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

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

For the quarterly period ended **June 30, 2013**

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: 001-35358

TC PipeLines, LP

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**52-2135448** (I.R.S. Employer Identification Number)
717 Texas Street, Suite 2400 **Houston, Texas** (Address of principle executive offices)	**77002-2761** (Zip code)

877-290-2772
(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
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 the 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 July 29, 2013, there were 62,327,766 of the registrant's common units outstanding.

TC PIPELINES, LP

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

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DEFINITIONS

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

2013 Acquisition	Acquisition of additional 45 percent membership interests in each of GTN and Bison by the Partnership
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Bison	Bison Pipeline LLC
DOT	U.S. Department of Transportation
EPA	U.S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	U.S. generally accepted accounting principles
General Partner	TC PipeLines GP, Inc.
Great Lakes	Great Lakes Gas Transmission Limited Partnership
GTN	Gas Transmission Northwest LLC
LIBOR	London Interbank Offered Rate
NGA	Natural Gas Act of 1938
North Baja	North Baja Pipeline, LLC
Northern Border	Northern Border Pipeline Company
Northern Border Settlement	Stipulation and Agreement of Settlement for Northern Border regarding its rates and terms and conditions of service
Other Pipes	North Baja and Tuscarora
Our pipeline systems	Our ownership interests in Great Lakes, Northern Border, GTN, Bison, North Baja and Tuscarora
Partnership	TC PipeLines, LP and its subsidiaries
Partnership Agreement	Second Amended and Restated Agreement of Limited Partnership
PHMSA	U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration
SEC	Securities and Exchange Commission
Senior Credit Facility	TC PipeLines, LP's revolving credit agreement
Term Loan Facility	TC PipeLines, LP's term loan credit facility under a term loan agreement dated July 1, 2013
TransCanada	TransCanada Corporation and its subsidiaries
Tuscarora	Tuscarora Gas Transmission Company
U.S.	United States of America

Unless the context clearly indicates otherwise, TC PipeLines, LP, its subsidiaries and equity investees are collectively referred to in this quarterly report as "we," "us," "our" and "the Partnership." We use "our pipeline systems" and "our pipelines" when referring to the Partnership's ownership interests in Great Lakes, Northern Border, GTN, Bison , North Baja and Tuscarora.

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PART I

FORWARD-LOOKING STATEMENTS AND CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report includes certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are identified by words and phrases such as: "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "forecast," "should," "predict," "could," "will," "may," and other terms and expressions of similar meaning. The absence of these words, however, does not mean that the statements are not forward-looking. These statements are based on management's beliefs and assumptions and on currently available information and include, but are not limited to, statements regarding anticipated financial performance, future capital expenditures, liquidity, market or competitive conditions, regulations, organic or strategic growth opportunities, contract renewals and ability to market open capacity, business prospects, outcome of regulatory proceedings and cash distributions to unitholders.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the results predicted. Factors that could cause actual results to differ materially from those contemplated in forward-looking statements include, but are not limited to:

- the ability to grow distributions through accretive expansions or acquisitions;
- the ability of our pipeline systems to sell available capacity on favorable terms and renew expiring contracts which are affected by, among other factors:
  - demand for natural gas;
  - changes in relative cost structures and production levels of natural gas producing basins;
  - natural gas prices and regional differences;
  - weather conditions;
  - availability and location of natural gas supplies in Canada and the U.S.;
  - competition from other pipeline systems;

- o natural gas storage levels;
- o the level of production of natural gas liquids and the subsequent impact on relative competitiveness of natural gas producing basins; and
- o rates and terms of service;

- increases in operational or compliance costs resulting from changes in laws and governmental regulations affecting our pipeline systems, particularly regulations issued by the Federal Energy Regulatory Commission (FERC), the U.S. Environmental Protection Agency (EPA), U.S. Department of Transportation (DOT) and U.S. DOT Pipeline and Hazardous Materials Safety Administration (PHMSA);
- the outcome and frequency of rate proceedings on our pipeline systems;
- our ability to identify and complete expansion projects and other accretive growth opportunities;
- the performance by the shippers of their contractual obligations on our pipeline systems;
- changes in the taxation of master limited partnership investments by states or the federal government such as the elimination of pass-through taxation or tax deferred distributions;
- potential conflicts of interest between TC PipeLines GP, Inc., our general partner (General Partner), its affiliates and us;
- the ability to maintain secure operation of our information technology;
- the impact of any impairment charges;
- operating hazards, casualty losses and other matters beyond our control;
- the level of our indebtedness, including the indebtedness of our pipeline systems, and the availability of capital; and
- unfavorable economic conditions and the impact on capital markets.

These and other risks are described in greater detail in Part II, Item 1A. "Risk Factors" in this Form 10-Q and in our Form 10-K for the year ended December 31, 2012. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. All forward-looking statements are made only as of the date made and except as required by applicable law, we undertake no obligation to update any forward-looking statements to reflect new information, subsequent events or other changes.

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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 June 30, **2013**	2012	Six months ended June 30, **2013**	2012
Equity earnings from unconsolidated affiliates *(Note 4)*	**22**	31	**48**	69
Transmission revenues	**16**	16	**33**	32
Operating expenses	**(3)**	(4)	**(7)**	(8)
General and administrative	**(4)**	(2)	**(6)**	(4)
Depreciation	**(3)**	(3)	**(6)**	(6)
Financial charges and other	**(5)**	(5)	**(10)**	(11)
Net income	**23**	33	**52**	72
Net income allocation ***(Note 7)***				
Common units	**23**	32	**51**	70
General Partner	**-**	1	**1**	2
	23	33	**52**	72
Net income per common unit ***(Note 7)*** – basic and diluted	**$0.40**	$0.60	**$0.92**	$1.31
Weighted average common units outstanding *(millions)* – basic and diluted	**57.4**	53.5	**55.4**	53.5
Common units outstanding, end of period *(millions)*	**62.3**	53.5	**62.3**	53.5

TC PIPELINES, LP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited) *(millions of dollars)*	Three months ended June 30, **2013**	2012	Six Months Ended June 30, **2013**	2012
Net income	**23**	33	**52**	72
Other comprehensive income				
Change associated with current period hedging transactions	**-**	-	**-**	-
Total comprehensive income	**23**	33	**52**	72

The accompanying notes are an integral part of these consolidated financial statements.

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TC PIPELINES, LP
CONSOLIDATED BALANCE SHEET

(unaudited) *(millions of dollars)*	**June 30, 2013**	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	**67**	3
Accounts receivable and other *(Note 12)*	**7**	9
	74	12
Investments in unconsolidated affiliates *(Note 4)*	**1,545**	1,563
Plant, property and equipment		
(Net of $156 accumulated depreciation; 2012 - $150)	**281**	288
Goodwill	**130**	130
Other assets	**5**	5
	2,035	1,998
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**8**	7
Accrued interest	**-**	1
Current portion of long-term debt *(Note 5)*	**3**	3
	11	11
Long-term debt *(Note 5)*	**373**	685
Other liabilities	**2**	1
	386	697
Partners' Equity *(Note 6)*		
Common units	**1,616**	1,275
General partner	**34**	27
Accumulated other comprehensive loss	**(1)**	(1)
	1,649	1,301
	2,035	1,998

Subsequent events (Note 13)

The accompanying notes are an integral part of these consolidated financial statements.

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TC PIPELINES, LP
CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) *(millions of dollars)*	Six months ended June 30, **2013**	2012
Cash Generated From Operations		
Net income	**52**	72
Depreciation	**6**	6
Increase in long-term liabilities	**1**	-
Change in operating working capital *(Note 9)*	**1**	2
	60	80
Investing Activities		
Cumulative distributions in excess of equity earnings:		
Great Lakes	**10**	6
Northern Border	**13**	15
GTN	**5**	4
Bison	**1**	2
Investment in Great Lakes *(Note 4)*	**(4)**	(4)
Investment in Bison *(Note 4)*	**(6)**	-
Capital expenditures	**(1)**	-
Proceeds from settlement recoveries	**2**	-
	20	23
Financing Activities		
Distributions paid *(Note 8)*	**(85)**	(84)
Equity issuance, net *(Note 6)*	**381**	-
Long-term debt issued *(Note 5)*	**12**	5
Long-term debt repaid *(Note 5)*	**(324)**	(47)
	(16)	(126)
Increase/(decrease) in cash and cash equivalents	**64**	(23)

Cash and cash equivalents, beginning of period	**3**	29
Cash and cash equivalents, end of period	**67**	6

The accompanying notes are an integral part of these consolidated financial statements.

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TC PIPELINES, LP
CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY

(unaudited)	Common Units		General Partner	Accumulated Other Comprehensive Loss	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, 2012	53.5	1,275	27	(1)	53.5	1,301
Net income		51	1	-		52
Equity issuance, net (Note 6)	8.8	373	8	-	8.8	381
Distributions paid		(83)	(2)	-		(85)
Partners' Equity at June 30, 2013	**62.3**	**1,616**	**34**	**(1)**	**62.3**	**1,649**

The accompanying notes are an integral part of these consolidated financial statements.

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TC PIPELINES, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

TC PipeLines, LP and its subsidiaries are collectively referred to herein as the Partnership. The Partnership was formed by TransCanada PipeLines Limited, a wholly-owned subsidiary of TransCanada Corporation (TransCanada Corporation together with its subsidiaries collectively referred to herein as TransCanada), to acquire, own and participate in the management of energy infrastructure assets in North America.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements and related notes have been prepared in accordance with United States generally accepted accounting principles (GAAP) and amounts are stated in U.S. dollars. The results of operations for the three and six months ended June 30, 2013 and 2012 are not necessarily indicative of the results that may be expected for a full fiscal year. The accompanying 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, 2012. That report contains a more comprehensive summary of the Partnership's major accounting policies. In the opinion of management, the accompanying financial statements contain all of the appropriate adjustments, all of which are normally recurring adjustments unless otherwise noted, considered necessary to present fairly the financial position of the Partnership, the results of operation and cash flows for the respective periods. 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, 2012. Certain items from that Note are repeated or updated below as necessary to assist in understanding the accompanying financial statements.

(a) Basis of Presentation
The Partnership uses the equity method of accounting for its investments in Great Lakes, Northern Border, GTN and Bison, over which it is able to exercise significant influence. The Partnership consolidates its investments in North Baja and Tuscarora.

(b) Use of Estimates
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of 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.

NOTE 3 ACCOUNTING PRONOUNCEMENTS

Future Accounting Changes

Obligations Resulting from Joint and Several Liability Arrangements
In February 2013, the Financial Accounting Standards Board (FASB) issued guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. Examples of obligations within the scope of this Accounting Standards Update (ASU) include debt arrangements, other contractual obligations, and settled litigation and judicial rulings. This ASU is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Partnership is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements, but does not expect it to have a material impact.

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NOTE 4 INVESTMENTS IN UNCONSOLIDATED AFFILIATES

Great Lakes, Northern Border, GTN and Bison are regulated by FERC and are operated by TransCanada. The Partnership uses the equity method of accounting for its interests in its equity investees.

(unaudited) *(millions of dollars)*	Ownership Interest at June 30, 2013	Equity Earnings from Unconsolidated Affiliates: Three months ended June 30, 2013	2012	Six Months ended June 30, 2013	2012	Investments in Unconsolidated Affiliates: June 30, 2013	December 31, 2012
Great Lakes	46.45%	**-**	8	**2**	17	**671**	677
Northern Border [(a)]	50%	**15**	16	**31**	36	**500**	512
GTN	25%	**4**	4	**9**	10	**212**	216
Bison	25%	**3**	3	**6**	6	**162**	158
		22	31	**48**	69	**1,545**	1,563

(a) Equity earnings from Northern Border is net of the 12-year amortization of a $10 million transaction fee paid to the operator of Northern Border at the time of the Partnership's additional 20 percent interest acquisition in April 2006.

Great Lakes

The Partnership made an equity contribution to Great Lakes of $4 million in the first quarter of 2013. This amount represents the Partnership's 46.45 percent share of a $9 million cash call from Great Lakes to make a scheduled debt repayment.

The Partnership recorded no undistributed earnings from Great Lakes for the six months ended June 30, 2013 and 2012.

The summarized financial information for Great Lakes is as follows:

(unaudited) *(millions of dollars)*	**June 30, 2013**	December 31, 2012
ASSETS		
Current assets	**41**	56
Plant, property and equipment, net	**784**	799
	825	855
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	**22**	30
Long-term debt, including current maturities	**345**	354
Partners' equity	**458**	471
	825	855

(unaudited) *(millions of dollars)*	Three months ended June 30, **2013**	2012	Six months ended June 30, **2013**	2012
Transmission revenues	**29**	48	**64**	97
Operating expenses	**(15)**	(16)	**(30)**	(31)
Depreciation	**(8)**	(8)	**(16)**	(16)
Financial charges and other	**(7)**	(7)	**(14)**	(14)
Net income/(loss)	**(1)**	17	**4**	36

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Northern Border

In January 2013, FERC gave final approval for the Northern Border Settlement which establishes maximum long-term transportation rates and charges on the Northern Border system effective January 1, 2013. Northern Border's previous reservation rates were reduced by approximately 11 percent as a result of this settlement.

The Partnership recorded no undistributed earnings from Northern Border for the six months ended June 30, 2013 and 2012.

The summarized financial information for Northern Border is as follows:

(unaudited) *(millions of dollars)*	**June 30, 2013**	December 31, 2012
ASSETS		
Cash and cash equivalents	**31**	28
Other current assets	**33**	35
Plant, property and equipment, net	**1,212**	1,234
Other assets	**30**	31

	1,306	1,328
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	**52**	53
Deferred credits and other	**18**	16
Long-term debt, including current maturities	**473**	473
Partners' equity		
Partners' capital	**765**	789
Accumulated other comprehensive loss	**(2)**	(3)
	1,306	1,328

(unaudited) *(millions of dollars)*	Three months ended June 30, **2013**	2012	Six months ended June 30, **2013**	2012
Transmission revenues	**69**	73	**141**	154
Operating expenses	**(19)**	(18)	**(38)**	(36)
Depreciation	**(14)**	(16)	**(29)**	(32)
Financial charges and other	**(6)**	(7)	**(11)**	(13)
Net income	**30**	32	**63**	73

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GTN

The Partnership recorded no undistributed earnings from GTN for the six months ended June 30, 2013 and 2012.

The summarized financial information for GTN is as follows:

(unaudited) *(millions of dollars)*	**June 30, 2013**	December 31, 2012
ASSETS		
Current assets	**51**	50
Plant, property and equipment, net	**1,152**	1,174
Other assets	**1**	1
	1,204	1,225
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities	**13**	16
Deferred credits and other	**21**	20
Long-term debt, including current maturities	**325**	325
Members' capital	**845**	864
	1,204	1,225

(unaudited) *(millions of dollars)*	Three months ended June 30, **2013**	2012	Six months ended June 30, **2013**	2012
Transmission revenues	**46**	48	**95**	100
Operating expenses	**(12)**	(13)	**(23)**	(24)
Depreciation	**(14)**	(14)	**(27)**	(27)
Financial charges and other	**(5)**	(4)	**(9)**	(9)
Net income	**15**	17	**36**	40

Bison

The Partnership made an equity contribution to Bison of $6 million in the second quarter of 2013. This amount represents the Partnership's 25 percent share of a $24 million cash call from Bison to repay inter-affiliate debt primarily related to pipeline construction costs, including reclamation and restoration work.

The Partnership recorded no undistributed earnings from Bison for the six months ended June 30, 2013 and 2012.

The summarized financial information for Bison is as follows:

(unaudited) *(millions of dollars)*	**June 30, 2013**	December 31, 2012
ASSETS		
Current assets	**16**	7
Plant, property and equipment, net	**640**	649
	656	656
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities	**7**	25
Members' capital	**649**	631

	656	656

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(unaudited) *(millions of dollars)*	Three months ended June 30, **2013**	2012	Six months ended June 30, **2013**	2012
Transmission revenues	**20**	20	**40**	40
Operating expenses	**(4)**	(4)	**(8)**	(7)
Depreciation	**(5)**	(5)	**(10)**	(10)
Net income	**11**	11	**22**	23

NOTE 5 CREDIT FACILITIES AND LONG-TERM DEBT

(unaudited) *(millions of dollars)*	**June 30, 2013**	December 31, 2012
Senior Credit Facility due 2017	-	312
4.65% Senior Notes due 2021	**349**	349
3.82% Series D Senior Notes due 2017	**27**	27
	376	688
Less: current portion of long-term debt	**3**	3
	373	685

The Partnership's Senior Credit Facility consists of a $500 million senior revolving credit facility with a banking syndicate, maturing November 20, 2017, under which nil was outstanding at June 30, 2013 (December 31, 2012 - $312 million), leaving $500 million available for future borrowing. The nil balance was the result of a repayment from the proceeds of the Partnership's May 2013 equity offering pending the closing of the 2013 Acquisition (refer to note 13).

The London Interbank Offered Rate (LIBOR) based interest rate on the Senior Credit Facility averaged 1.45 for the three and six months ended June 30, 2013 (2012 – 1.62 and 1.64 percent). The LIBOR-based interest rate was 1.45 percent at June 30, 2013 (2012 – 1.63 percent).

At June 30, 2013, the Partnership was in compliance with its financial covenants, in addition to the other covenants which include restrictions on entering into mergers, consolidations and sales of assets, granting liens, material amendments to the Second Amended and Restated Agreement of Limited Partnership (Partnership Agreement), incurring additional debt and distributions to unitholders.

Series D Senior Notes are secured by Tuscarora's transportation contracts, supporting agreements and substantially all of Tuscarora's property. The note purchase agreement contains certain provisions that include, among other items, limitations on additional indebtedness and distributions to partners.

The principal repayments required on the long-term debt are as follows:

(unaudited) *(millions of dollars)*	
2013	**3**
2014	**4**
2015	**4**
2016	**4**
2017	**12**
Thereafter	**349**
	376

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NOTE 6 PARTNERS' EQUITY

On May 22, 2013, the Partnership closed a public offering of 8,855,000 common units, including 1,155,000 common units purchased pursuant to the exercise of the underwriters' option to purchase additional common units, at a price to the public of $43.85 per common unit for gross proceeds of $388 million and net proceeds of $373 million after unit issuance costs. TC PipeLines, GP Inc. (General Partner) maintained its effective two percent general partner interest in the Partnership by contributing $8 million to the Partnership in connection with the offering.

At June 30, 2013, Partners' Equity included 62,327,766 common units (December 31, 2012 - 53,472,766 common units), representing an aggregate 98 percent limited partner interest in the Partnership (including 5,797,106 common units held by the General Partner and an additional 11,287,725 common units held indirectly by TransCanada), and an aggregate two percent general partner interest. In aggregate, the General Partner's interests represent an effective 11.1 percent ownership in the Partnership at June 30, 2013 (December 31, 2012 – 12.6 percent).

NOTE 7 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 effective two percent general partner interest, plus an amount equal to incentive distributions. Incentive distributions are paid to 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)*	Three months ended June 30, **2013**	2012	Six months ended June 30, **2013**	2012
Net income	**23**	33	**52**	72
Net income allocated to General Partner	**-**	(1)	**(1)**	(2)
Net income allocable to common units	**23**	32	**51**	70
Weighted average common units outstanding (millions) – basic and diluted	**57.4**	53.5	**55.4**	53.5
Net income per common unit – basic and diluted	**$0.40**	$0.60	**$0.92**	$1.31

NOTE 8 CASH DISTRIBUTIONS

For the three and six months ended June 30, 2013, the Partnership distributed $0.78 and $1.56 per common unit (2012 – $0.77 and $1.54 per common unit) for a total of $43 million and $85 million, respectively (2012 - $42 million and $84 million). The distributions paid for the three and six months ended June 30, 2013 and 2012 included no incentive distributions to the General Partner.

NOTE 9 CHANGE IN OPERATING WORKING CAPITAL

(unaudited) *(millions of dollars)*	Six months ended June 30, **2013**	2012
Decrease in accounts receivable and other	**1**	1
Increase in accounts payable and accrued liabilities	**1**	1
Decrease in accrued interest	**(1)**	-
Change in operating working capital	**1**	2

NOTE 10 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 in connection with its management of the

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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 $1 million and $2 million for the three and six months ended June 30, 2013 (2012 – nil and $1 million).

As operator, TransCanada's subsidiaries provide capital and operating services to our pipeline systems. TransCanada's subsidiaries incur costs on behalf of our pipeline systems, including, but not limited to, employee salary and benefit costs, and property and liability insurance costs.

Capital and operating costs charged to our pipeline systems for the three and six months ended June 30, 2013 and 2012 by TransCanada's subsidiaries and amounts payable to TransCanada's subsidiaries at June 30, 2013 and December 31, 2012 are summarized in the following tables:

(unaudited) *(millions of dollars)*	Three months ended June 30, **2013**	2012	Six months ended June 30, **2013**	2012
Capital and operating costs charged by TransCanada's subsidiaries to:				
Great Lakes [(a)]	**8**	8	**16**	16
Northern Border [(a)]	**7**	7	**14**	15
GTN [(a)]	**7**	7	**14**	14
Bison [(a)]	**2**	1	**3**	3
North Baja	**1**	1	**2**	2
Tuscarora	**1**	1	**2**	2
Impact on the Partnership's net income:				
Great Lakes	**3**	3	**7**	7
Northern Border	**4**	3	**7**	7
GTN	**1**	2	**3**	3
Bison	**-**	-	**1**	1
North Baja	**1**	1	**2**	2
Tuscarora	**1**	1	**2**	2

[(a)] Represents 100 percent of the costs.

(unaudited) *(millions of dollars)*	**June 30, 2013**	December 31, 2012
Amount payable to TransCanada's subsidiaries for costs charged in the period by:		
Great Lakes [(a)]	**3**	4
Northern Border [(a)]	**3**	4
GTN [(a)]	**3**	3
Bison [(a)]	**1**	1
North Baja	**-**	1
Tuscarora	**1**	1

[(a)] Represents 100 percent of the costs.

Great Lakes earns transportation revenues from TransCanada and its affiliates under contracts, some of which are provided at discounted rates and some at maximum recourse rates. Great Lakes earned $14 million and $35 million of transportation revenues under these contracts for the three and six months ended June 30, 2013 (2012 - $17 million and $41 million). These amounts represent 49 percent and 54 percent of total revenues earned by Great Lakes for the three and six months ended June 30, 2013 (2012 – 37 percent and 43 percent).

Revenue from TransCanada and its affiliates of $6 million and $16 million are included in the Partnership's Equity earnings from Great Lakes for the three and six months ended June 30, 2013 (2012 - $8 million and $19 million). At

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June 30, 2013, $5 million was included in Great Lakes' receivables in regards to the transportation contracts with TransCanada and its affiliates (December 31, 2012 - $10 million).

NOTE 11 FAIR VALUE MEASUREMENTS

(a) Fair Value Hierarchy

Under Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, fair value measurements are characterized in one of three levels based upon the input used to arrive at the measurement. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

When appropriate, valuations are adjusted for various factors including credit considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

(b) Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable and other, accounts payable and accrued liabilities, accrued interest and the Senior Credit Facility approximate their fair values because of the short maturity or duration of these instruments, or because the instruments bear a variable rate of interest or a rate that approximates current rates. The fair value of the Partnership's Senior Notes is estimated by discounting the future cash flows of each instrument at estimated current borrowing rates. The estimated fair value of the Partnership's and its subsidiary's Senior Notes as of June 30, 2013 is $382 million (December 31, 2012 - $402 million). Senior Notes are recorded at amortized cost and classified in Level 2 of the fair value hierarchy for fair value disclosure purposes.

NOTE 12 ACCOUNTS RECEIVABLE AND OTHER

(unaudited) *(millions of dollars)*	**June 30, 2013**	December 31, 2012
Accounts receivable	**6**	8
Inventory	**1**	1
	7	9

NOTE 13 SUBSEQUENT EVENTS

On July 1, 2013, the Partnership acquired additional 45 percent membership interests in each of GTN and Bison (the 2013 Acquisition) from subsidiaries of TransCanada. The total purchase price of the 2013 Acquisition, subject to certain post-closing adjustments, was $1,050 million plus closing adjustments for working capital of $17 million. The purchase price consisted of (i) $750 million for the GTN membership interest (less $146 million, which reflected 45 percent of GTN's outstanding debt at the time of the 2013 Acquisition), (ii) $300 million for the membership interest in Bison and (iii) closing working capital adjustments.

The resulting $921 million (after closing adjustments) paid by the Partnership was financed through a combination of (i) a public offering of 8,855,000 common units at $43.85 per common unit resulting in net proceeds of $373 million (refer to note 6), (ii) borrowing of $500 million in term loans, (iii) a capital contribution from the General Partner of $8 million which was required to maintain the General Partner's effective two percent general partner interest in the Partnership (refer to note 6), and (iv) a draw on the Partnership's existing $500 million Senior Credit Facility and cash on hand.

The proceeds from the public equity offering were used to repay the outstanding balance under the Senior Credit Facility. On July 2, 2013, the Senior Credit Facility was redrawn in the amount of $360 million to finance a portion of the purchase price of the 2013 Acquisition.

If Portland General Electric Company executes a firm transportation service agreement by December 31, 2014 containing agreed terms and relating to transportation on GTN's proposed Carty Lateral, the Partnership will pay an additional $25 million.

The 2013 Acquisition will be accounted for as a transaction between entities under common control, similar to a pooling of interests, whereby the assets and liabilities of GTN and Bison will be recorded at TransCanada's carrying value and the Partnership's historical financial information will be recast to include GTN and Bison for all periods

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presented. The difference between the fair market value paid for the additional 45 percent interests in each of GTN and Bison and the acquired net assets of GTN and Bison will be recorded in Partners' Equity. The Partnership will consolidate its investments in GTN and Bison effective July 1, 2013.

On July 1, 2013, the Partnership entered into a term loan agreement with a syndicate of lenders for a $500 million term loan credit facility (Term Loan Facility). On July 2, 2013, the Partnership borrowed $500 million under the Term Loan Facility to pay a portion of the Purchase Price of the 2013 Acquisition. The Term Loan Facility has a term of five years, and all amounts outstanding will be due and payable on July 1, 2018. Borrowings under the Term Loan Facility will bear interest based, at the Partnership's election, on the LIBOR or the base rate plus, in either case, an applicable margin. The base rate will equal the highest of (i) SunTrust Bank's prime rate, (ii) 0.50% above the federal funds rate and (iii) 1.00% above one-month LIBOR. The applicable margin for the term loans is based on the Partnership's senior debt rating and ranges between 1.125% and 2.00% for LIBOR borrowings and 0.125% and 1.000% for base rate borrowings.

On July 23, 2013, the board of directors of our General Partner declared the Partnership's second quarter 2013 cash distribution in the amount of $0.81 per common unit payable on August 14, 2013 to unitholders of record as of August 5, 2013.

On July 22, 2013, a subsidiary of TransCanada paid $1 million to the Partnership in relation to the May 2011 acquisition of a 25 percent interest in Bison as a post-closing construction expenditures adjustment.

Great Lakes declared its second quarter 2013 distribution of $7 million on July 18, 2013, of which the Partnership will receive its 46.45 percent share or $3 million on August 1, 2013.

Northern Border declared its second quarter 2013 distribution of $44 million on July 18, 2013, of which the Partnership will receive its 50 percent share or $22 million on August 1, 2013.

GTN declared its second quarter 2013 distribution of $27 million on July 18, 2013, of which the Partnership will receive its 70 percent share or $19 million on August 1, 2013.

Bison declared its second quarter 2013 distribution of $16 million on July 18, 2013, of which the Partnership will receive its 70 percent share or $11 million on August 1, 2013.

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

The following discussion and analysis should be read in conjunction with the accompanying financial statements and notes included in Item 1. "Financial Statements" of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the year ended December 31, 2012.

RECENT BUSINESS DEVELOPMENTS

GTN and Bison Additional Membership Interests Acquisition - On July 1, 2013, the Partnership acquired additional 45 percent membership interests in each of GTN and Bison (the 2013 Acquisition) from subsidiaries of TransCanada. The total purchase price of the 2013 Acquisition, subject to certain post-closing adjustments, was $1,050 million plus closing adjustments for working capital of $17 million. The purchase price consisted of (i) $750 million for the GTN membership interest (less $146 million, which reflected 45 percent of GTN's outstanding debt at the time of the 2013 Acquisition), (ii) $300 million for the membership interest in Bison and (iii) closing working capital adjustments. The resulting $921 million (after closing adjustments) paid by the Partnership was financed through a combination of (i) a public offering of 8,855,000 common units at $43.85 per common unit resulting in net proceeds of $373 million, (ii) borrowing of $500 million in term loans, (iii) a capital contribution from the General Partner of $8 million which was required to maintain the General Partner's effective two percent general partner interest in the Partnership, and (iv) a draw on the Senior Credit Facility and cash on hand. The proceeds from the public equity offering were used to repay the outstanding balance under the Senior Credit Facility. On July 2, 2013, the Senior Credit Facility was redrawn in the amount of $360 million to finance a portion of the purchase price of the 2013 Acquisition.

If Portland General Electric Company executes a firm transportation service agreement by December 31, 2014 containing agreed terms and relating to transportation on GTN's proposed Carty Lateral, the Partnership will pay an additional $25 million.

Term Loan Facility - On July 2, 2013, the Partnership borrowed $500 million under a new Term Loan Facility with a syndicate of lenders, which matures on July 1, 2018. The outstanding principal bears interest based on the LIBOR plus an applicable margin.

Equity Offering - On May 22, 2013, the Partnership completed a public offering of 8,855,000 common units at $43.85 per common unit for gross proceeds of $388 million and net proceeds of $373 million after unit issuance costs.

Cash Distributions – On April 23, 2013, the board of directors of our General Partner declared the Partnership's first quarter 2013 cash distribution in the amount of $0.78 per common unit, payable on May 15, 2013 to unitholders of record as of May 6, 2013.

Cash Distributions – On July 23, 2013, the board of directors of our General Partner declared the Partnership's second quarter 2013 cash distribution in the amount of $0.81 per common unit payable on August 14, 2013 to unitholders of record as of August 5, 2013.

Northern Border – Northern Border's long-haul capacity is substantially contracted through March 2015. Northern Border has continued to successfully negotiate contract extensions for expiring capacity from Canada to Ventura. The majority of these extensions are for terms of three years or longer.

Outlook of Our Business

The 2013 Acquisition will increase the Partnership's interests in each of GTN and Bison from 25 percent to 70 percent which is expected to improve the Partnership's long-term cash flow stability and predictability. The transaction will also reduce the Partnership's relative exposure to Great Lakes which is currently experiencing lower earnings and more variable cash flow than in prior years.

REGULATORY ENVIRONMENT

FERC Rate Proceedings

Northern Border – In January 2013, FERC gave final approval for the Northern Border Settlement which establishes maximum long-term transportation rates and charges on the Northern Border system effective January 1, 2013. Northern Border's previous reservation rates were reduced by approximately 11 percent.

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HOW WE EVALUATE OUR OPERATIONS

We evaluate our business primarily on the basis of the underlying operating results for each of our pipeline systems, along with a measure of Partnership cash flows. This measure does not have any standardized meaning prescribed by GAAP. It is, therefore, considered to be a non-GAAP measure and is unlikely to be comparable to similar measures presented by other entities. Partnership cash flows include cash distributions from the Partnership's equity investments in Great Lakes, Northern Border, GTN and Bison plus operating cash flows from the Partnership's wholly-owned subsidiaries, North Baja and Tuscarora, net of Partnership costs and distributions declared to the General Partner.

RESULTS OF OPERATIONS

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 the Partnership's critical accounting policies and estimates during the three and six months ended June 30, 2013.

Information about our critical accounting policies and 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, 2012.

Accounting Pronouncements

Future Accounting Changes

Obligations Resulting from Joint and Several Liability Arrangements – In February 2013, the FASB issued guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. Examples of obligations within the scope of this ASU include debt arrangements, other contractual obligations, and settled litigation and judicial rulings. This ASU is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Partnership is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements, but does not expect it to have a material impact.

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 to enhance investors' understanding of the way management analyzes our financial performance. We believe this summary provides a more meaningful comparison of our current period 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.

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(unaudited) *(millions of dollars)*	Three months ended June 30, **2013**	2012	Six months ended June 30, **2013**	2012
Equity earnings:				

Great Lakes	**-**	8	**2**	17
Northern Border	**15**	16	**31**	36
GTN	**4**	4	**9**	10
Bison	**3**	3	**6**	6
Net income from Other Pipes [(a)]	**10**	10	**20**	19
Partnership expenses	**(9)**	(8)	**(16)**	(16)
Net income	**23**	33	**52**	72

(a) "Other Pipes" includes the results of North Baja and Tuscarora.

Second Quarter 2013 Compared with Second Quarter 2012
For the three months ended June 30, 2013, net income decreased by $10 million to $23 million compared to $33 million in the second quarter of 2012. This decrease was primarily due to lower equity earnings from Great Lakes and increased Partnership expenses.

Equity earnings from Great Lakes was nil in the second quarter of 2013, a decrease of $8 million compared to the same period in 2012. The decrease was due to lower revenue resulting from contracted capacity at lower rates and volumes in the second quarter of 2013 compared to the same period in 2012.

Partnership expenses were $9 million in the second quarter of 2013, an increase of $1 million compared to the same period in 2012. This increase was due to expenses incurred in relation to the acquisition of additional interests in GTN and Bison.

Six Months Ended June 30, 2013 Compared with Six Months Ended June 30, 2012
For the six months ended June 30, 2013, net income decreased by $20 million to $52 million compared to $72 million for the same period in 2012. This decrease was primarily due to lower equity earnings from Great Lakes and Northern Border.

Equity earnings from Great Lakes were $2 million for the six months ended June 30, 2013, a decrease of $15 million compared to the same period in 2012. The decrease was due to lower revenue resulting from contracted capacity at lower rates and volumes during the six months ended June 30, 2013 compared to the same period in 2012.

Equity earnings from Northern Border were $31 million for the six months ended June 30, 2013, a decrease of $5 million compared to the same period in 2012. This decrease was due to the 11 percent tariff rate reduction resulting from the Northern Border Settlement in January 2013.

LIQUIDITY AND CAPITAL RESOURCES

Overview
Our principal sources of liquidity include distributions received from our investments in unconsolidated affiliates, operating cash flows from North Baja and Tuscarora, public offerings of debt and equity, term loans 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.

Our pipeline systems' principal sources of liquidity are cash generated from operating activities, long-term debt offerings, bank credit facilities and equity contributions from their owners. Our pipeline systems have historically funded operating expenses, debt service and cash distributions to their owners primarily with operating cash flow. However, since the fourth quarter of 2010, Great Lakes has funded its debt repayments with cash calls to its owners.

Capital expenditures are funded by a variety of sources, including cash generated from operating activities, borrowings under bank credit facilities, issuance of senior unsecured notes or equity contributions from our pipeline

systems' owners. The ability of our pipeline systems to access the debt capital markets under reasonable terms depends on their financial position and general market conditions.

The Partnership's pipeline systems monitor the creditworthiness of their customers and have credit provisions included in their tariffs, although limited by FERC, which allow them to request credit support as circumstances dictate.

Our cash flow is based on the distributions from our portfolio of six pipelines. Reduced transportation revenue on Great Lakes is expected to result in lower and more variable cash flow from Great Lakes than in prior years. Overall, we believe that our pipeline systems' ability to obtain financing at reasonable rates, together with a history of consistent cash flow from operating activities, and the 2013 Acquisition provide a solid foundation to meet future liquidity and capital requirements. We expect to be able to fund our liquidity requirements at the Partnership level over the next 12 months, including our distributions, utilizing our cash flow and our existing Senior Credit Facility as required.

Partnership Cash Flows
The Partnership uses the non-GAAP financial measures "Partnership cash flows" and "Partnership cash flows before General Partner distributions" as they provide a measure of cash generated during the period to evaluate our cash distribution capability. As well, management uses these measures as a basis for recommendations to our General Partner's board of directors regarding the distribution amount to be declared each quarter. Partnership cash flow information is presented to enhance investors' understanding of the way that management analyzes the Partnership's financial performance.

The Partnership calculates Partnership cash flows as net income plus operating cash flows from the Partnership's wholly-owned subsidiaries, North Baja and Tuscarora, and cash distributions received in excess of equity earnings from the Partnership's equity investments, Great Lakes, Northern Border, GTN and Bison, net of distributions declared to the General Partner. Partnership cash flows before General Partner distributions represent Partnership cash flows prior to distributions declared to the General Partner.

Partnership cash flows and Partnership cash flows before General Partner distributions are provided as a supplement to GAAP financial results and are not meant to be considered in isolation or as substitutes for financial results prepared in accordance with GAAP.

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Non-GAAP Measures

Reconciliations of Net Income to Partnership Cash Flows

(unaudited) *(millions of dollars except per common unit amounts)*	Three months ended June 30, **2013**	2012	Six months ended June 30, **2013**	2012
Net income	**23**	33	**52**	72
Add:				
Cash distributions from Great Lakes [a]	**6**	12	**12**	23
Cash distributions from Northern Border [a]	**22**	26	**44**	51
Cash distributions from GTN [a]	**8**	8	**14**	13
Cash distributions from Bison [a]	**3**	4	**7**	8
Cash flows provided by Other Pipes' operating activities	**13**	11	**27**	25
	52	61	**104**	120
Less:				
Equity earnings from unconsolidated affiliates	**(22)**	(31)	**(48)**	(69)
Other Pipes' net income	**(10)**	(10)	**(20)**	(19)
	(32)	(41)	**(68)**	(88)
Partnership cash flows before General Partner distributions	**43**	53	**88**	104
General Partner distributions [b]	**(1)**	(1)	**(2)**	(2)
Partnership cash flows	**42**	52	**86**	102
Cash distributions declared	**(52)**	(43)	**(94)**	(85)
Cash distributions declared per common unit [c]	**$0.81**	$0.78	**$1.59**	$1.55
Cash distributions paid	**(43)**	(42)	**(85)**	(84)
Cash distributions paid per common unit [c]	**$0.78**	$0.77	**$1.56**	$1.54

[a] In accordance with the cash distribution policies of the respective entities, cash distributions from Great Lakes, Northern Border, GTN and Bison are based on their respective prior quarter financial results.
[b] General Partner distributions represent the cash distributions declared to the General Partner with respect to its two percent interest plus an amount equal to incentive distributions. Incentive distributions in the first and second quarters of 2013 and 2012 were nil.
[c] Cash distributions declared per common unit and cash distributions paid per common unit are computed by dividing cash distributions, after the deduction of the General Partner's allocation, by the number of common units outstanding. The General Partner's allocation is computed based upon the General Partner's two percent interest plus an amount equal to incentive distributions.

Second Quarter 2013 Compared with Second Quarter 2012

For the three months ended June 30, 2013, Partnership cash flows were $42 million, a $10 million decrease compared to the $52 million in the second quarter of 2012. This decrease was primarily due to lower cash distributions from Great Lakes of $6 million and Northern Border of $4 million as compared to the same period of 2012 for reasons consistent with the reductions in earnings previously discussed under "Results of Operations".

The Partnership paid distributions of $43 million in the second quarter of 2013, an increase of $1 million compared to the same period in 2012.

Six Months Ended June 30, 2013 Compared with Six Months Ended June 30, 2012

For the six months ended June 30, 2013, Partnership cash flows were $86 million, a $16 million decrease compared to the $102 million in the same period of 2012. This decrease was primarily due to lower cash distributions from Great Lakes of $11 million and Northern Border of $7 million as compared to the same period of 2012 for reasons consistent with the reductions in earnings previously discussed under "Results of Operations".

The Partnership paid distributions of $85 million in the six months ended June 30, 2013, an increase of $1 million compared to the same period in 2012.

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Other Cash Flows

In the first quarter of 2013, the Partnership made an equity contribution of $4 million to Great Lakes which was used to fund debt repayments.

In the second quarter of 2013, the Partnership made an equity contribution of $6 million to Bison which was used to repay inter-affiliate debt primarily related to pipeline construction costs, including reclamation and restoration work.

Contractual Obligations

The Partnership's contractual obligations related to debt as of June 30, 2013 included the following:

Payments Due by Period

(millions of dollars)	Total	Less than 1 Year	Long-term Portion
4.65% Senior Notes due 2021	349	-	349
3.82% Series D Notes due 2017	27	3	24
	376	3	373

The Partnership's Senior Credit Facility consists of a $500 million senior revolving credit facility with a banking syndicate, maturing November 20, 2017, under which nil was outstanding at June 30, 2013 (December 31, 2012 - $312 million), leaving $500 million available for future borrowing. The nil balance was the result of a repayment from the proceeds of the Partnership's May 2013 equity offering pending the closing of the 2013 Acquisition.

The LIBOR-based interest rate on the Senior Credit Facility averaged 1.45 percent for the three and six months ended June 30, 2013 (2012 – 1.62 and 1.64 percent). The LIBOR-based interest rate was 1.45 percent at June 30, 2013 (2012 – 1.63 percent).

On July 2, 2013, the Partnership borrowed $500 million under a new Term Loan Facility with a syndicate of lenders, which matures on July 1, 2018. The outstanding principal amount will bear interest based, at the Partnership's election, on the LIBOR or the base rate plus, in either case, an applicable margin.

At June 30, 2013, the Partnership was in compliance with its financial covenants, in addition to the other covenants which include restrictions on entering into mergers, consolidations and sales of assets, granting liens, material amendments to the Partnership Agreement, incurring additional debt and distributions to unitholders.

Series D Senior Notes are secured by Tuscarora's transportation contracts, supporting agreements and substantially all of Tuscarora's property. The note purchase agreement contains certain provisions that include, among other items, limitations on additional indebtedness and distributions to partners.

The Partnership's long-term debt results in exposures to changing interest rates. The Partnership may use derivatives to assist in managing its exposure to interest rate risk.

Great Lakes' contractual obligations related to debt as of June 30, 2013 included the following:

	Payments Due by Period		
(millions of dollars)	Total	Less than 1 Year	Long-term Portion
6.73% series Senior Notes due 2014 to 2018	45	9	36
9.09% series Senior Notes due 2013 and 2021	90	10	80
6.95% series Senior Notes due 2019 and 2028	110	-	110
8.08% series Senior Notes due 2021 and 2030	100	-	100
	345	19	326

Great Lakes is required to comply with certain financial, operational and legal covenants. Under the most restrictive covenants in the senior note agreements, approximately $186 million of Great Lakes' partners' capital was restricted as to distributions as of June 30, 2013 (December 31, 2012 – $191 million). Great Lakes was in compliance with all of its financial covenants at June 30, 2013.

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Northern Border's contractual obligations related to debt as of June 30, 2013 included the following:

	Payments Due by Period		
(millions of dollars)	Total	Less than 1 Year	Long-term Portion
6.24% Senior Notes due 2016	100	-	100
7.50% Senior Notes due 2021	250	-	250
$200 million Credit Agreement due 2016	123	-	123
	473	-	473

As of June 30, 2013, $123 million was outstanding under its $200 million revolving credit agreement, leaving $77 million available for future borrowings. The weighted average interest rate related to the borrowings on the credit agreement was 1.33 percent as of June 30, 2013 (2012 – 1.62). At June 30, 2013, Northern Border was in compliance with all of its financial covenants.

Northern Border has commitments of $5 million as of June 30, 2013 in connection with various capital overhaul projects, pipeline integrity projects and a transformer upgrade.

GTN's contractual obligations related to debt as of June 30, 2013 included the following:

	Payments Due by Period		
(millions of dollars)	Total	Less than 1 Year	Long-term Portion
5.09% Senior Notes due 2015	75	-	75
5.29% Senior Notes due 2020	100	-	100
5.69% Senior Notes due 2035	150	-	150
	325	-	325

GTN was in compliance with all terms and conditions of all its credit and other debt agreements at June 30, 2013.

Bison had commitments of $1 million as of June 30, 2013 in connection with reclamation and restoration work associated with the construction of the pipeline.

Capital Requirements
The Partnership made an equity contribution to Great Lakes of $4 million in the first quarter of 2013. This amount represents the Partnership's 46.45 percent share of a $9 million cash call from Great Lakes to make a scheduled debt repayment. The Partnership expects to make an additional $5 million equity contribution to Great Lakes in the fourth quarter of 2013 to further fund debt repayments.

The Partnership made an equity contribution to Bison of $6 million in the second quarter of 2013. This amount represents the Partnership's 25 percent share of a $24 million cash call from Bison to repay inter-affiliate debt primarily related to pipeline construction costs, including reclamation and restoration work.

To the extent the Partnership has any additional capital requirements with respect to our pipeline systems or acquisitions in the future; we expect to fund these requirements with operating cash flows, debt and/or equity.

2013 Second Quarter Cash Distribution
On July 23, 2013, the board of directors of our General Partner declared the Partnership's second quarter 2013 cash distribution in the amount of $0.81 per common unit payable on August 14, 2013 to unitholders of record as of August 5, 2013.

RELATED PARTY TRANSACTIONS

Please read Note 10 within Item 1. "Financial Statements" for information regarding related party transactions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

OVERVIEW

The Partnership and our pipeline systems are exposed to market risk, counterparty credit risk, and liquidity risk. Our exposure to market risk discussed below includes forward-looking statements and is not necessarily indicative of actual results, which may not represent the maximum possible gains and losses that may occur, since actual gains and losses will differ from those estimated, based on actual market conditions.

Our primary risk management objective is to mitigate the impact of these risks on earnings and cash flow, and ultimately, unitholder value. We do not use financial instruments for trading purposes.

We record derivative financial instruments on the balance sheet as assets and liabilities at fair value. We estimate the fair value of derivative financial instruments using available market information and appropriate valuation techniques. Changes in the fair value of derivative financial instruments are recognized in earnings unless the instrument qualifies as a hedge and meets specific hedge accounting criteria. Qualifying derivative 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.

MARKET RISK AND INTEREST RATE RISK

From time to time, and in order to finance our business and that of our pipeline systems, the Partnership and our pipeline systems issue debt to invest in growth opportunities and provide for ongoing operations. The issuance of debt exposes the Partnership and our pipeline systems to market risk from changes in interest rates which affect earnings and the value of the financial instruments we hold.

The Partnership and our pipeline systems may use derivatives as part of our overall risk management policy to assist in managing exposures to market risk resulting from these activities within established policies and procedures. Derivative contracts used to manage market risk generally consist of the following:

- Swaps – contractual agreements between two parties to exchange streams of payments over time according to specified terms.
- Options – contractual agreements to convey the right, but not the obligation, for the purchaser to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed date or at any time within a specified period.

The Partnership and our pipeline systems may enter into interest rate swaps and option agreements to mitigate the impact of changes in interest rates.

Market risk is the risk that changes in market interest rates may result in fluctuations in the fair values or cash flows of financial instruments. At June 30, 2013, our interest rate exposure results from our Senior Credit Facility, which is subject to variability in LIBOR interest rates. As noted under "Recent Business Developments", the Partnership borrowed $500 million of term loans to partially fund the 2013 Acquisition. Our term loans are subject to variability in LIBOR interest rates. We regularly assess the impact of interest rate fluctuations on future cash flows and evaluate hedging opportunities and may enter into hedging arrangements to mitigate our interest rate risk.

Northern Border utilizes both fixed-rate and variable-rate debt and is exposed to market risk due to the floating interest rates on its revolving credit facility. Northern Border regularly assesses the impact of interest rate fluctuations on future cash flows and evaluates hedging opportunities and may enter into hedging arrangements to mitigate its interest rate risk. As of June 30, 2013, $123 million, or 26 percent of Northern Border's outstanding debt was at floating rates (December 31, 2012 – 26 percent).

If interest rates hypothetically increased by one percent (100 basis points) compared with rates in effect at June 30, 2013, Northern Border's annual interest expense would increase and its net income would decrease by approximately $1 million; if interest rates hypothetically decreased by one percent compared to rates in effect at

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June 30, 2013, Northern Border's annual interest expense would decrease and its net income would increase by approximately $1 million.

Great Lakes, GTN and Tuscarora utilize fixed-rate debt; therefore, they are not exposed to market risk due to floating interest rates. Interest rate risk does not apply to Bison and North Baja, as they currently do not have any debt.

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 with respect to transported natural gas volumes.

Counterparty credit risk represents the financial loss that the Partnership and our pipeline systems would experience if a counterparty to a financial instrument failed to meet its obligations in accordance with the terms and conditions of the financial instruments with the Partnership or its pipeline systems. Our maximum counterparty credit exposure with respect to financial instruments at the balance sheet date consists primarily of the carrying amount, which approximates fair value, of non-derivative financial assets, such as accounts receivable. At June 30, 2013, the Partnership's maximum counterparty credit exposure consisted of accounts receivable of $6 million (December 31, 2012 – $8 million).

The Partnership and our pipeline systems have significant credit exposure to financial institutions as they provide committed credit lines and critical liquidity in the interest rate derivative market, as well as letters of credit to mitigate exposures to non-creditworthy parties. The Partnership closely monitors the creditworthiness of our counterparties, including financial institutions. Overall, we do not believe the Partnership and our pipeline systems have any significant concentrations of counterparty credit risk.

Liquidity risk is the risk that the Partnership and our pipeline systems will not be able to meet our financial obligations as they become due. Our approach to managing liquidity risk is to ensure that we always have sufficient cash and credit facilities to meet our obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to our reputation. At June 30, 2013, the Partnership had a committed revolving bank line of $500 million maturing in 2017 with an outstanding balance of nil. In addition, at June 30, 2013, Northern Border had a committed revolving bank line of $200 million maturing in 2016, of which $123 million was drawn.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As required by Rule 13a-15(e) under the Exchange Act, the management of our General Partner, including the principal executive officer and principal financial officer, evaluated as of the end of the period covered by this report the effectiveness of our disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. The Partnership's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Based upon and as of the date of the evaluation, the management of our General Partner, including the principal executive officer and principal financial officer, concluded that the Partnership's disclosure controls and procedures as of the end of the period covered by this quarterly report were effective to provide reasonable assurance 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, as amended (the "Exchange Act"), is (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to the management of our General Partner, including the principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the quarter ended June 30, 2013, there was 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

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reporting. Our General Partner is in the process of implementing an Enterprise Resource Planning system that will likely affect some processes supporting internal control over financial reporting in 2014. The phased implementation period, originally planned to begin July 1, 2013, has been deferred to January 2014.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various legal proceedings that arise in the ordinary course of business, as well as proceedings that we consider material as defined under federal securities regulations. For additional information on other legal and environmental proceedings affecting the Partnership, please refer to Part 1. Item 3 of the Partnership's Annual Report on Form 10-K for the year-ended December 31, 2012.

Great Lakes v. Essar Steel Minnesota LLC, et al.- In March 2013, FERC dismissed the complaint filed by Essar against Great Lakes, and the Federal District Court also dismissed Essar's defenses. During first quarter 2013, the Federal District Court also ruled favorably on a summary judgment motion for Great Lakes. During the second quarter 2013, the parties resolved all outstanding issues and trial on the damages is set to occur in March 2014.

Item 1A. Risk Factors

The following updated risk factors should be read in conjunction with 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, 2012.

RISKS RELATED TO THE PARTNERSHIP

If the 2013 Acquisition is not accretive, our ability to increase or maintain our per unit cash distributions may be limited.

While we anticipate that the 2013 Acquisition will be accretive, there can be no assurance that an increase in cash per common unit will be generated from operations.

Our indebtedness may limit our ability to obtain additional financing, make distributions or pursue business opportunities.

As at July 2, 2013, after the close of the 2013 Acquisition, our consolidated indebtedness was $1,561 million. This level of debt could have negative consequences to the Partnership including the following:

- our ability to obtain additional financing, if necessary, for working capital, acquisitions, payment of distributions or other purposes may be impaired or such financing may not be available on favorable terms;
- our need for cash to fund interest payments on the debt reduces the funds that would otherwise be available for operations, future business opportunities and distributions to our unitholders; and
- our flexibility in responding to changing business and economic conditions may be limited.

Our ability to service our debt will depend upon, among other things, the future financial and operating performance of our pipeline systems, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. In addition, the Partnership's third party credit facility requires us to maintain certain financial ratios and contains restrictions on incurring additional debt and making distributions to unitholders.

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Item 6. Exhibits

No.	**Description**
*2.1	Agreement for purchase and sale of membership interest dated as of May 15, 2013 between TransCanada American Investments Ltd., as Seller, and TC PipeLines Intermediate Limited Partnership, as Buyer (Exhibit 2.1 to TC PipeLines, LP's Form 8-K filed on May 15, 2013)
*2.2	Agreement for purchase and sale of membership interest dated as of May 15, 2013 between TC Continental Pipeline Holdings Inc., as Seller, and TC PipeLines Intermediate Limited Partnership, as Buyer (Exhibit 2.2 to TC PipeLines, LP's Form 8-K filed on May 15, 2013)
*10.1	Guaranty by TransCanada Pipeline USA Ltd. dated May 15, 2013 with respect to the obligations of TransCanada American Investments Ltd. (Exhibit 10.1 to TC PipeLines, LP's Form 8-K filed on May 15, 2013)
*10.2	Guaranty by TransCanada Pipeline USA Ltd. dated May 15, 2013 with respect to the obligations of TC Continental Pipeline Holdings Inc. (Exhibit 10.1 to TC PipeLines, LP's Form 8-K filed on May 15, 2013)
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.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

*Indicates exhibits incorporated by reference

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 29th day of July 2013.

TC PIPELINES, LP
(A Delaware Limited Partnership)
by its General Partner, TC PipeLines GP, Inc.

By: /s/ Steven D. Becker

Steven D. Becker
President
TC PipeLines GP, Inc. (Principal Executive Officer)

By: /s/ Sandra P. Ryan-Robinson

Sandra P. Ryan-Robinson
Controller
TC PipeLines GP, Inc. (Principal Financial Officer)

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EXHIBIT INDEX

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*Indicates exhibits incorporated by reference

Exhibit 31.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER

I, Steven D. Becker, 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 evaluation; 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: July 29, 2013

/s/ Steven D. Becker
Steven D. Becker
Principal Executive Officer and President
TC PipeLines GP, Inc., as General Partner of
TC PipeLines, LP

Exhibit 31.2

CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER

I, Sandra P. Ryan-Robinson, 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 evaluation; 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: July 29, 2013

/s/ Sandra P. Ryan-Robinson

Sandra P. Ryan-Robinson
Principal Financial Officer and Controller
TC PipeLines GP, Inc., as General Partner of
TC Pipelines, LP

Exhibit 32.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER

I, Steven D. Becker, Principal Executive Officer and President 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 June 30, 2013 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: July 29, 2013

/s/ Steven D. Becker
Steven D. Becker
Principal Executive Officer and President
TC PipeLines GP, Inc., as General Partner of
TC PipeLines, LP

Exhibit 32.2

CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER

I, Sandra P. Ryan-Robinson, Principal Financial Officer and Controller 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 June 30, 2013 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: July 29, 2013	/s/ Sandra P. Ryan-Robinson
	Sandra P. Ryan-Robinson Principal Financial Officer and Controller TC PipeLines GP, Inc., as General Partner of TC PipeLines, LP