

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

(Date of report) **May 2, 2006**  
(Date of earliest event reported) **May 2, 2006**

**TC PipeLines, LP**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**000-26091**  
(Commission  
File Number)

**52-2135448**  
(IRS Employer  
Identification No.)

**110 Turnpike Road, Suite 203, Westborough, Massachusetts**  
(Address of principal executive offices)

**01581**  
(Zip Code)

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

**Not Applicable**  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02 Results of Operations and Financial Condition.**

On May 2, 2006, TC PipeLines, LP (the "Partnership") issued a press release announcing financial results for the Partnership's first quarter 2006 earnings. A copy of the press release is furnished with this report as Exhibit 99.1, and is incorporated herein by reference. The press release discloses a financial measure, cash generated from investments which is a non-GAAP financial measure as defined under SEC rules. The press release furnishes a reconciliation of this measure to its nearest GAAP financial measure. Reasons for the Partnership's use of this financial measure is disclosed in the press release furnished with this report.

The information in this report is being furnished, not filed, pursuant to Item 2.02 of Form 8-K. Accordingly, the information in this report, including the press release, will not be incorporated by reference into any registration statement filed by the Partnership under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

**Item 8.01 Other Events**

**Northern Border Pipeline Company**

The partnership owns a 50% general partner interest in Northern Border Pipeline Company. The remaining 50% is owned by Northern Border Partners, a publicly traded limited partnership controlled by ONEOK, Inc.

Northern Border Pipeline has advised that, as shown in the table below, Northern Border Pipeline's average daily contracted capacity for first quarter 2006 was essentially equal to first quarter 2005. The pipeline's weighted average system rate for firm demand for the first quarter 2006 was \$0.361 per thousand cubic feet (mcf), four percent below the first quarter 2005 average rate of \$0.375 per mcf. Changes in the average system rate resulted from shorter transportation-path contracts and multi-month discounted contracts in 2006.

**Northern Border Pipeline Company  
Total System Revenue Summary**

|   | First Quarter |          |
|---|---------------|----------|
|   | 2006          | 2005     |
| Percent Contracted (1)                    | 104%          | 103%     |
| Weighted Average System Rate (\$/mcf) (2) | \$ 0.361      | \$ 0.375 |
| Total Revenue (Millions)                  | \$ 79.8       | \$ 82.8  |

(1) Compared with a design capacity of 2,374 million cubic feet (mmcf) per day.

(2) Amounts shown in dollars per thousand cubic feet (mcf).

Northern Border Pipeline has advised that its Chicago III expansion project was placed in service at the end of April 2006. The Chicago III expansion project increased Northern Border Pipeline's transportation capacity by 130 mmcf, to 974 mmcf, from Harper, Iowa to the Chicago market area.

Northern Border Pipeline has further advised that June is the beginning of the summer season in natural gas markets. April and May are shoulder months between the winter heating and summer cooling seasons in which there is typically lower demand for transportation on Northern Border Pipeline's system.

Similar to 2005, this can result in portions of Northern Border Pipeline's capacity being sold at discounted transportation rates or remaining unsold. Northern Border Pipeline has indicated it expects that market conditions in 2006 will be similar to those experienced in 2005 and that demand for its capacity will increase throughout the summer. However, the level of discounting in 2006 may vary from 2005 depending upon current market conditions. Overall, Northern Border Pipeline's total revenues are expected to be similar to 2005 as shown in the following table.

**Northern Border Pipeline Company  
Total System Revenue Summary (1)**

|   | Full Year        |             |
|---|------------------|-------------|
|   | 2006             | 2005        |
| Percent Contracted (2)                    | 76%              | 97%         |
| Percent Expected to be Contracted         | 97%-101%         | N/A         |
| Weighted Average System Rate (\$/mcf) (3) | \$0.35-\$0.38(4) | \$ 0.371(5) |
| Total Revenue (Millions)                  | \$305-\$320(4)   | \$ 312.3(5) |

(1) Includes actuals through first quarter 2006 and forecasts for remainder of 2006.

(2) Compared with a design capacity of 2,374 million cubic feet (mmcf) per day.

(3) Amounts shown in dollars per thousand cubic feet (mcf).

(4) Amounts exclude possible impacts from Northern Border Pipeline's pending rate case.

(5) Amounts exclude revenue from sale of Enron bankruptcy claims.

Northern Border Pipeline has also advised that on May 1, 2006 it began charging new transportation rates based on its rate case filing, including the implementation of separate supply and market zone rates. These rates are subject to refund based on the final outcome of the rate case. The next major step in the rate case process will occur on May 31, 2006 when FERC staff and intervenors are expected to file their testimony. Northern Border Pipeline has the opportunity to file testimony in August and September and the hearing is scheduled to commence on October 4, 2006, unless a settlement is reached prior to that date.

**Tuscarora Gas Transmission Company**

The partnership, L.P. owns a 49% general partner interest in Tuscarora Gas Transmission Company ("Tuscarora"). The remaining 50% and a 1% general partner interest in Tuscarora are held by Sierra Pacific Resources Company and a subsidiary of TransCanada PipeLines Limited.

In accordance with a letter agreement executed on September 25, 2001 with the Public Utilities Commission of Nevada (PUCN) and others, Tuscarora had an obligation to file a cost and revenue study with the Federal Energy Regulatory Commission ("FERC"), within a reasonable timeframe following the third anniversary of the in-service date of its 2002 expansion project. The project was placed into service on December 1, 2002. As a result of that requirement, Tuscarora and the PUCN entered into settlement discussions with respect to a potential rate adjustment.

Tuscarora has advised us that it and the PUCN have agreed on a settlement and that on April 26, 2006 the PUCN approved the settlement. The settlement results in a firm transportation rate of \$0.40/decatherm per day (dth-day) beginning June 1, 2006. This is a 17% reduction to the current rate of \$0.4811/dth-day. In addition, the settlement results in a rate protest moratorium of 48 months to June 1, 2010, including a moratorium on protests related to

expansion projects where Tuscarora proposes to price the expansion at the settlement rate. There is no requirement to file a cost and revenue study or rate case at the end of the moratorium period. The settlement also terminates the existing requirement for Tuscarora to file a cost and revenue study.

Tuscarora has offered all of its firm shippers the opportunity to participate in the settlement. Following their responses, the settlement will be filed with the FERC for approval.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Press Release dated May 2, 2006.

**SIGNATURES**

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

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

Date: May 3, 2006

By: \_\_\_\_\_  
Amy W. Leong  
Controller

**EXHIBIT INDEX**

| <u>Number</u> | <u>Exhibit</u>                   |
|---------------|----------------------------------|
| 99.1          | Press Release dated May 2, 2006. |



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**News Release**

## TC PipeLines, LP Announces 2006 First Quarter Results

CALGARY, Alberta – May 2, 2006 – (Nasdaq: TCLP) – TC PipeLines, LP (the Partnership) today reported first quarter 2006 net income of \$12.4 million or \$0.67 per unit (all amounts in U.S. dollars) compared to \$13.4 million or \$0.72 per unit for the same period last year. The decrease in net income is primarily due to lower equity income from Northern Border Pipeline.

Cash generated from investments in the first quarter of 2006 was \$14.8 million, a decrease of \$2.5 million, compared to \$17.3 million for the same period last year. The decrease in cash generated from investments was primarily due to lower distributions from Northern Border Pipeline, which is attributable to reduced operations and maintenance expenses in the fourth quarter 2004, and lower revenues and higher maintenance expenditures in the fourth quarter 2005.

“Northern Border Pipeline continues to expect similar revenues in 2006 as compared to 2005,” said Ron Turner, president and chief executive officer of the general partner, TC PipeLines GP, Inc. “Coming into 2006, Northern Border Pipeline faced continued variability in demand for its service. The Partnership’s first quarter 2006 financial results from both of our equity investments remain strong which continues to enable us to deliver stable cash flows to our unitholders.”

On April 18, 2006, the Partnership announced its first quarter cash distribution in the amount of \$0.575 per unit, payable on May 15, 2006, to unitholders of record on April 28, 2006.

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**Financial Highlights**

(unaudited)

| (millions of dollars except per unit amounts) | Three months ended |          |          |
|---|--------------------|----------|----------|
|   | 2006               | March 31 | 2005     |
| Net income                                    |                    | 12.4     | 13.4     |
| Per unit (1)                                  | \$                 | 0.67     | \$ 0.72  |
| Cash generated from operations                |                    | 12.3     | 13.2     |
| Return of capital (2)                         |                    | 2.5      | 4.1      |
| Cash distributions paid                       |                    | 10.7     | 10.7     |
| Cash distributions declared per unit (3)      | \$                 | 0.575    | \$ 0.575 |
| Units outstanding (millions)                  |                    | 17.5     | 17.5     |

(1) Net income per unit is computed by dividing net income, after 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 per cent interest plus an amount equal to incentive distributions.

(2) Current accounting practice requires the classification of cumulative cash distributions in excess of cumulative equity earnings to be reported as a return of capital.

(3) The Partnership’s 2006 first quarter cash distribution will be paid on May 15, 2006 to unitholders of record as of April 28, 2006.

**Net Income**

The Partnership reported first quarter 2006 net income of \$12.4 million or \$0.67 per unit, a decrease of \$1.0 million compared to \$13.4 million or \$0.72 per unit for the same quarter last year.

Equity income from Northern Border Pipeline was \$11.2 million in the first quarter of 2006, a decrease of \$1.0 million, compared to \$12.2 million for the same period last year. The decrease was primarily due to lower firm demand revenues resulting from capacity that was sold for shorter distances as well as capacity sold at a discounted rate.

Equity income from Tuscarora was \$2.0 million in the first quarter of 2006, which is the same as the first quarter last year.

The Partnership’s first quarter 2006 general and administrative expenses were \$0.6 million, an increase of \$0.1 million, compared to \$0.5 million for the same period in 2005, primarily due to timing of expenses incurred. Financial charges were \$0.2 million in the first quarter of 2006, a decrease of \$0.1 million, compared to \$0.3 million for the same period last year due to lower average debt outstanding partially offset by higher average interest rates.

**Cash Flow**

The Partnership reported cash generated from investments of \$14.8 million in the first quarter of 2006, a \$2.5 million decrease, compared to \$17.3 million for the same quarter last year. In the first quarter of 2006, the Partnership received cash distributions from Northern Border Pipeline of \$13.5 million, a decrease

of \$2.7 million, compared to \$16.2 million for the same period in 2005. The decrease was primarily due to

reduced operations and maintenance expense in the fourth quarter of 2004, including the reversal of a provision previously recorded related to charges for potential termination costs of Enron's Cash Balance Plan, adjustments for charges related to Fort Peck amortization which was reclassified to a regulatory asset and adjustments to allowance for doubtful accounts for expected recoveries of claims against Enron. The combined effect of these adjustments to the Partnership's cash flow was \$1.9 million. A decrease in revenues and increase in maintenance capital expenses in the fourth quarter of 2005 also contributed to the reduction in cash distributions from Northern Border Pipeline. Cash distributions received in the quarter are based on the respective financial results of the Partnership's equity investments for the previous quarter.

Cash distributions from Tuscarora were \$2.2 million in the first quarter of 2006, an increase of \$0.1 million, compared to \$2.1 million for the same period last year.

The Partnership paid an aggregate \$10.7 million of cash distributions to unitholders and its general partner in each of the first quarters of 2006 and 2005. This cash distribution, on a per unit basis, represents \$0.575 per unit, as well as the general partner interest, including incentive distributions.

In the first quarter of 2006, the Partnership incurred approximately \$1.5 million of acquisition costs related to the acquisition of an additional 20 per cent general partnership interest in Northern Border Pipeline which closed on April 6, 2006. Additionally, the Partnership made a capital contribution of \$3.1 million representing its then 30 per cent share of a \$10.3 million cash call to fund Northern Border Pipeline's Chicago III Expansion Project.

### **Recent Development**

In late April, 2006 Northern Border Pipeline's Chicago III Expansion Project went into service as planned, adding 130 MMcf/d of transportation capacity on the eastern portion of its system into the Chicago area.

On April 6, 2006, the Partnership announced it has closed its acquisition of an additional 20 per cent general partnership interest in Northern Border Pipeline. The Partnership now holds a 50 per cent interest in Northern Border Pipeline and anticipates continuing to account for its interest using equity method of accounting. Equity income from Northern Border Pipeline will reflect the Partnership's 50 per cent ownership effective as of the date of the acquisition on April 6, 2006.

### **Conference Call**

The Partnership will hold a conference call Wednesday, May 3, 2006 at 12 p.m. (Eastern). Ron Turner, president and chief executive officer of the general partner, will discuss the first quarter 2006 financial results and general developments and issues concerning the Partnership. Those interested in

listening to the call may dial (866) 898-9626. A replay of the conference call will also be available two hours after the call and until midnight (Eastern), May 10, 2006 by dialing (800) 408-3053, then entering pass code 3183341.

A live webcast of the conference call will also be available through the Partnership's website at [www.tcpipelineslp.com](http://www.tcpipelineslp.com). An audio replay of the call will be maintained on the website.

TC PipeLines, LP is a publicly traded limited partnership. It owns a 50 per cent interest in Northern Border Pipeline Company, a Texas general partnership, and a 49 per cent interest in Tuscarora Gas Transmission Company, a Nevada general partnership. 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. Tuscarora owns a 240-mile United States interstate pipeline system that transports natural gas from Oregon, where it interconnects to TransCanada's GTN System. TC PipeLines, LP is managed by its general partner, TC PipeLines GP, Inc., an indirect wholly owned subsidiary of TransCanada Corporation. TC PipeLines GP, Inc., also holds common units of the Partnership. Common units of TC PipeLines, LP are quoted on the Nasdaq Stock Market and trade under the symbol "TCLP." For more information about TC PipeLines, LP, visit [www.tcpipelineslp.com](http://www.tcpipelineslp.com).

### **Cautionary Statement Regarding Forward-Looking Information**

This news release may include forward-looking statements regarding future events and the future financial performance of TC PipeLines, LP. Words such as "believes," "expects," "intends," "forecasts," "projects," and similar expressions identify forward-looking statements. All forward-looking statements are based on the Partnership's current beliefs as well as assumptions made by and information currently available to the Partnership. These statements reflect the Partnership's current views with respect to future events. The Partnership assumes no obligation to update any such forward-looking statement to reflect events or circumstances occurring after the date hereof. Important factors that could cause actual results to materially differ from the Partnership's current expectations include regulatory decisions, particularly those of the Federal Energy Regulatory Commission, the Securities and Exchange Commission, the ability of Northern Border Pipeline to recontract its available capacity at maximum rates, operational decisions of Northern Border Pipeline's operator, the failure of a shipper on either one of the Partnership's pipelines to perform its contractual obligations, cost of acquisitions, future demand for natural gas, overcapacity in the industry, and other risks inherent in the transportation of natural gas as discussed in the Partnership's filings with the Securities and Exchange Commission, including the Partnership's Annual Report on Form 10-K for the year ended December 31, 2005.

**Statement of Income**

(unaudited)

| (millions of U.S. dollars except per unit amounts)            | Three months ended<br>March 31 |                |
|---|--------------------------------|----------------|
|   | 2006                           | 2005           |
| Equity income from investment in Northern Border Pipeline (1) | 11.2                           | 12.2           |
| Equity income from investment in Tuscarora (2)                | 2.0                            | 2.0            |
| General and administrative expenses                           | (0.6)                          | (0.5)          |
| Financial charges and other                                   | (0.2)                          | (0.3)          |
| <b>Net income</b>   | <b>12.4</b>                    | <b>13.4</b>    |
| <b>Net income per unit (3)</b>                                | <b>\$ 0.67</b>                 | <b>\$ 0.72</b> |
| <b>Units outstanding (millions)</b>                           | <b>17.5</b>                    | <b>17.5</b>    |

**Balance Sheet**

| (millions of U.S. dollars)                | March 31, 2006<br>(unaudited) | December 31, 2005<br>(audited) |
|---|-------------------------------|--------------------------------|
| <b>ASSETS</b>                             |                               |                                |
| Cash                                      | 1.8                           | 2.3                            |
| Investment in Northern Border Pipeline(1) | 276.7                         | 274.5                          |
| Investment in Tuscarora (2)               | 38.7                          | 38.9                           |
|   | <b>317.2</b>                  | <b>315.7</b>                   |
| <b>LIABILITIES AND PARTNERS' EQUITY</b>   |                               |                                |
| Accrued liabilities                       | 0.5                           | 0.6                            |
| Current portion of long-term debt         | 13.5                          | 13.5                           |
| Partners' equity                          | 303.2                         | 301.6                          |
|   | <b>317.2</b>                  | <b>315.7</b>                   |

**Cash Flow Information**

(unaudited)

| (millions of U.S. dollars)                                | Three months ended<br>March 31 |            |
|---|--------------------------------|------------|
|   | 2006                           | 2005       |
| Distributions received from equity investments            |                                |            |
| Northern Border Pipeline Company                          | 11.2                           | 12.2       |
| Tuscarora Gas Transmission Company                        | 2.0                            | 2.0        |
| Changes in working capital and other                      | (0.9)                          | (1.0)      |
| Cash Generated From Operations                            | 12.3                           | 13.2       |
| Return of capital from Northern Border Pipeline Company   | 2.3                            | 4.0        |
| Return of capital from Tuscarora Gas Transmission Company | 0.2                            | 0.1        |
| Cash Generated From Investments [*]                       | 14.8                           | 17.3       |
| Investment in Northern Border Pipeline Company            | (4.6)                          | —          |
| Distributions paid  | (10.7)                         | (10.7)     |
| Long-term debt issued/(repaid)                            | —                              | (6.5)      |
| (Decrease)/increase in cash                               | <b>(0.5)</b>                   | <b>0.1</b> |

[\*] Reconciliation of non-GAAP financial measure: Cash generated from investments is a non-GAAP financial measure which includes cash generated from operations and return of capital. It is provided as a supplement to results reported in accordance with GAAP. Management believes that this is an important measure to assist the Partnership's investors in evaluating the Partnership's business performance.

**(1) Northern Border Pipeline Company**

For the three months ended March 31, 2006 and 2005, TC PipeLines, LP held a 30 per cent general partner interest in Northern Border Pipeline Company. Summarized operating and financial information of Northern Border Pipeline for the three months ended March 31, 2006 and 2005 and as at March 31, 2006 and 2005 is as follows:

| (unaudited)                                     | Three months ended<br>March 31 |         |
|---|--------------------------------|---------|
|   | 2006                           | 2005    |
| <b>Operating Results</b>                        |                                |         |
| Gas delivered (million cubic feet)              | 210,711                        | 215,991 |
| Average throughput (million cubic feet per day) | 2,403                          | 2,480   |

**Financial Results** (millions of U.S. dollars)

|                               |        |        |
|-------------------------------|--------|--------|
| Operating revenue             | 79.8   | 82.8   |
| Operating expenses            |        |        |
| Operations and maintenance    | 9.4    | 9.6    |
| Depreciation and amortization | 14.6   | 14.4   |
| Taxes other than income       | 8.1    | 7.8    |
| Total operating expenses      | 32.1   | 31.8   |
| Operating income              | 47.7   | 51.0   |
| Interest expense, net         | (10.7) | (10.6) |
| Other income                  | 0.4    | 0.2    |
| Net income                    | 37.4   | 40.6   |

**Capital Expenditures** (millions of U.S. dollars)

|             |     |     |
|-------------|-----|-----|
| Maintenance | 3.3 | 4.4 |
| Growth      | 6.6 | 0.3 |

|  | March 31,<br>2006<br>(unaudited) | December 31,<br>2005 |
|--|----------------------------------|----------------------|
| <b>Summary Balance Sheet Data</b> (millions of U.S. dollars) |                                  |                      |
| Total assets   | 1,583.5                          | 1,604.7              |
| Other current liabilities and reserves and deferred credits  | 57.8                             | 60.8                 |
| Long-term debt (including current maturities)                | 608.4                            | 628.9                |
| Partners' capital  | 915.4                            | 912.7                |
| Accumulated other comprehensive income                       | 1.9                              | 2.3                  |
| Total liabilities and partners' equity                       | 1,583.5                          | 1,604.7              |

(2) **Tuscarora Gas Transmission Company**

TC PipeLines, LP holds a 49 per cent general partner interest in Tuscarora Gas Transmission Company. Summarized operating and financial information of Tuscarora for the three months ended March 31, 2006 and 2005 and as at March 31, 2006 and 2005 is as follows:

| (unaudited)  | Three months ended<br>March 31 |       |
|--|--------------------------------|-------|
|  | 2006                           | 2005  |
| <b>Operating Results</b>                               |                                |       |
| Gas delivered (million cubic feet)                     | 9,648                          | 9,230 |
| Average throughput (million cubic feet per day)        | 106                            | 101   |
| <b>Financial Results</b> (millions of U.S. dollars)    |                                |       |
| Operating revenue                                      | 8.3                            | 8.3   |
| Operating expenses                                     |                                |       |
| Operations and maintenance                             | 0.8                            | 0.8   |
| Depreciation and amortization                          | 1.6                            | 1.5   |
| Taxes other than income                                | 0.3                            | 0.3   |
| Total operating expenses                               | 2.7                            | 2.6   |
| Operating income                                       | 5.6                            | 5.7   |
| Interest expense, net                                  | (1.4)                          | (1.5) |
| Other income   | —                              | —     |
| Net income   | 4.2                            | 4.2   |
| <b>Capital Expenditures</b> (millions of U.S. dollars) |                                |       |
| Maintenance  | 0.1                            | 0.1   |
| Growth   | —                              | 0.1   |

|  | March 31,<br>2006<br>(unaudited) | December 31,<br>2005 |
|--|----------------------------------|----------------------|
| <b>Summary Balance Sheet Data</b> (millions of U.S. dollars) |                                  |                      |
| Total assets   | 141.0                            | 139.8                |
| Other current liabilities and reserves and deferred credits  | 3.4                              | 2.0                  |
| Long-term debt (including current maturities)                | 75.9                             | 75.9                 |
| Partners' capital  | 61.6                             | 61.8                 |
| Accumulated other comprehensive income                       | 0.1                              | 0.1                  |
| Total liabilities and partners' equity                       | 141.0                            | 139.8                |

(3) Net income per unit is computed by dividing net income, after deduction of the general partner's allocation, by the number of common and subordinated units outstanding. The general partner's allocation is computed based upon the general partner's two per cent interest plus an amount equal to incentive distributions.

