscarora increased $1.9 million, or 100%, to $3.8 million for the first nine months of 2003, compared to $1.9 million for the same period last year. The increase is primarily due to higher operations and maintenance expenses required to operate two new compressor stations that were placed into service December 1, 2002.

Depreciation recorded by Tuscarora increased $1.2 million, or 33%, to $4.8 million for the first nine months of 2003, compared to $3.6 million for the same period last year. This increase reflects the larger asset base resulting from the expansion in December 2002.

Financial charges recorded by Tuscarora increased $0.6 million, or 14%, to $4.9 million for the first nine months of 2003, compared to $4.3 million for the same period last year. The increase is due to higher average debt balances in the first nine months of 2003 as well as interest income related to construction recorded during the first nine months of 2002. There was no interest income related to construction in 2003.

LIQUIDITY AND CAPITAL RESOURCES OF TUSCARORA GAS TRANSMISSION COMPANY

DEBT AND CREDIT FACILITIES

Tuscarora's debt and credit facilities outstanding at September 30, 2003, are as follows:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less Than 1 Year | 1-3 Years | 4-5 Years | After 5 Years |
| | (In Millions) | | | | |
| Series A Senior Notes due 2010 | $70.7 | $3.7 | $7.3 | $ 8.4 | $51.3 |
| Series B Senior Notes due 2010 | 7.3 | 0.3 | 0.8 | 1.2 | 5.0 |
| Series C Senior Notes due 2012 | | | | | |

9.7 0.6
1.5 2.1
5.5 ----
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- Total
$87.7
$4.6
$9.6
$11.7
$61.8 --
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Short-term liquidity needs will be met by operating cash flows. Long-term capital needs may be met through the ability to issue long-term indebtedness and/or partner contributions.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows provided by operating activities decreased by $2.5 million to $13.1 million for the first nine months of 2003 compared to $15.6 million for the same period last year primarily due to changes in working capital, partially offset by increased net income relating to Tuscarora's expansion.

CASH FLOWS FROM INVESTING ACTIVITIES

In the first nine months of 2003, Tuscarora used $0.9 million for capital expenditures primarily related to its 2002 expansion.

In the first nine months of 2002, Tuscarora used $25.7 million for capital expenditures primarily related to the construction of the 2002 expansion facilities.

CASH FLOWS FROM FINANCING ACTIVITIES

In the first nine months of 2003, Tuscarora reported cash flows used in financing activities of $8.1 million compared to cash flows provided from financing activities of $10.1 million for the same period in 2002. In the first nine months of 2003, Tuscarora repaid the $4.6 million balance outstanding on its revolving credit facility. Tuscarora also repaid $2.3 million of long-term debt during the first nine months of 2003. Tuscarora received contributions from partners of $10.0 million and paid cash distributions of $9.5 million as well as a return of capital to its partners of $1.6 million in the first nine months of 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONCLUDED)

TC PIPELINES, LP

In the first nine months of 2002, Tuscarora received proceeds of $10.0 million from the issuance of its Series C Secured Notes, paid $0.3 million in related issuance costs, and repaid $2.1 million of long-term debt. Tuscarora received contributions from partners of $9.2 million and paid cash distributions of $6.7 million in the first nine months of 2002.

SIERRA PACIFIC RESOURCES

Sierra Pacific Resources, the parent company to Sierra Pacific Power Company (SPPC), Tuscarora's largest shipper, issued a press release on August 28, 2003 and filed a Current Report on Form 8-K with the SEC advising that the federal bankruptcy court judge overseeing the bankruptcy case of Enron Power Marketing Inc. (EPMI) rendered a decision in the lawsuit filed by EPMI in its bankruptcy case asserting claims for damages related to the termination of its power supply agreements with Nevada Power Company (NPC) and SPPC (together the Utilities). The bankruptcy court judge granted EPMI's motion for summary judgment with respect to EPMI's claims against NPC and SPPC of approximately $200 million and $87 million, respectively, of liquidated damages, for power not delivered by EPMI, under power supply contracts terminated by EPMI in May 2002. The bankruptcy court judge also dismissed the Utilities' counter claims against EPMI, dismissed the Utilities' counter claims against Enron Corp., the parent of EPMI, and denied the Utilities' motion to dismiss or stay the proceedings pending the final outcome of their FERC proceedings against EPMI. In addition to the claims for termination payments described above, NPC and SPPC had previously deposited approximately $17.7 million and $6.7 million, respectively, into an escrow account for energy delivered by EPMI to each of NPC and SPPC in April 2002, for which the Utilities had not paid.

SPPC to date remains current on its shipping contracts with Tuscarora.





ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

TC PIPELINES, LP

TC PipeLines' interest rate exposure results from its Revolving Credit Facility, which is subject to variability in LIBOR interest rates. Since December 31, 2002, there has not been any material change to TC PipeLines' interest rate exposure.

The Partnership's market risk sensitivity is also influenced by and reflects the same factors that influence Northern Border Pipeline and Tuscarora. Neither Northern Border Pipeline nor Tuscarora owns any of the natural gas they transport, and, therefore, do not assume any of the related natural gas commodity price risk.

Northern Border Pipeline's interest rate exposure results from variable rate borrowings from commercial banks. To mitigate potential fluctuations in interest rates, Northern Border Pipeline's objective is to maintain a significant portion of its debt portfolio in fixed rate debt. Northern Border Pipeline also uses interest rate swaps as a means to manage interest rate expense by converting a portion of fixed rate debt into variable rate debt to take advantage of declining interest rates. At September 30, 2003, Northern Border Pipeline had $351.0 million of variable rate debt outstanding, $225.0 million of which was previously fixed rate debt that had been converted to variable rate debt through the use of interest rate swaps. As of September 30, 2003, approximately 56% of Northern Border Pipeline's debt portfolio was in fixed rate debt.

Northern Border Pipeline has advised that if average interest rates change by one percent compared to rates in effect as of September 30, 2003, its annual interest expense would change by approximately $3.5 million. This amount has been determined by considering the impact of the hypothetical interest rates on variable rate borrowings outstanding as of September 30, 2003.

PART I. FINANCIAL INFORMATION (CONCLUDED)

ITEM 4. CONTROLS AND PROCEDURES

TC PIPELINES, LP

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. Based on their evaluation as of the end of the period covered by this quarterly report, the President and Chief Executive Officer and Chief Financial Officer of the general partner of the Partnership have concluded that the Partnership's disclosure controls and procedures referred to in paragraph 4(b) of their certifications included as exhibits to this report were effective.



PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

TC PIPELINES, LP

Max Feldman is the Partnership's designated member on Northern Border Pipeline's Management Committee as of September 2003. Mr. Feldman is Vice-President, Gas Transmission, West, of TransCanada, a position he has held since April 2003. From 1999 to 2003, he was Senior Vice-President, Customer, Sales and Service, and from 1995 to 1999, Mr. Feldman held several Vice-President positions in the operations, customer service and marketing areas of TransCanada. Mr. Feldman is 55 years old.

In September 2003, Northwest Border Pipeline Company, a wholly-owned subsidiary of TransCanada, designated Paul E. Miller as its member on the Northern Border Partners, L.P. Policy Committee. Mr. Miller is also Northwest Border's representative on the Northern Border Pipeline Management Committee. Additionally, Mr. Miller serves as Director Corporate Development of TransCanada, a position he has held since February 2003. From July 1998 to January 2003, Mr. Miller was Director Finance of TransCanada. Prior to July 1998, Mr. Miller was Manager Finance of TransCanada. Mr. Miller is 45 years old.

SUBSEQUENT EVENTS

On October 6th, 2003, Sierra Pacific Resources issued a press release and filed a Current Report on Form 8-K with the SEC advising that NPC and SPPC had filed complaints with the FERC to prevent EPMI from enforcing the termination provision of certain wholesale electric power transactions involving more than $330 million until FERC has determined whether EPMI complied with applicable tariff provisions and whether it is in the public interest to require payment of the termination payments.

On October 17th, 2003, Sierra Pacific Resources filed a Current Report on Form 8-K with the SEC advising that, on October 15th, the Bankruptcy Court Judge overseeing the bankruptcy case of EPMI approved a stipulation among EPMI, NPC and SPPC in which EPMI agreed for a 60 day period beginning October 10, 2003 not to seek to execute, or register or institute any proceedings for the enforcement of EPMI's judgment against the Utilities entered by the Bankruptcy Court on September 25, 2003 (the Judgment). The Judgment provides for the payment by NPC and SPPC of approximately $235 million and $102 million, respectively, liquidated damages and pre-Judgment interest, for power not delivered by EPMI under power supply contracts terminated by EPMI in May 2002. The Utilities have previously filed a motion with the Bankruptcy Court seeking a stay pending appeal of the Judgment and proposing to issue



PART II. OTHER INFORMATION (CONTINUED)

ITEM 5. OTHER INFORMATION (CONCLUDED)

TC PIPELINES, LP

General and Refunding Mortgage Bonds as collateral to secrete payment of the judgment. A hearing on the motion originally scheduled for October 17, 2003 has been rescheduled for October 31, 2003. The Utilities are unable to predict the outcome of the hearing before the Bankruptcy Court.

On November 7, 2003, Sierra Pacific filed a Current Report on Form 8-K to report that on November 6, 2003 the federal Bankruptcy Court Judge overseeing the bankruptcy case of EPMI rendered a decision on the motion by NPC and SPPC to stay the execution of the Judgment. The Bankruptcy Court Judge's ruling stays the execution of the Judgment, which stay will be secured by the posting into escrow by NPC and SPPC of $235 million and $103 million, respectively, of General and Refunding Mortgage Bonds plus approximately $280,000 in cash for pre-Judgment interest. NPC and SPPC have sufficient regulatory authority from the Public Utilities Commission of Nevada to comply with the Bankruptcy Court Judge's ruling. Additionally, NPC and SPPC will pay a total of $35 million in cash on a pro rata basis into the escrow account, which will lower the principal amount of General and Refunding Mortgage Bonds held in escrow by a like amount, 90 days after the date of the final stay order. The Bankruptcy Court Judge added that conditions related to the order will be reviewed by the Court approximately two weeks after the payment of the $35 million in cash collateral.

Tuscarora's operator, which is a wholly owned subsidiary of Sierra Pacific Resources, has advised the Partnership that SPPC remains current on all of its shipping contracts. The Partnership plans to continue to take all appropriate action to protect the interests of the Partnership and its unitholders.



PART II. OTHER INFORMATION (CONCLUDED)

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

TC PIPELINES, LP

(a) Exhibits

31.1 Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

1. Report on Form 8-K dated July 10, 2003 and filed on July 10, 2003 reporting that Northern Border Pipeline issued a press release announcing that it has received commitments from several entities for transportation capacity at the maximum rate available under its tariff, leaving approximately 11% of the total system capacity expiring prior to November 1, 2003.

2. Report on Form 8-K dated July 15, 2003 and filed on July 15, 2003 reporting that Northern Border Pipeline issued a press release announcing that it had made further progress in recontracting and had nearly sold out the long-haul firm capacity on its pipeline system. Northern Border Pipeline also announced that Cargill, Incorporated had finalized the assignment of all of the firm transportation formerly held by Mirant Americas Energy Marketing, LP, which represents approximately 10% of Northern Border Pipeline's firm capacity and extends for terms into 2006 and 2008.

3. Report on Form 8-K dated July 24, 2003 and filed July 24, 2003 reporting that TC PipeLines, LP issued a press release announcing second quarter results for the period ended June 30, 2003.

4. Report on Form 8-K dated October 24, 2003 and filed on October 24, 2003 reporting that TC PipeLines, LP issued a press release announcing third quarter results for the period ended September 30, 2003.



## 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: November 13, 2003

By: /s/ Russell K. Girling

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Russell K. Girling
Chief Financial Officer
(duly authorized officer)

Date: November 13, 2003

By: /S/ Amy Leong

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Amy Leong
Controller (duly authorized officer)

EXHIBIT 31.1

CERTIFICATION

I, Ronald J. Turner, 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)) 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) 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 evaluation; and

   c) 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: November 13, 2003

/s/ Ronald J. Turner

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Ronald J. Turner
President and Chief Executive Officer
TC PipeLines GP, Inc., as general partner

EXHIBIT 31.2

# 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)) 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) 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 evaluation; and

   c) 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: November 13, 2003

/s/ Russell K. Girling

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Russell K. Girling
Chief Financial Officer
TC PipeLines GP, Inc., as general partner

EXHIBIT 32.1

CERTIFICATION

I, Ronald J. Turner, President and 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 in connection with the Partnership's Quarterly Report on Form 10-Q for the period ended September 30, 2003 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: November 13, 2003

/s/ Ronald J. Turner

Ronald J. Turner
President and Chief Executive Officer
TC PipeLines GP, Inc., as general partner
of TC PipeLines, LP

EXHIBIT 32.2

CERTIFICATION

I, Russell K. Girling, Chief 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 in connection with the Partnership's Quarterly Report on Form 10-Q for the period ended September 30, 2003 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: November 13, 2003

/s/ Russell K. Girling

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Russell K. Girling
Chief Financial Officer
TC PipeLines GP, Inc., as general partner
of TC PipeLines, LP