

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

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

For the quarterly period ended **June 30, 2008**

or

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

For the Transition period from _____ to _____

Commission File Number: 000-26091

TC PipeLines, LP

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation
or organization)

52-2135448

(I.R.S. Employer Identification Number)

13710 FNB Parkway
Omaha, Nebraska

(Address of principal executive offices)

68154-5200

(Zip code)

877-290-2772

(Registrant's telephone number, including area code)

Indicate by check mark if the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

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 ☒

As of August 5, 2008, there were 34,856,086 of the registrant's common units outstanding.

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

Glossary

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

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

TC PipeLines, LP Consolidated Statement of Income

<i>(unaudited)</i> <i>(millions of dollars except per common unit amounts)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Equity income from investment in Great Lakes (Note 2)	13.8	13.1	32.4	20.1
Equity income from investment in Northern Border (Note 3)	8.7	10.3	28.2	28.1
Transmission revenues	8.2	6.7	15.1	13.6
Operating expenses	(2.3)	(2.2)	(4.5)	(4.2)
Depreciation	(1.7)	(1.5)	(3.3)	(3.1)
Financial charges, net and other	(7.5)	(8.7)	(15.1)	(16.8)
Net income	19.2	17.7	52.8	37.7
Net income allocation				
Common units	16.4	15.6	47.4	34.6
General partner	2.8	2.1	5.4	3.1
	19.2	17.7	52.8	37.7
Net income per common unit (Note 6)	\$ 0.47	\$ 0.45	\$ 1.36	\$ 1.16
Weighted average common units outstanding (millions)	34.9	34.9	34.9	29.8
Common units outstanding, end of the period (millions)	34.9	34.9	34.9	34.9

Consolidated Statement of Comprehensive Income

<i>(unaudited)</i> <i>(millions of dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net income	19.2	17.7	52.8	37.7
Other comprehensive income/(loss)				
Change associated with hedging transactions (Note 9)	11.9	5.9	(0.4)	4.7
Change associated with hedging transactions of investees	1.9	(0.1)	0.3	(0.4)
	13.8	5.8	(0.1)	4.3
Total comprehensive income	33.0	23.5	52.7	42.0

See accompanying notes to the consolidated financial statements.

TC PipeLines, LP
Consolidated Balance Sheet

<i>(unaudited)</i>		
<i>(millions of dollars)</i>		
	June 30, 2008	December 31, 2007
ASSETS		
Current Assets		
Cash and short-term investments	1.1	7.5
Accounts receivable and other	3.6	4.2
	<u>4.7</u>	<u>11.7</u>
Investment in Great Lakes (Note 2)	717.8	721.1
Investment in Northern Border (Note 3)	521.1	541.9
Plant, property and equipment (net of \$65.0 million accumulated depreciation, 2007 - \$61.7 million)	136.4	134.1
Goodwill	81.7	81.7
Other assets	1.7	2.1
	<u>1,463.4</u>	<u>1,492.6</u>
	<u>1,463.4</u>	<u>1,492.6</u>
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Bank indebtedness	-	1.4
Accounts payable	2.0	4.8
Accrued interest	2.2	3.0
Current portion of long-term debt (Note 5)	4.5	4.6
	<u>8.7</u>	<u>13.8</u>
Other long-term liabilities	10.3	9.9
Long-term debt (Note 5)	544.6	568.8
	<u>563.6</u>	<u>592.5</u>
Partners' Equity		
Common units	892.1	892.3
General partner	19.1	19.1
Accumulated other comprehensive loss	(11.4)	(11.3)
	<u>899.8</u>	<u>900.1</u>
	<u>1,463.4</u>	<u>1,492.6</u>
	<u>1,463.4</u>	<u>1,492.6</u>
Subsequent events (Note 12)		
See accompanying notes to the consolidated financial statements.		

TC PipeLines, LP
Consolidated Statement of Cash Flows

<i>(unaudited)</i> <i>(millions of dollars)</i>	Six months ended June 30,	
	2008	2007
CASH GENERATED FROM OPERATIONS		
Net income	52.8	37.7
Depreciation	3.3	3.1
Amortization of other assets	0.2	0.2
Non-controlling interests	-	0.1
Increase in long-term liabilities	0.1	-
Equity allowance for funds used during construction	(0.2)	-
(Increase)/decrease in operating working capital (Note 10)	(4.4)	0.3
	<u>51.8</u>	<u>41.4</u>
INVESTING ACTIVITIES		
Return of capital from Great Lakes (Note 2)	3.3	3.5
Return of capital from Northern Border (Note 3)	21.2	19.6
Investment in Great Lakes (Note 2)	-	(736.3)
Investment in Northern Border (Note 3)	-	(7.5)
Capital expenditures	(5.4)	(3.5)
Other assets	-	(1.1)
	<u>19.1</u>	<u>(725.3)</u>
FINANCING ACTIVITIES		
Distributions paid	(53.0)	(36.2)
Equity issuances, net	-	607.0
Long-term debt issued	-	141.0
Long-term debt repaid (Note 5)	(24.3)	(24.4)
	<u>(77.3)</u>	<u>687.4</u>
(Decrease)/increase in cash and short-term investments	(6.4)	3.5
Cash and short-term investments, beginning of period	7.5	4.6
Cash and short-term investments, end of period	<u>1.1</u>	<u>8.1</u>
Interest payments made	14.3	15.9

See accompanying notes to the consolidated financial statements.

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

<i>(unaudited)</i>	Common Units		General Partner	Accumulated Other Comprehensive Loss ⁽¹⁾	Partners' Equity	
	<i>(millions of units)</i>	<i>(millions of dollars)</i>	<i>(millions of dollars)</i>	<i>(millions of dollars)</i>	<i>(millions of units)</i>	<i>(millions of dollars)</i>
Partners' equity at December 31, 2007	34.9	892.3	19.1	(11.3)	34.9	900.1
Net income	-	47.4	5.4	-	-	52.8
Distributions paid	-	(47.6)	(5.4)	-	-	(53.0)
Other comprehensive loss	-	-	-	(0.1)	-	(0.1)
Partners' equity at June 30, 2008	34.9	892.1	19.1	(11.4)	34.9	899.8

⁽¹⁾ Based on interest rates at June 30, 2008, the amount of losses related to cash flow hedges reported in accumulated other comprehensive income that will be reclassified to net income in the next 12 months is \$3.6 million, which will be offset by a reduction to interest expense of a similar amount.

See accompanying notes to the consolidated financial statements.

TC PipeLines, LP
Notes to Consolidated Financial Statements

Note 1 Organization and Significant Accounting Policies

TC PipeLines, LP and its subsidiaries are collectively referred to herein as “TC PipeLines” or “the Partnership”. In this report, references to “we”, “us” or “our” refer to TC PipeLines or the Partnership.

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

The results of operations for the three and six months ended June 30, 2008 and 2007 are not necessarily indicative of the results that may be expected for a full fiscal year. The unaudited interim financial statements should be read in conjunction with the financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2007. Our significant accounting policies are consistent with those disclosed in Note 2 of the financial statements in our annual report on Form 10-K for the year ended December 31, 2007. Certain comparative figures have been reclassified to conform to the current period’s presentation.

Note 2 Investment in Great Lakes

On February 22, 2007, we acquired a 46.45 per cent partner interest in Great Lakes Gas Transmission Limited Partnership (Great Lakes). On the same day, a wholly-owned subsidiary of TransCanada Corporation (TransCanada) acquired 100 per cent ownership of the operator of Great Lakes. Great Lakes is regulated by the Federal Energy Regulatory Commission (FERC).

We use the equity method of accounting for our interest in Great Lakes. Great Lakes had no undistributed earnings for either the six months ended June 30, 2008 or the period February 23, 2007 to June 30, 2007.

The following tables contain summarized financial information of Great Lakes:

Summarized Consolidated Great Lakes Income Statement

<i>(unaudited)</i> <i>(millions of dollars)</i>	Three months ended June 30,		Six months	For the period
	2008	2007	ended June 30,	February 23
			2008	to June 30,
				2007
Transmission revenues	67.5	66.2	147.2	96.6
Operating expenses	(13.7)	(15.3)	(28.8)	(21.4)
Depreciation	(14.6)	(14.5)	(29.2)	(20.4)
Financial charges, net and other	(8.2)	(8.0)	(16.4)	(11.4)
Michigan business tax	(1.3)	-	(3.0)	-
Net income	<u>29.7</u>	<u>28.4</u>	<u>69.8</u>	<u>43.4</u>

Summarized Consolidated Great Lakes Balance Sheet*(unaudited)**(millions of dollars)*

	June 30, 2008	December 31, 2007
Assets		
Cash and short-term investments	52.2	32.0
Other current assets	45.4	55.5
Plant, property and equipment, net	945.4	969.2
	<u>1,043.0</u>	<u>1,056.7</u>
Liabilities and Partners' Equity		
Current liabilities	44.1	50.7
Deferred credits	0.4	0.4
Long-term debt, including current maturities	440.0	440.0
Partners' capital	558.5	565.6
	<u>1,043.0</u>	<u>1,056.7</u>

Note 3 Investment in Northern Border

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

We use the equity method of accounting for our interest in Northern Border. Northern Border had no undistributed earnings for the six months ended June 30, 2008 and 2007.

The following tables contain summarized financial information of Northern Border:

Summarized Northern Border Income Statement*(unaudited)**(millions of dollars)*

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Transmission revenues	61.3	68.8	145.1	148.4
Operating expenses	(18.8)	(22.3)	(38.2)	(40.1)
Depreciation	(15.3)	(15.2)	(30.5)	(30.5)
Financial charges, net and other	(9.5)	(10.3)	(19.2)	(20.7)
Net income	<u>17.7</u>	<u>21.0</u>	<u>57.2</u>	<u>57.1</u>

Summarized Northern Border Balance Sheet*(unaudited)**(millions of dollars)*

	June 30, 2008	December 31, 2007
Assets		
Cash and short-term investments	17.3	22.9
Other current assets	28.1	39.8
Plant, property and equipment, net	1,407.3	1,428.3
Other assets	26.9	23.9
	<u>1,479.6</u>	<u>1,514.9</u>
Liabilities and Partners' Equity		
Current liabilities	48.8	53.4
Deferred credits and other	9.3	8.1
Long-term debt, including current maturities	626.4	615.3
Partners' equity		
Partners' capital	799.0	840.5
Accumulated other comprehensive loss	(3.9)	(2.4)
	<u>1,479.6</u>	<u>1,514.9</u>

Note 4 Investment in Tuscarora

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

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

The following tables contain summarized financial information of Tuscarora:

Summarized Tuscarora Income Statement

<i>(unaudited)</i> <i>(millions of dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Transmission revenues	8.2	6.7	15.1	13.6
Operating expenses	(1.1)	(1.3)	(2.3)	(2.5)
Depreciation	(1.7)	(1.5)	(3.3)	(3.1)
Financial charges, net and other	(1.1)	(1.2)	(2.0)	(2.4)
Net income	4.3	2.7	7.5	5.6

Summarized Tuscarora Balance Sheet

<i>(unaudited)</i> <i>(millions of dollars)</i>	June 30, 2008	December 31, 2007
Assets		
Cash and short-term investments	-	6.1
Other current assets	7.5	2.6
Plant, property and equipment, net	136.4	134.1
Other assets	0.4	0.6
	144.3	143.4
Liabilities and Partners' Equity		
Current liabilities	1.8	6.1
Long-term debt, including current maturities	64.1	66.4
Partners' capital	78.4	70.9
	144.3	143.4

Summarized Tuscarora Cash Flow Statement

<i>(unaudited)</i> <i>(millions of dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Cash flows provided by operating activities	4.1	3.2	10.1	8.9
Cash flows used in investing activities	(3.9)	(2.5)	(7.9)	(3.7)
Cash flows used in financing activities	(0.2)	(2.4)	(8.3)	(2.4)
(Decrease)/increase in cash and short-term investments	-	(1.7)	(6.1)	2.8
Cash and short-term investments, beginning of period	-	7.4	6.1	2.9
Cash and short-term investments, end of period	-	5.7	-	5.7

Note 5 Credit Facility and Long-Term Debt

<i>(unaudited)</i> <i>(millions of dollars)</i>	June 30, 2008	December 31, 2007
Senior Credit Facility	485.0	507.0
7.13% Series A Senior Notes due 2010	52.9	54.5
7.99% Series B Senior Notes due 2010	5.3	5.5
6.89% Series C Senior Notes due 2012	5.9	6.4
	<u>549.1</u>	<u>573.4</u>

The interest rate on the Senior Credit Facility averaged 3.44 per cent for the three months ended June 30, 2008 (2007 - 6.00 per cent), while for the six months ended June 30, 2008 the interest rate on the Senior Credit Facility averaged 4.24 per cent (2007 - 6.04 per cent). After hedging activity, the interest rate incurred on the Senior Credit Facility averaged 5.02 per cent for the three months ended June 30, 2008 (2007 - 5.72 per cent) and 5.15 per cent for the six months ended June 30, 2008 (2007 - 5.43 per cent). Prior to hedging activities, the interest rate was 3.28 per cent at June 30, 2008 (December 31, 2007 - 5.62 per cent). At June 30, 2008, we were in compliance with our financial covenants.

Annual maturities of the long-term debt are as follows: 2008 - \$2.3 million; 2009 - \$4.4 million; 2010 - \$53.5 million; 2011 - \$485.8 million; and, thereafter - \$3.1 million.

Note 6 Net Income per Common Unit

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

<i>(unaudited)</i> <i>(millions of dollars except per unit amounts)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net income	19.2	17.7	52.8	37.7
Net income allocated to general partner				
General partner interest	(0.3)	(0.4)	(1.0)	(0.8)
Incentive distribution income allocation	(2.5)	(1.7)	(4.4)	(2.3)
	<u>(2.8)</u>	<u>(2.1)</u>	<u>(5.4)</u>	<u>(3.1)</u>
Net income allocable to common units	16.4	15.6	47.4	34.6
Weighted average common units outstanding <i>(millions)</i>	34.9	34.9	34.9	29.8
Net income per common unit	<u>\$ 0.47</u>	<u>\$ 0.45</u>	<u>\$ 1.36</u>	<u>\$ 1.16</u>

Note 7 Cash Distributions

For the three and six months ended June 30, 2008, we distributed \$0.70 and \$1.365 per common unit (2007 - \$0.65 and \$1.25 per common unit). The distributions for the three and six months ended June 30, 2008 included incentive distributions to the general partner of \$2.5 million and \$4.4 million (2007 - \$1.7 million and \$2.3 million).

Note 8 Related Party Transactions

The Partnership does not have any employees. The management and operating functions are provided by the general partner. The general partner does not receive a management fee in connection with its management of the Partnership. The Partnership reimburses the general partner for all costs of services provided, including the costs of employee, officer and director compensation and benefits, and all other expenses necessary or appropriate to the conduct of the business of, and allocable to, the Partnership. Such costs include (i) overhead costs (such as office space and equipment) and (ii) out-of-pocket expenses related to the provision of such services. The Partnership Agreement provides that the general partner will determine the costs that are allocable to the Partnership in any reasonable manner determined by the general partner in its sole discretion. Total costs charged to the Partnership by the general partner were \$0.6 million and \$1.1 million for the three and six months ended June 30, 2008 (2007 - \$0.5 million and \$0.9 million).

TCNB became the operator of Northern Border effective April 1, 2007. The operator of Great Lakes became a wholly-owned subsidiary of TransCanada through TransCanada's acquisition of Great Lakes Gas Transmission Company on February 22, 2007. TCNB also became the operator of Tuscarora, as part of the December 19, 2006 acquisition of an additional 49 per cent general partner interest in Tuscarora. TransCanada and its affiliates provide capital and operating services to Great Lakes, Northern Border and Tuscarora (together, "our pipeline systems"). TransCanada and its affiliates incur costs on behalf of our pipeline systems, including, but not limited to, employee benefit costs, property and liability insurance costs, and transition costs. Total costs charged to our pipeline systems during the three and six months ended June 30, 2008 and 2007 by TransCanada and its affiliates and amounts owed to TransCanada and its affiliates at June 30, 2008 and December 31, 2007 are summarized in the following tables:

<i>(unaudited)</i> <i>(millions of dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007⁽¹⁾
Costs charged by TransCanada and its affiliates:				
Great Lakes	7.9	12.9	15.2	17.0
Northern Border	9.2	7.5	16.0	7.5
Tuscarora	0.9	0.8	2.0	0.9
Impact on the Partnership's net income:				
Great Lakes	3.7	6.0	7.1	7.9
Northern Border	3.1	3.8	6.4	3.8
Tuscarora	0.9	0.8	2.0	0.9

⁽¹⁾ The amounts disclosed for Great Lakes are for the period February 23 to June 30, 2007. The amounts disclosed for Northern Border are for the period April 1 to June 30, 2007.

<i>(unaudited)</i> <i>(millions of dollars)</i>	June 30, 2008	December 31, 2007
Amount owed to TransCanada and its affiliates:		
Great Lakes	5.7	1.9
Northern Border	4.8	3.0
Tuscarora	0.6	3.5

Great Lakes earns transportation revenues from TransCanada and its affiliates under fixed price contracts with remaining terms ranging from one to ten years. Great Lakes earned \$37.9 million of transportation revenues under these contracts for the three months ended June 30, 2008 (2007 - \$35.2 million). This amount represents 56 per cent of total revenues earned by Great Lakes for the three months ended June 30, 2008 (2007 - 53 per cent). \$17.6 million of this transportation revenue is included in our equity income from Great Lakes for the three months ended June 30, 2008 (2007 - \$16.4 million).

Great Lakes earned \$68.2 million of transportation revenues from TransCanada and its affiliates for the six months ended June 30, 2008 (February 23, 2007 to June 30, 2007 - \$49.1 million). This amount represents 46 per cent of total revenues earned by Great Lakes for the six months ended June 30, 2008 (February 23, 2007 to June 30, 2007 - 51 per cent). \$31.7 million of this transportation revenue is included in our equity income from Great Lakes for the six months ended June 30, 2008 (February 23, 2007 to June 30, 2007 - \$22.8 million). At June 30, 2008, \$14.1 million is included in Great Lakes' receivables in regards to the transportation contracts with TransCanada and its affiliates (December 31, 2007 - - \$10.0 million).

In June 2008, in connection with the Des Plaines Project, Northern Border and ANR Pipeline Company (ANR), a wholly-owned subsidiary of TransCanada, have entered into an Interconnect Agreement, which provides that Northern Border will reimburse ANR for the cost of the interconnect facilities to be owned by ANR. In June, Northern Border paid ANR \$0.5 million and it is estimated that additional costs to complete the interconnect will be \$0.1 million. Northern Border will be responsible for the final costs to construct the interconnect and any difference between the final actual costs and the estimated amounts paid will be remitted by or refunded to Northern Border.

Note 9 Derivative Financial Instruments

The interest rate swaps and options are structured such that the cash flows match those of the Senior Credit Facility. The notional amount hedged was \$475.0 million at June 30, 2008 (December 31, 2007 - \$400.0 million). At June 30, 2008, the fair value of the interest rate swaps and options accounted for as hedges was negative \$10.2 million (December 31, 2007 – negative \$9.8 million). Effective January 1, 2008, we adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157). Under SFAS 157, these financial assets and liabilities that are recorded at fair value on a recurring basis are categorized into one of three categories based upon a fair value hierarchy. We have classified all of our derivative financial instruments as level II where the fair value is determined by using valuation techniques that refer to observable market data or estimated market prices. During the three and six months ended June 30, 2008, we recorded interest expense of \$2.0 million and \$2.3 million in regards to the interest rate swaps and options. In 2007, we recorded interest income of \$0.4 million for the three and six months ended in regards to the interest rate swaps and options.

Note 10 Changes in Operating Working Capital

<i>(unaudited)</i> <i>(millions of dollars)</i>	Six months ended June 30,	
	2008	2007
Decrease/(increase) in accounts receivable and other	0.6	(0.7)
Decrease in bank indebtedness	(1.4)	-
Decrease in accounts payable	(2.8)	(0.8)
Decrease/(increase) in accrued interest	(0.8)	1.8
	(4.4)	0.3

Note 11 Accounting Pronouncements

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

Note 12 Subsequent Events

On July 22, 2008, the Board of Directors of the general partner declared the Partnership's second quarter 2008 cash distribution in the amount of \$0.705 per common unit, payable on August 14, 2008, to unitholders of record on July 31, 2008. The cash distribution represents an increase over the previous quarter of \$0.005 per common unit, or \$0.02 per unit per annum, to an indicated annual cash distribution of \$2.82 per common unit.

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

FORWARD-LOOKING STATEMENTS

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

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

- the ability of Great Lakes Gas Transmission Limited Partnership (Great Lakes) and Northern Border Pipeline Company (Northern Border) to continue to make distributions at their current levels;
- the impact of unsold capacity on Great Lakes and Northern Border being greater or less than expected;
- competitive conditions in our industry and the ability of our pipeline systems to market pipeline capacity on favorable terms, which is affected by:
 - o future demand for and prices of natural gas;
 - o competitive conditions in the overall natural gas and electricity markets;
 - o availability of supplies of Canadian and United States (U.S.) natural gas;
 - o the oversupply of natural gas in the Mid-continent market;
 - o availability of additional storage capacity and current storage levels;
 - o weather conditions;
 - o competitive developments by Canadian and U.S. natural gas transmission companies, including the construction of REX East to Clarington, Ohio; and
 - o development of newly discovered natural gas plays such as the Horn River and Montney shale gas plays in Western Canada, the Louisiana Haynesville shale gas play, and the Marcellus shale gas play in West Virginia, Pennsylvania, and New York.
- the Alberta (Canada) government's decision to implement a new royalty regime effective January 2009 may affect the amount of exploration and drilling in the Western Canada Sedimentary Basin (WCSB);
- obtaining commercial support for the Bison Pipeline Project and whether or not Northern Border proceeds with the project;
- the decision by TransCanada to advance the Pathfinder Project;
- the successful completion, timing, cost, scope and future financial performance of expansion projects could differ materially from our expectations due to availability of contractors or equipment, weather, difficulties or delays in obtaining regulatory approvals or denied applications, land owner opposition, the lack of adequate materials, labor difficulties or shortages, expansion costs that are higher than anticipated and numerous other factors beyond our control;
- performance of contractual obligations by customers of our pipeline systems;
- the imposition of state income taxes on partnerships;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- the impact of current and future laws, rulings and governmental regulations, particularly Federal Energy Regulatory Commission (FERC) regulations, on us and our pipeline systems;
- our ability to control operating costs; and
- prevailing economic conditions, including conditions of the capital and equity markets and our ability to access these markets.

Other factors described elsewhere in this document, or factors that are unknown or unpredictable, could also have material adverse effects on future results. Please also read Item 1A. "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2007 and Item 1A. "Risk Factors" of this report for the quarter ended June 30, 2008. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. The forward-looking statements and information is made only as of the date of the filing of this report, and except as required by applicable law, we undertake no obligation to update these forward-looking statements and information to reflect new information, subsequent events or otherwise.

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

The following discussion and analysis should be read in conjunction with our 2007 Annual Report on Form 10-K and the unaudited financial statements and notes thereto included in Item 1. “Financial Statements” of this Quarterly Report on Form 10-Q. All amounts are stated in U.S. dollars.

PARTNERSHIP OVERVIEW

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

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

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

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

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

Our general partner interests in Great Lakes, Northern Border and Tuscarora represent our only material assets at June 30, 2008. As a result, we are dependent upon our pipeline systems for all of our available cash. Our pipeline systems derive their operating revenue from transportation of natural gas.

Great Lakes Overview

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

Northern Border Overview

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

Tuscarora Overview

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

FACTORS THAT IMPACT THE BUSINESS OF OUR PIPELINE SYSTEMS

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

Supply and Demand of Natural Gas

Our pipeline systems depend upon the WCSB for the majority of the natural gas that they transport. Overall flows out of the WCSB were lower for the first and second quarters of 2008 as compared to the same periods last year, due mainly to a decrease in production and an increase in demand in Canada. WCSB exports are expected to be lower for the remainder of the year. Factors which may mitigate declines related to WCSB production in the future include strengthening gas prices, continued clarification of the Alberta Royalty Regime to take effect January 1, 2009 as it affects natural gas production, and announcements regarding potential natural gas supply discoveries in the Horn River and Montney shale gas plays in Western Canada. The decline in WCSB flows has negatively impacted Northern Border during the second quarter of 2008; however, the decline in Canadian exports did not negatively impact Great Lakes. Great Lakes' annual contracts and demand for transportation to storage locations in Michigan and Ontario have maintained flows on Great Lakes' system in the second quarter. Any reduction in the amount of available supply for Canadian export is an overall negative development for all U.S. pipelines that import natural gas from Canada, but the impact on our pipeline systems will depend upon competitive factors and prevailing market conditions.

The Western segment of the Rockies Express Pipeline (REX West) to Audrain County, Missouri went into full service in May 2008. REX West has had a minimal impact on Great Lakes; however, it has caused excess natural gas supply from the Rockies Basin into the Mid-Continent market, which is the market served by Northern Border. Consequently, there is less demand for WCSB supply in the Mid-Continent market. Prevailing market conditions and increasing competitive factors in North America, including REX, has caused Northern Border to experience a reduction in its revenues due to lower capacity sales and greater discounting of its rates. These factors will continue to impact Northern Border's ability to market its available capacity at least through the end of the summer and potentially the remainder of the year. It is anticipated that increased winter demand will dampen the impact of REX West deliveries into the Mid-Continent that has saturated supply in Northern Border's market region.

The Eastern segment of the Rockies Express Pipeline (REX East) is planned to extend from Missouri to Ohio. The partial in-service and full in-service of REX East planned for the end of the year and the middle of 2009, respectfully, should improve the competitive position of Canadian supply with Mid-Continent sourced gas, potentially mitigating some of the excess supply in the Mid-Continent market. The REX East segment will compete in some of Great Lakes' markets, but will also potentially create demand for Great Lakes' transportation of natural gas from REX East seeking access to and from storage locations in Michigan.

There are many proposed natural gas pipeline projects that, if built, would impact the markets served by our pipeline systems. TransCanada has proposed to build a 500-mile natural gas pipeline from the Rockies supply basin connecting to Northern Border's pipeline in Morton County, North Dakota (Pathfinder Project) with a proposed capacity of 1.2 billion cubic feet per day (Bcf/d) and an anticipated in-service date of late 2010. TransCanada is currently reviewing bids received during its binding open season for capacity and evaluating expressed interest in potential ownership of the project by potential shippers. The Pathfinder Project, if built, would provide Northern Border's shippers with another supply source and should increase demand for Northern Border's transportation. Should either or both the Pathfinder or Bison pipelines be built, it will significantly diversify Northern Border's natural gas supply sources and provide another transportation source for shippers to export natural gas supply from the Rockies basin. Please see the Recent Developments disclosure in this section for information on Bison.

The replacement of below normal natural gas storage inventories in Canada and the U.S. has reduced demand for transportation services on Northern Border. However, reduced storage inventories increased demand for Great Lakes' transportation, as customers used Great Lakes' transportation to access and fill storage locations adjacent to its pipeline in the last quarter.

Great Lakes' future transportation values have continued to increase throughout this year, partially due to the increase in TransCanada tolls, and partially because of strong spread values between Alberta and Dawn. As a result, Great Lakes has achieved maximum tariff rates on new and renewed contracts for the next two years for long haul and short haul capacity.

Discoveries of new gas fields, such as the Horn River Basin and Montney gas plays in Western Canada may increase the amount of Canadian natural gas available for export. In a recent non-binding open season conducted by TransCanada to gauge interest for new natural gas transportation service connecting the Horn River and Montney areas to its Alberta System, TransCanada received requests for gas transmission service exceeding one Bcf/d for each area by 2012. These gas plays, the development of the Louisiana Haynesville shale gas play and the discovery of the Marcellus shale gas play in West Virginia, Pennsylvania, and New York in the U.S. will affect competitive factors and market conditions in the natural gas industry.

Contracting

Great Lakes' average contracted capacity was 99 per cent of its design capacity for the quarter ended June 30, 2008 (2007 – 98 per cent). For the six months ended June 30, 2008, Great Lakes' average contracted capacity was 106 per cent compared to design capacity (period of March 1, 2007 to June 30, 2007 - 102 per cent). Great Lakes renewed several contracts for multiple years at maximum tariff rates for long haul capacity. In July 2008, Great Lakes sold all of its available long haul capacity beginning November 1, 2008 for one year at maximum rates. Great Lakes continues to market its limited available short haul capacity. At June 30, 2008, 98 per cent of capacity was contracted on a firm basis for the remainder of the year and the weighted average remaining life of firm transportation contracts was 2.3 years.

Northern Border's average contracted capacity was 74 per cent of its design capacity for the quarter ended June 30, 2008 (2007 - 83 per cent). For the six months ended June 30, 2008, Northern Border's average contracted capacity was 90 per cent compared to design capacity (2007 - 93 per cent). At June 30, 2008, approximately 70 per cent of Northern Border's design capacity was contracted on a firm basis for the remainder of the year and the weighted average remaining contract life of firm transportation contracts was 1.0 year.

RECENT DEVELOPMENTS

Northern Border

Bison Pipeline Project (Bison) – On April 4, 2008, Northern Border announced that its wholly-owned subsidiary, Bison Pipeline LLC, was conducting a binding open season for potential shippers to request firm pipeline capacity on a proposed new pipeline system. Bison is continuing to accept bids for potential shippers to request firm pipeline capacity on the proposed project. The economic viability of Bison will be determined by final binding shipper commitment volumes and rates, and updated construction cost estimates and risks for the project. Should this project be built, it will provide another transportation source for Northern Border shippers to export natural gas supply from the Rockies basin.

It is anticipated that Bison will consist of approximately 289 miles of 24-inch diameter pipeline, compression and related facilities, originating at the natural gas gathering facilities of Fort Union Gas Gathering, L.L.C. and Bighorn Gas Gathering, LLC near Dead Horse, Wyoming. The pipeline would extend in a northeasterly direction to its terminus in Morton County, North Dakota near Northern Border's Compressor Station No. 6. The initial capacity of Bison is anticipated to be approximately 400 million cubic feet per day (MMcf/d) with a maximum capacity of 660 MMcf/d. However, the ultimate capacity of the pipeline will be determined by the level of binding shipper commitments. The projected in-service date for Bison is November 15, 2010. It is estimated that this project will cost approximately \$498 million. This cost is dependent on the design capacity of the project, and final construction and material costs. The resulting transportation rates and potential revenue are dependent upon the actual design and cost of the project and shipper demand for the project, which may be affected by competition from other proposed pipeline projects to transport natural gas from the Rockies basin. While the 1.2 Bcf/d Pathfinder Project could negatively impact the viability of the 400 MMcf/d Bison project, the increase in volumes would be positive to Northern Border in addition to other potential growth opportunities. Bison continues to engage in regulatory, environmental and engineering activities to advance the project.

Des Plaines Project – In February 2008, Northern Border filed with the FERC to construct, own and operate interconnect facilities, including a 1,600 horsepower compressor facility near Joliet, Illinois. It is estimated that the Des Plaines Project will cost approximately \$17 million. In June 2008, the FERC issued its environmental assessment report for the Des Plaines Project and no comments were filed during the comment period. A certificate order by FERC authorizing construction of the Des Plaines Project was received on July 25, 2008. It is expected the facilities will be placed into service by the end of this year.

Tuscarora

Compressor Station Expansion Project – Tuscarora’s compressor station expansion project to support Sierra Pacific Power Company’s Tracy Combined Cycle Power Plant went into service on April 1, 2008, with a final cost within the original cost estimate. The new contract, with a term of 22-1/2 years, of 40,000 Dekatherms per day (Dth/d) will generate approximately \$5.8 million of annual revenue.

REGULATORY DEVELOPMENTS

Composition of Proxy Groups for Rates of Return Determinations – On July 19, 2007, the FERC issued a policy statement proposing to update its standards regarding the composition of proxy groups for determining the appropriate returns on equity (ROE) for natural gas and oil pipelines, which is used by pipelines to establish rates for services. On April 17, 2008, the FERC issued a policy statement (2008 Policy Statement) that allows master limited partnerships (MLPs) to be included in a proxy group used to determine a pipeline’s ROE. The 2008 Policy Statement is effective immediately and provides that there should be no cap on the level of distributions included in the current Discounted Cash Flow (DCF) methodology for MLPs, but there should be an adjustment to the long-term growth rate used to calculate DCF for an MLP (halving the long-term GDP factor which has a one-third weighting in the total growth rate computation in the DCF methodology).

The impact of applying this new policy to our pipeline systems will not be known until one of our pipeline systems files a rate case.

Promotion of a More Efficient Capacity Release Market Docket No. RM08-1 – On June 19, 2008, FERC issued a Final Rule to modify capacity release regulations (Capacity Release Final Rule). The Capacity Release Final Rule, in addition to other items, allows market-based pricing for short-term capacity releases by shippers through a permanent lifting of the maximum rate cap on short-term capacity releases (of one year or less terms). The Capacity Release Final Rule was effective July 30, 2008.

Implementation of the Capacity Release Final Rule is not expected to have a significant impact on our pipeline systems.

RESULTS OF OPERATIONS OF TC PIPELINES

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP) requires us to make estimates and assumptions with respect to values or conditions which cannot be known with certainty, that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Although we believe these estimates and assumptions are reasonable, actual results could differ. There were no significant changes to our critical accounting policies and estimates during the six months ended June 30, 2008.

Recent Accounting Pronouncements

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

Net Income

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

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

(unaudited) (millions of dollars)	For the three months ended June 30, 2008					For the six months ended June 30, 2008				
	PipeLP	TGTC ⁽¹⁾	Other	GLGT ⁽²⁾	NBPC ⁽³⁾	PipeLP	TGTC ⁽¹⁾	Other	GLGT ⁽²⁾	NBPC ⁽³⁾
Transmission revenues	8.2	8.2	-	67.5	61.3	15.1	15.1	-	147.2	145.1
Operating expenses	(2.3)	(1.1)	(1.2)	(13.7)	(18.8)	(4.5)	(2.3)	(2.2)	(28.8)	(38.2)
	5.9	7.1	(1.2)	53.8	42.5	10.6	12.8	(2.2)	118.4	106.9
Depreciation	(1.7)	(1.7)	-	(14.6)	(15.3)	(3.3)	(3.3)	-	(29.2)	(30.5)
Financial charges, net and other	(7.5)	(1.1)	(6.4)	(8.2)	(9.5)	(15.1)	(2.0)	(13.1)	(16.4)	(19.2)
Michigan business tax	-	-	-	(1.3)	-	-	-	-	(3.0)	-
				29.7	17.7				69.8	57.2
Equity income	22.5	-	-	13.8	8.7	60.6	-	-	32.4	28.2
Net income	19.2	4.3	(7.6)	13.8	8.7	52.8	7.5	(15.3)	32.4	28.2

(unaudited) (millions of dollars)	For the three months ended June 30, 2007					For the six months ended June 30, 2007				
	PipeLP	TGTC ⁽¹⁾	Other	GLGT ⁽²⁾	NBPC ⁽³⁾	PipeLP	TGTC ⁽¹⁾	Other	GLGT ⁽²⁾	NBPC ⁽³⁾
Transmission revenues	6.7	6.7	-	66.2	68.8	13.6	13.6	-	96.6	148.4
Operating expenses	(2.2)	(1.3)	(0.9)	(15.3)	(22.3)	(4.2)	(2.5)	(1.7)	(21.4)	(40.1)
	4.5	5.4	(0.9)	50.9	46.5	9.4	11.1	(1.7)	75.2	108.3
Depreciation	(1.5)	(1.5)	-	(14.5)	(15.2)	(3.1)	(3.1)	-	(20.4)	(30.5)
Financial charges, net and other	(8.7)	(1.2)	(7.5)	(8.0)	(10.3)	(16.8)	(2.4)	(14.4)	(11.4)	(20.7)
				28.4	21.0				43.4	57.1
Equity income	23.4	-	-	13.1	10.3	48.2	-	-	20.1	28.1
Net income	17.7	2.7	(8.4)	13.1	10.3	37.7	5.6	(16.1)	20.1	28.1

⁽¹⁾ The Partnership owns a 100 per cent general partner interest in Tuscarora Gas Transmission Company (Tuscarora or TGTC) following the acquisition of an additional two per cent interest on December 31, 2007.

⁽²⁾ The Partnership acquired a 46.45 per cent partner interest in Great Lakes on February 22, 2007.

⁽³⁾ The Partnership owns a 50 per cent general partner interest in Northern Border. Equity income from Northern Border includes amortization of a \$10 million transaction fee paid to the operator of Northern Border at the time of the additional 20 per cent acquisition in April 2006.

Second Quarter 2008 Compared with Second Quarter 2007

Net income increased \$1.5 million, or 8 per cent, to \$19.2 million in the second quarter of 2008, compared to \$17.7 million in the second quarter of 2007. This increase was primarily due to higher transmission revenues, lower financial charges, net and other, and increased equity income from Great Lakes, partially offset by decreased equity income from Northern Border.

Equity income from Great Lakes was \$13.8 million in the second quarter of 2008, an increase of \$0.7 million or 5 per cent, compared to \$13.1 million for the same period last year. The increase in equity income was primarily due to decreased operating expenses and increased transmission revenues, partially offset by the Michigan business tax, a partnership level tax that was instituted in 2008. At Great Lakes' level, operating expenses decreased \$1.6 million for the three months ended June 30, 2008 compared to the same period last year primarily due to the elimination of Michigan Single Business Tax and lower property taxes, offset by increased main engine repairs and pipeline integrity costs. Great Lakes' transmission revenues increased \$1.3 million for the three months ended June 30, 2008 compared to the same period last year due primarily to increased short-term revenues due to increased sales of daily transport capacity. Michigan business tax for the three months ended June 30, 2008 was \$1.3 million.

Equity income from Northern Border was \$8.7 million in the second quarter of 2008, a decrease of \$1.6 million or 16 per cent, compared to \$10.3 million in the same period last year. The decrease in equity income is primarily due to lower transmission revenues, partially offset by decreased operating expenses and financial charges, net and other. At Northern Border's level, transmission revenues decreased \$7.5 million for the three months ended June 30, 2008 compared to the same period last year due primarily to a decrease in overall volumes sold mainly related to the competition from REX West. Northern Border's operating expenses decreased \$3.5 million for the three months ended June 30, 2008 compared to the same period last year primarily due to a \$2.3 million transition related charge in 2007 related to the reimbursement for shared equipment and furnishings, and decreased taxes other than income in 2008. Financial charges, net and other decreased by \$0.8 million for the quarter ended June 30, 2008 compared to the same period last year mainly due to lower interest rates.

Tuscarora's net income was \$4.3 million in the second quarter of 2008, an increase of \$1.6 million or 59 per cent, compared to \$2.7 million in the same period last year. The increase in net income is primarily due to the Likely compressor station expansion project that went into service on April 1, 2008.

Other financial charges, net and other of \$6.4 million in the second quarter of 2008, decreased \$1.1 million or 15 per cent, compared to \$7.5 million in the same period last year. This decrease is caused by lower average debt outstanding and, to a lesser extent, lower interest rates.

Six Months Ended June 30, 2008 Compared with Six Months Ended June 30, 2007

Net income increased \$15.1 million, or 40 per cent, to \$52.8 million for the six months ended June 30, 2008, compared to \$37.7 million in the same period of 2007. This was primarily due to increased equity income from Great Lakes in 2008.

Equity income from Great Lakes was \$32.4 million for the six months ended June 30, 2008, an increase of \$12.3 million or 61 per cent, compared to \$20.1 million for the period February 23 to June 30, 2007. The increase in equity income, which was in line with our expectations, was primarily due to a full first quarter of income contribution in 2008 as compared to 37 days in the first quarter of 2007. In the first six months of 2008, Great Lakes recorded Michigan business tax of \$3.0 million, which is a new partnership level tax that was instituted in 2008. The Partnership's share of the Michigan business tax was \$1.4 million.

Equity income from Northern Border was \$28.2 million for the six months ended June 30, 2008, an increase of \$0.1 million compared to \$28.1 million in the same period of 2007. The increase in equity income was primarily due to decreased operating expenses and decreased financial charges, net and other, offset by decreased transmission revenues. At Northern Border's level, transmission revenues decreased by \$3.3 million in the six months ended June 30, 2008 compared to the same period in 2007. This decrease was primarily due to a decrease in overall volumes sold and a decrease in rates charged mainly related to the competition from REX West. Northern Border's operating expenses decreased by \$1.9 million in the first six months of 2008 compared to the same period last year. This decrease is primarily due to a \$2.3 million transition related charge in 2007 related to the reimbursement for shared equipment and furnishings, and decreased taxes other than income, partially offset by increased general and administrative expenses and electric compressor charges. Northern Border's financial charges, net and other decreased by \$1.5 million for the six months ended June 30, 2008 compared to the same period in 2007 primarily due to lower interest rates.

Tuscarora's net income was \$7.5 million for the six months ended June 30, 2008, an increase of \$1.9 million or 34 per cent, compared to \$5.6 million in the same period of 2007. This increase is primarily due to the Likely compressor station expansion project that went into service on April 1, 2008 and decreased financial charges, net and other.

Other operating expenses of \$2.2 million for the six months ended June 30, 2008 increased by \$0.5 million, or 29 per cent, compared to \$1.7 million for the same period of 2007. Of this increase, \$0.2 million is caused by higher compensation and benefit costs, while the remaining variance is due to timing differences.

Other financial charges, net and other of \$13.1 million for the six months ended June 30, 2008 decreased by \$1.3 million, or 9 per cent, compared to \$14.4 million for the same period of 2007. This decrease relates primarily to lower average debt outstanding and lower interest rates, partially offset by losses on interest rate derivatives over the same period in 2007.

Partnership Cash Flows

The Partnership uses the non-GAAP financial measures 'Partnership cash flows' and 'Partnership cash flows allocated to common units' as financial performance measures. As the Partnership's financial performance underpins the availability of cash flows to fund the cash distributions that the Partnership pays to its unitholders, the Partnership believes these are key measures of the available cash flows to its unitholders. The following Partnership cash flows information is presented to enhance investors' understanding of the way that management analyzes the Partnership's financial performance. Partnership cash flows and Partnership cash flows allocated to common units are provided as a supplement to financial results and are not meant to be considered in isolation or as substitutes for financial results prepared in accordance with GAAP.

<i>(unaudited)</i>	Three months ended June 30,		Six months ended June 30,	
<i>(millions of dollars except per common unit amounts)</i>	2008	2007	2008	2007
Net Income	19.2	17.7	52.8	37.7
Add:				
Cash flows provided by Tuscarora's operating activities	4.1	3.2	10.1	8.9
Cash distributions from Great Lakes	24.1	23.6	35.7	23.6
Cash distributions from Northern Border	26.3	25.5	49.4	47.7
Less:				
Tuscarora's net income	(4.3)	(2.7)	(7.5)	(5.6)
Equity income from investment in Great Lakes	(13.8)	(13.1)	(32.4)	(20.1)
Equity income from investment in Northern Border	(8.7)	(10.3)	(28.2)	(28.1)
Partnership cash flows	46.9	43.9	79.9	64.1
Partnership cash flows allocated to general partner ⁽¹⁾	(3.0)	(2.2)	(5.4)	(3.0)
Partnership cash flows allocated to common units	43.9	41.7	74.5	61.1
Cash distributions declared	(27.8)	(25.1)	(55.2)	(50.0)
Cash distributions declared per common unit	\$ 0.705	\$ 0.655	\$ 1.405	\$ 1.305
Cash distributions paid	(27.4)	(24.9)	(53.0)	(36.2)
Cash distributions paid per common unit	\$ 0.700	\$ 0.65	\$ 1.365	\$ 1.25

⁽¹⁾ Partnership cash flows allocated to general partner represents the cash distributions paid to the general partner with respect to its two per cent interest plus an amount equal to incentive distributions.

Second Quarter 2008 Compared with Second Quarter 2007

Partnership cash flows increased \$3.0 million, or 7 per cent, to \$46.9 million for the second quarter of 2008, compared to \$43.9 million for the same period last year. This increase was primarily due to higher cash distributions received from Great Lakes and Northern Border, increased cash flows provided by Tuscarora's operating activities and lower financial charges, net and other at the Partnership level. Cash distributions from Great Lakes and Northern Border increased by \$1.3 million in total for the three months ended June 30, 2008 compared with the same period last year. Cash flows provided by Tuscarora's operating activities increased by \$0.9 million for the quarter ended June 30, 2008 compared with the same period last year primarily due to the financial results from the Likely compressor station expansion project that went into service on April 1, 2008. Costs at the Partnership level decreased by \$0.8 million for the quarter ended June 30, 2008 compared with the same period last year primarily due to decreased financial charges, net and other, as a result of lower average debt outstanding and, to a lesser extent, lower interest rates.

During the three months ended June 30, 2008, the Partnership made capital expenditures of \$0.9 million related to Tuscarora's compressor station expansion project in Likely, California compared to \$2.9 million for the same period last year. In April 2007, the Partnership made a contribution of \$7.5 million to Northern Border, representing the Partnership's 50 per cent share of a \$15.0 million cash call issued by Northern Border. In May 2007, the Partnership reimbursed TransCanada \$2.8 million for third party costs related to the Partnership's acquisition of its interest in Great Lakes.

The Partnership paid distributions of \$27.4 million in the second quarter of 2008, an increase of \$2.5 million, or 10 per cent, compared to \$24.9 million for the same period in the prior year due to increases in quarterly per common unit distribution amounts. We repaid \$16.3 million of the outstanding balance on our debt during the second quarter of 2008 compared to net payments of \$7.4 million during the same period last year.

Six Months Ended June 30, 2008 Compared with Six Months Ended June 30, 2007

Partnership cash flows increased \$15.8 million, or 25 per cent, to \$79.9 million for the six months ended June 30, 2008, compared to \$64.1 million for the same period last year. This increase was primarily a result of increased cash distributions from Great Lakes and Northern Border, increased cash flows provided by Tuscarora's operating activities and decreased costs at the Partnership level.

Cash distributions from Great Lakes of \$35.7 million for the six months ended June 30, 2008 increased \$12.1 million compared to \$23.6 million for the same period last year. The increase in cash distributions from Great Lakes is due primarily to a full six months of ownership in 2008 compared to the period of February 23 to June 30 for 2007. Cash distributions from Northern Border increased \$1.7 million for the six months ended June 30, 2008 compared to the same period in the prior year due primarily to an increase in net income. Cash flows provided by Tuscarora's operating activities increased \$1.2 million for the six months ended June 30, 2008 compared to the same period in the prior year primarily due to the financial results from the Likely compressor station expansion project that went into service on April 1, 2008. Costs at the Partnership level decreased by \$0.8 million for the six months ended June 30, 2008 compared with the same period last year primarily due to decreased financial charges, net and other, as a result of lower average debt outstanding and, to a lesser extent, lower interest rates, slightly offset by increased general and administrative costs.

During the six months ended June 30, 2008, Tuscarora made capital expenditures of \$5.4 million related to the compressor station expansion project in Likely, California compared to \$3.5 million for the same period last year. In February 2007, the Partnership acquired a 46.45 per cent interest in Great Lakes from El Paso Corporation for \$736.3 million in cash. In April 2007, the Partnership made a contribution of \$7.5 million to Northern Border, representing the Partnership's 50 per cent share of a \$15.0 million cash call issued by Northern Border.

Distributions paid by us increased \$16.8 million, or 46 per cent, to \$53.0 million for the six months ended June 30, 2008 compared to \$36.2 million for the same period in the prior year. The increase in distributions paid is due to the increase in the number of common units outstanding, in addition to increases in quarterly per common unit distribution amounts. We repaid \$24.3 million of the outstanding balance on our debt during the six months ended June 30, 2008. In 2007, net equity issuances provided \$607.0 million, including the general partner's contribution to maintain its two per cent interest, to acquire Great Lakes. The Partnership funded the balance of the acquisition cost with a draw on its senior credit facility.

LIQUIDITY AND CAPITAL RESOURCES OF TC PIPELINES**Overview**

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

The Partnership's Debt and Credit Facility

The following table summarizes our debt and credit facility outstanding as of June 30, 2008:

<i>(millions of dollars)</i>	Payments Due by Period		
	Total	Less Than 1 Year	Long-term Portion
Senior Credit Facility	485.0	-	485.0
7.13% Series A Senior Notes due 2010	52.9	3.2	49.7
7.99% Series B Senior Notes due 2010	5.3	0.5	4.8
6.89% Series C Senior Notes due 2012	5.9	0.8	5.1
Total	549.1	4.5	544.6

The interest rate on the Senior Credit Facility averaged 3.44 per cent for the three months ended June 30, 2008 (2007 - 6.00 per cent), while for the six months ended June 30, 2008 the interest rate on the Senior Credit Facility averaged 4.24 per cent (2007 – 6.04 per cent). After hedging activity, the interest rate incurred on the Senior Credit Facility averaged 5.02 per cent for the three months ended June 30, 2008 (2007 – 5.72 per cent) and 5.15 per cent for the six months ended June 30, 2008 (2007 – 5.43 per cent). Prior to hedging activities, the interest rate was 3.28 per cent at June 30, 2008 (December 31, 2007 – 5.62 per cent). At June 30, 2008, we were in compliance with our financial covenants.

Interest Rate Swaps and Options

We use derivatives to assist in managing our exposure to interest rate risk. The interest rate swaps and options are structured such that the cash flows match those of the Senior Credit Facility. The notional amount hedged was \$475.0 million at June 30, 2008 (2007 - \$400.0 million). At June 30, 2008, the fair value of the interest rate swaps and options accounted for as hedges was negative \$10.2 million (December 31, 2007 – negative \$9.8 million). Effective January 1, 2008, we adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157). Under SFAS 157, these financial assets and liabilities that are recorded at fair value on a recurring basis are categorized into one of three categories based upon a fair value hierarchy. We have classified all our derivative financial instruments as level II where the fair value is determined by using valuation techniques that refer to observable market data or estimated market prices. During the three and six months ended June 30, 2008, we recorded interest expense of \$2.0 million and \$2.3 million in regards to the interest rate swaps and options. In 2007, we recorded interest income of \$0.4 million for the three and six months ended in regards to the interest rate swaps and options.

2008 Second Quarter Cash Distribution

On July 22, 2008, the Board of Directors of the general partner declared the Partnership’s 2008 second quarter cash distribution. The second quarter cash distribution will be paid on August 14, 2008 to unitholders of record as of July 31, 2008, totaling \$27.8 million and will be paid in the following manner: \$24.6 million to common unitholders (including \$1.4 million to the general partner as holder of 2,035,106 common units and \$6.1 million to TransCan Northern Ltd. as holder of 8,678,045 common units), \$2.6 million to the general partner as holder of the incentive distribution rights, and \$0.6 million to the general partner in respect of its two per cent general partner interest.

LIQUIDITY AND CAPITAL RESOURCES OF OUR PIPELINE SYSTEMS

Overview

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

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

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

Debt of Great Lakes

The following table summarizes Great Lakes’ debt outstanding as of June 30, 2008:

(millions of dollars)	Payments Due by Period		
	Total	Less than 1 year	Long-term Portion
8.74% series Senior Notes due 2008 to 2011	40.0	10.0	30.0
9.09% series Senior Notes due 2012 to 2021	100.0	-	100.0
6.73% series Senior Notes due 2009 to 2018	90.0	9.0	81.0
6.95% series Senior Notes due 2019 to 2028	110.0	-	110.0
8.08% series Senior Notes due 2021 to 2030	100.0	-	100.0
Total	440.0	19.0	421.0

Great Lakes is required to comply with certain financial, operational and legal covenants. Under the most restrictive covenants in the Senior Note Agreements, approximately \$237.0 million of Great Lakes' partners' capital was restricted as to distributions as of June 30, 2008. In addition, Great Lakes is required to maintain a minimum consolidated tangible net worth of \$154 million. At June 30, 2008, Great Lakes was in compliance with all of its financial covenants.

Debt, Credit Facility and Contractual Obligations of Northern Border

The following table summarizes Northern Border's debt and credit facility outstanding as of June 30, 2008:

(millions of dollars)	Payments Due by Period		
	Total	Less than 1 year	Long-term Portion
7.75% senior notes due 2009	200.0	-	200.0
7.50% senior notes due 2021	250.0	-	250.0
\$250 million credit agreement due 2012 ^(a)	177.0	-	177.0
Total	627.0	-	627.0

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

As of June 30, 2008, Northern Border had outstanding borrowings of \$177.0 million under its \$250 million revolving credit agreement and was in compliance with the covenants of the agreement. The weighted average interest rate related to the borrowings on its credit agreement was 3.06 per cent at June 30, 2008.

Interest Rate Collar Agreement

At June 30, 2008, Northern Border's balance sheet reflected an unrealized loss of approximately \$2.6 million with a corresponding increase to accumulated other comprehensive loss related to the changes in fair value of its zero cost interest rate collar agreement (the "Collar Agreement") since inception. During the three and six months ended June 30, 2008, Northern Border recorded interest expense of \$0.5 million and \$0.7 million, respectively, under the Collar Agreement. Hedge ineffectiveness had no impact on income for the three and six months ended June 30, 2008.

Contractual Obligations

Northern Border has made commitments totaling approximately \$3.2 million in relation to the Des Plaines Project. See section entitled "Recent Developments" in Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of this project.

RELATED PARTY TRANSACTIONS

Great Lakes earns transportation revenues from TransCanada and its affiliates under fixed price contracts with remaining terms ranging from one to ten years. Great Lakes earned \$37.9 million of transportation revenues under these contracts for the three months ended June 30, 2008 (2007 - \$35.2 million). This amount represents 56 per cent of total revenues earned by Great Lakes for the three months ended June 30, 2008 (2007 - 53 per cent). \$17.6 million of this transportation revenue is included in our equity income from Great Lakes for the three months ended June 30, 2008 (2007 - \$16.4 million).

Great Lakes earned \$68.2 million of transportation revenues from TransCanada and its affiliates for the six months ended June 30, 2008 (February 23, 2007 to June 30, 2007 - \$49.1 million). This amount represents 46 per cent of total revenues earned by Great Lakes for the six months ended June 30, 2008 (February 23, 2007 to June 30, 2007 - 51 per cent). \$31.7 million of this transportation revenue is included in our equity income from Great Lakes for the six months ended June 30, 2008 (February 23, 2007 to June 30, 2007 - \$22.8 million). At June 30, 2008, \$14.1 million is included in Great Lakes' receivables in regards to the transportation contracts with TransCanada and its affiliates (December 31, 2007 - - \$10.0 million).

Please read Note 8 within Item 1. "Financial Statements" for additional information regarding related party transactions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

OVERVIEW

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

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

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

INTEREST RATE RISK

Our interest rate exposure results from our Senior Credit Facility, which is subject to variability in London Interbank Offered Rate (LIBOR) interest rates. We regularly assess the impact of interest rate fluctuations on future cash flows and evaluate hedging opportunities to mitigate our interest rate risk. The notional amount hedged at June 30, 2008 was \$475.0 million. The interest rate swaps and options are structured such that the cash flows match those of the Senior Credit Facility. The fair value of interest rate derivatives has been calculated using period-end market rates. At June 30, 2008, the fair value of our interest rate swaps and options accounted for as hedges was negative \$10.2 million.

At June 30, 2008, we had \$485.0 million outstanding on our Senior Credit Facility. Utilizing the conditions of the interest rate swaps and options, if LIBOR interest rates hypothetically increased by one per cent (100 basis points) compared to the rates in effect as of June 30, 2008, our annual interest expense would have increased and our net income would have decreased by \$0.1 million; and if LIBOR interest rates hypothetically decreased by one per cent (100 basis points) compared to the rates in effect as of June 30, 2008, our annual interest expense would have decreased and our net income would have increased by \$0.1 million. This amount has been determined by considering the impact of the hypothetical interest rates on variable rate borrowings outstanding as of June 30, 2008.

Northern Border utilizes both fixed-rate and variable-rate debt and is exposed to market risk due to the floating interest rates on its credit facility. Northern Border regularly assesses the impact of interest rate fluctuations on future cash flows and evaluates hedging opportunities to mitigate its interest rate risk. As of June 30, 2008, 72 per cent of Northern Border's outstanding debt was at fixed rates. Northern Border utilizes its Collar Agreement to limit the variability of the interest rate on \$140.0 million of variable-rate borrowings.

Utilizing the conditions of the Collar Agreement, if interest rates hypothetically increased one per cent (100 basis points) compared with rates in effect as of June 30, 2008, Northern Border's annual interest expense would increase and its net income would decrease by approximately \$1.8 million; and if interest rates hypothetically decreased one per cent (100 basis points) compared with rates in effect as of June 30, 2008, Northern Border's annual interest expense would decrease and its net income would increase by approximately \$0.4 million.

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

OTHER RISKS

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

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

The Partnership does not have any material foreign currency exchange risks.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

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

Changes in Internal Control Over Financial Reporting

During the quarter ended June 30, 2008, there has been no change in the Partnership's internal control over financial reporting that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1A. Risk Factors

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

The long-term financial conditions of our pipeline systems are dependent on the continued availability of Western Canadian natural gas for import into the U.S. and the market demand for these volumes. Competition from pipelines that deliver natural gas from other supply sources to our pipeline systems’ market areas could cause our pipeline systems to discount their rates or otherwise experience a reduction in their revenues.

The development of additional natural gas reserves requires significant capital expenditures by others for exploration and development drilling and the installation of production, gathering, storage, transportation and other facilities that permit natural gas to be produced and delivered to pipelines that interconnect with our pipeline systems. High exploration and production costs, low prices for natural gas, regulatory limitations such as royalty frameworks, or the lack of available capital for these projects could adversely affect the development of additional reserves in Western Canada and the production in the WCSB.

Volumes available for export out of the WCSB depend in part on the internal demand for Canadian natural gas which may increase as a result of increased demand for electricity generation and other industrial requirements, including the development of oil sands projects, which may require substantial amounts of natural gas. This higher internal demand may reduce the amount of gas available for import into the U.S. In the longer term, a portion of the Alberta hub gas supply may come from proposed gas pipelines from the North Slope of Alaska and the Mackenzie Delta of Canada and from the continued growth of coal bed methane projects. Cancellation or delays in the construction of such pipelines or such projects could adversely affect the volumes available for export in the long term.

If the availability of Alberta hub natural gas was to decline, existing shippers on our pipeline systems may be unlikely to extend their contracts and our pipeline systems may be unable to find replacement shippers for lost capacity. Furthermore, additional natural gas reserves may not be developed in commercial quantities and in sufficient amounts to fill the capacities of each of our pipeline systems.

In addition, existing customers may not extend their contracts if the cost of delivered natural gas from other producing regions into the markets served by our pipeline systems is lower than the cost of natural gas delivered by our pipeline systems. Our pipeline systems face increased competition from other pipelines that provide access for our shippers to capacity from the U.S. Rocky Mountain Region. The Rockies Express Pipeline owned by Rockies Express Pipeline LLC is being constructed in three phases and the planned terminus is in Clarington, Ohio. The first phase of The Rockies Express Pipeline (REX East) is completed and currently delivering gas to interconnects in the Midwestern region. The full in-service of REX East in May 2008 has resulted in significant downward pressure on natural gas prices in the Mid-continent Region, and is having a negative impact on demand for Northern Border’s transport and may have an impact on Great Lakes in the future.

An increase in competition in the key markets served by our pipeline systems could arise from new ventures or expanded operations from existing competitors. Our financial performance depends to a large extent on the capacity contracted on our pipeline systems. Decreases in the volumes transported by our pipeline systems, whether caused by supply or demand factors in the markets these pipeline systems serve, competition or otherwise, can directly and adversely affect our revenues and results of operations.

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

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

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

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

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

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

Item 6. Exhibits

<u>No.</u>	<u>Description</u>
10.1	Transportation Service Agreement FT9141 between Great Lakes Gas Transmission Limited Partnership and ANR Pipeline Company, dated March 12, 2008.
10.2	Transportation Service Agreement FT9158 between Great Lakes Gas Transmission Limited Partnership and ANR Pipeline Company, dated March 14, 2008.
10.3	Interconnect Agreement between ANR Pipeline Company and Northern Border Pipeline Company, dated June 9, 2008.
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.

SIGNATURES

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

TC PipeLines, LP
(a Delaware Limited Partnership)

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

Date: August 5, 2008

By: /s/ Russell K. Girling
Russell K. Girling
Chairman, Chief Executive Officer and Director
TC PipeLines GP, Inc. (Principal Executive Officer)

Date: August 5, 2008

By: /s/ Amy W. Leong
Amy W. Leong
Controller
TC PipeLines GP, Inc. (Principal Financial Officer)

TRANSPORTATION SERVICE AGREEMENT
Contract Identification FT9141

This Transportation Service Agreement (Agreement) is entered into by Great Lakes Gas Transmission Limited Partnership (Transporter) and ANR PIPELINE COMPANY (Shipper).

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

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

1. **EFFECTIVE DATE:** March 12, 2008
2. **CONTRACT IDENTIFICATION:** FT9141 (RELEASING CONTRACT ID: FT2321)
3. **RATE SCHEDULE:** FT
4. **SHIPPER TYPE:** Interstate PI
5. **STATE/PROVINCE OF INCORPORATION:** Delaware
6. **TERM:** November 01, 2008 to March 31, 2015
7. **EFFECT ON PREVIOUS CONTRACTS:**
This Agreement supersedes, cancels and terminates, as of the effective date stated above, the following contract(s): N/A
8. **MAXIMUM DAILY QUANTITY (Dth/Day):** 56,000
Please see Appendix A for further detail.

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

The applicable rates and charges will be the maximum allowable rates and charges under Rate Schedule FT, including any applicable surcharge reflecting incremental pricing for all or a portion of this service, unless otherwise agreed to in writing by Transporter. Such surcharges are listed on tariff sheet 4A of Transporters FERC Gas Tariff, Second Revised Volume No. 1. The surcharges applicable to this service are those listed for contract:

FT2321 or any superseding service.

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

11. **RELEASED CAPACITY:**
Shipper received this capacity through a permanent release from Contract ID FT2321.

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

13.

MISCELLANEOUS:

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

Any controversy between the parties arising under this Agreement and not resolved by the parties shall be determined in accordance with the laws of the State of Michigan.
14.

OTHER PROVISIONS:

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

Upon termination of this Agreement, Shipper's and Transporter's obligations to each other arising under this Agreement, prior to the date of termination, remain in effect and are not being terminated by any provision of this Agreement.
15.

NOTICES AND COMMUNICATIONS:

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

ADMINISTRATIVE MATTERS

Great Lakes Gas Transmission Limited Partnership
5250 Corporate Drive
Troy, MI 48098
Attn: Transportation Services

ANR PIPELINE COMPANY
717 Texas Avenue
Suite 2400
Houston, TX 77002-2761
Attn:

PAYMENT BY ELECTRONIC TRANSFER

Great Lakes Gas Transmission Limited Partnership
JPMorgan Chase Bank, Detroit, MI
ABA No: 072000326
Account No: 07308-43

ANR PIPELINE COMPANY
Attn: Pearlne McMahon

AGREED TO BY:

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP
By: Great Lakes Gas Transmission Company

ANR PIPELINE COMPANY

Operator and Agent for Great Lakes Gas Transmission Limited Partnership

By: /s/ Joseph E. Pollard
Joseph E. Pollard
Title: Director, Transportation Services

By: /s/ Gary C. Charette
Gary C. Charette
Title: Vice-President, Commercial Operations

APPENDIX A
Contract Identification FT9141

Date: March 12, 2008
Supersedes Appendices Dated: Not Applicable

Shipper: ANR PIPELINE COMPANY

Maximum Daily Quantity (Dth/Day) per Location:

Begin Date	End Date	Point(s) of Primary Receipt	Point(s) of Primary Delivery	MDQ	(MAOP)
11/01/2008	03/31/2015	FARWELL		56,000	974
11/01/2008	03/31/2015		ST. CLAIR	56,000	974

TRANSPORTATION SERVICE AGREEMENT
Contract Identification FT9158

This Transportation Service Agreement (Agreement) is entered into by Great Lakes Gas Transmission Limited Partnership (Transporter) and ANR PIPELINE COMPANY (Shipper).

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

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

1. **EFFECTIVE DATE:** March 14, 2008
2. **CONTRACT IDENTIFICATION:** FT9158 (RELEASING CONTRACT ID: FT2321)
3. **RATE SCHEDULE:** FT
4. **SHIPPER TYPE:** Interstate PI
5. **STATE/PROVINCE OF INCORPORATION:** Delaware
6. **TERM:** April 01, 2009 to October 31, 2014, Timely
7. **EFFECT ON PREVIOUS CONTRACTS:**
This Agreement supersedes, cancels and terminates, as of the effective date stated above, the following contract(s): N/A
8. **MAXIMUM DAILY QUANTITY (Dth/Day):** 44,000 Summer Only (April through October)
Please see Appendix A for further detail.
9. **RATES:**
Unless Shipper and Transporter have agreed to a Discounted Rate, pursuant to Section 19.2 of the General Terms and Conditions, or to a Negotiated Rate, pursuant to Section 4.5 of the Rate Schedule named above, rates shall be Transporter's maximum rates and charges plus all applicable surcharges in effect from time to time under the applicable Rate Schedule (as stated above) on file with the Commission unless otherwise agreed to by the parties in writing. Provisions governing a Discounted Rate shall be set forth in this Paragraph 9. Provisions governing a Negotiated Rate shall be set forth on Appendix B hereto.

The applicable rates and charges will be the maximum allowable rates and charges under Rate Schedule FT, including any applicable surcharge reflecting incremental pricing for all or a portion of this service, unless otherwise agreed to in writing by Transporter. Such surcharges are listed on tariff sheet 4A of Transporters FERC Gas Tariff, Second Revised Volume No. 1. The surcharges applicable to this service are those listed for contract:

FT2321 or any superseding service.
10. **POINTS OF RECEIPT AND DELIVERY:**
The primary receipt and delivery points are set forth on Appendix A.
11. **RELEASED CAPACITY:**
Capacity rights for this Agreement were released from DYNEGY MARKETING & TRADE INC. (Releasing Shipper) pursuant to Section 15 of Transporter's General Terms and Conditions. Accordingly, Shipper is a Replacement Shipper as that term is defined therein.
12. **INCORPORATION OF TARIFF INTO AGREEMENT:**
This Agreement shall incorporate and in all respects be subject to the "General Terms and Conditions" and the applicable Rate Schedule (as stated above) set forth in Transporter's FERC Gas Tariff, Second Revised Volume No. 1, as may be revised from time to time. Transporter may file and seek Commission approval under Section 4 of the Natural Gas Act (NGA) at any time and from time to time to change any rates, charges or provisions set forth in the applicable Rate Schedule (as stated above) and the "General Terms and Conditions" in Transporter's FERC Gas Tariff, Second Revised Volume No. 1, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any such changes which become effective by operation of law and Commission Order, without prejudice to Shipper's right to protest the same.

13.

MISCELLANEOUS:

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

Any controversy between the parties arising under this Agreement and not resolved by the parties shall be determined in accordance with the laws of the State of Michigan.
14.

OTHER PROVISIONS:

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

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

Right to Amend primary Points: No

15.

NOTICES AND COMMUNICATIONS:

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

ADMINISTRATIVE MATTERS

Great Lakes Gas Transmission Limited Partnership
5250 Corporate Drive
Troy, MI 48098
Attn: Transportation Services

ANR PIPELINE COMPANY
717 Texas Avenue
Suite 2400
Houston, TX 77002-2761
Attn:

PAYMENT BY ELECTRONIC TRANSFER

Great Lakes Gas Transmission Limited Partnership
JPMorgan Chase Bank, Detroit, MI
ABA No: 072000326
Account No: 07308-43

ANR PIPELINE COMPANY
Attn: Pearline McMahon

AGREED TO BY:

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP
By: Great Lakes Gas Transmission Company

ANR PIPELINE COMPANY

Operator and Agent for Great Lakes Gas Transmission Limited Partnership

By: /s/ Joseph E. Pollard
Joseph E. Pollard
Title: Director, Transportation Services

By: /s/ Gary C. Charette
Gary C. Charette
Title: Vice-President, Commercial Operations

APPENDIX A
Contract Identification FT9158

Date: March 14, 2008
Supersedes Appendices Dated: Not Applicable

Shipper: ANR PIPELINE COMPANY

Summer Only (April through October), Winter MDQ is 0 (zero)

Maximum Daily Quantity (Dth/Day) per Location:

Begin Date	End Date	Point(s) of Primary Receipt	Point(s) of Primary Delivery	MDQ	(MAOP)
04/01/2009	10/31/2014	Farwell	St. Clair	44,000	974



ANR Pipeline Company
717 Texas Street, Suite 2400
Houston, Texas
77002-2761

June 9, 2008

Northern Border Pipeline Company
13710 FNB Parkway
Omaha, Nebraska 68154-5200
Attention: Ms. Sharon Flanery

Re: Interconnect Agreement
Installation of Facilities
ANR's Line No. 1-100, M.P. 819+0.39
ANR Contract: ANRPMRRM5031
Facility Request No.: 3038

Ladies and Gentlemen:

This letter constitutes the agreement between ANR PIPELINE COMPANY ("ANR") and NORTHERN BORDER PIPELINE COMPANY ("Northern Border"), concerning a new point of delivery at a proposed point of interconnection located on property owned by Northern Border between ANR's system, on ANR's Line No. 1-100 at or near ANR's M.P.819+0.39, and Northern Border's Des Plaines Interconnect Project pipeline facilities; NE ¼ of Section 3, Township 34 North, Range 9 East, in Will County, Illinois, which shall occur in two (2) phases:

- the "Preconstruction and Material Acquisition Phase" which shall consist of certain preliminary activities including preliminary design, detail design, engineering, environmental studies, cost estimating and preparation and submittal of regulatory filings required to obtain all necessary certificates, approvals and permits, and the acquisition of certain long lead-time materials; and,
- the "Construction Phase" which shall consist of the construction, installation and testing of facilities as well as post-construction compliance monitoring.

Together, the 2 phases shall be referred to herein as the "Project."

ANR and Northern Border are each a "Party" and together are the "Parties" to this Agreement. Exhibit "A", graphically representing the Parties' equipment ownership and responsibilities under this Agreement, is attached hereto and incorporated herein for all purposes. In consideration of the mutual covenants, promises and agreements herein contained, ANR and Northern Border agree as follows:

In order to establish such point of delivery (commonly referred to as the "Des Plaines Interconnect"), and in accordance with the provisions of this Interconnect Agreement:

1. **ANR's Responsibilities.**

ANR shall install

- hot tap assembly, complete with riser piping to be no larger than 10-inch nominal pipe diameter, check valving to be above grade, an insulating flange at the end of the check valve and appurtenant facilities (hereinafter referred to collectively as "Tie-In Assembly"),
- electronic gas measurement, radio antenna, and communications equipment ("ANR's EGM") and building,
- gas chromatograph,
- moisture monitor,
- over-pressure protection valve for protection of ANR's Facilities (as defined herein),
- valving, and
- appurtenant facilities (all the above hereinafter referred to collectively as "ANR's Facilities")

ANR or its designee shall, as applicable, design, install, construct, inspect, test, operate, repair, replace, and maintain ANR's Facilities, all in accordance with ANR's specifications, and shall inspect facilities installed by Northern Border in accordance with mutually agreeable specifications, which mutually agreeable specifications shall, at a minimum, meet ANR's specifications (the "Mutual Specifications"), and all the above activities shall be performed in accordance with sound and prudent natural gas industry practice, and in accordance with all laws, rules, regulations, orders and directives of any applicable authority having jurisdiction. ANR shall own ANR's Facilities at all times, and ANR's Facilities shall be subject to ANR's sole discretion as to the standards and requirements of engineering, safety and method of use. ANR shall maintain responsibility for the acquisition of any necessary permits for ANR's Facilities.

This Agreement is not a contract for transportation service. To the extent either Party desires such services, the requesting Party shall acquire such services pursuant to the transporting Party's FERC Gas Tariff.

Neither Party shall be obligated to place its facilities in service, nor shall either Party be required to receive gas from, or deliver gas to, as applicable, the other Party, until the Parties have confirmed each Party's facilities have been constructed and installed pursuant to this Agreement.

ANR shall provide Northern Border with advance notification of ANR's intent to utilize a designee to perform the activities for which ANR is responsible hereunder, including providing all appropriate contact information for such designee.

ANR shall be responsible for providing any necessary over-pressure protection to protect ANR's system.

In the event Northern Border elects to install the necessary radio tower for Northern Border's EGM, as defined below, then ANR shall have the right to install, at Northern Border's cost and expense, the necessary antenna for ANR's EGM onto Northern Border's radio tower. In the event that (1) Northern Border's radio tower is deemed by ANR to be inadequate for ANR's use, or that (2) Northern Border does not elect to install a radio tower for Northern Border's EGM, then ANR shall have the right to install, at Northern Border's sole cost and expense, the necessary radio tower for ANR's EGM. Should ANR install a radio tower or other communication structure, the location of ANR's tower and any other communication structures or equipment shall be reviewed and approved by Northern Border prior to any construction. In any case such equipment or structure shall not interfere with Northern Border's operation and maintenance of these facilities.

2. Northern Border's Responsibilities.

Northern Border shall install

- gas metering equipment
- interconnect piping between the Tie-In Assembly and the gas metering equipment,
- flow control and flow control override equipment (such flow control equipment, flow control override equipment, and gas metering equipment, all hereinafter referred to collectively as the "Northern Border Meter Station"),
- any necessary over-pressure protection equipment,
- cathodic protection equipment, and
- appurtenant facilities (all the above hereinafter referred to collectively as "Northern Border's Facilities").

At its sole cost and expense, Northern Border or its designee shall, as applicable, design, install, construct, inspect, test, operate, repair, replace, remove and maintain Northern Border's Facilities, except for the gas metering equipment and flow control override equipment, and shall, as applicable, design, install, construct, modify, test, repair, replace, remove and maintain the gas metering equipment and flow control override equipment, all in accordance with this Agreement, in accordance with the Mutual Specifications, in accordance with sound and prudent natural gas industry practice, and in accordance with all laws, rules, regulations, orders and directives of any applicable authority having jurisdiction.

Northern Border shall maintain responsibility for, on terms that do not adversely affect ANR, in its reasonable discretion, (i) the acquisition of all necessary rights-of-way and permits for, as applicable, the installation, operation, maintenance, and protection of Northern Border's Facilities and for the site outside ANR's right-of-way boundary upon which Northern Border's Facilities, or any portion of ANR's Facilities, will be located, which site will be located on property owned by Northern Border, at a mutually agreeable location adjacent to the west side of Youngs Road, which road is adjacent to the west boundary of ANR's pipeline right-of-way, located in the NE ¼ of Section 3, Township 34 North, Range 9 East, Will County, Illinois, and (ii) the granting or assignment to ANR of all necessary rights-of-way, licenses, access rights, and permits on property that may be required for ANR's Facilities. Northern Border shall perform the necessary site preparations, maintenance, and improvements, including installation of site fencing, and if ANR deems it to be necessary as part of the original installation, both electrical (110-volt) and telephone service. Northern Border shall maintain responsibility for all ongoing costs associated with such electrical and telephone service to the site. The only portion of Northern Border's Facilities that may encroach upon ANR's right-of-way is Northern Border's interconnect piping. Northern Border shall only have access to ANR's existing right-of-way for the purpose of accessing, installing and maintaining Northern Border's interconnect piping and for any other purposes that do not conflict with the rights granted to ANR under the terms of ANR's right of way agreement. Northern Border acknowledges that ANR is not assigning any of ANR's rights hereunder, and ANR retains any rights it may own. Northern Border shall provide, if not already existing, and shall maintain an all-weather road to access Northern Border's Facilities for performance of the obligations hereunder. ANR shall have free and unrestricted use of such all-weather road at all times to access Northern Border's Facilities.

Northern Border shall grant or assign to ANR, at no cost to ANR, any necessary rights-of-way, licenses, access rights, and permits that may be required for ANR's Facilities constructed or installed hereunder on property which is controlled by Northern Border which rights-of-way, licenses, access rights and permits shall be coterminous with this Agreement. ANR agrees to submit for Northern Border's review any permits associated with any portion of ANR's Facilities to be constructed on property controlled by Northern Border.

Northern Border shall be responsible for providing any necessary pressure regulation to protect Northern Border's system.

Northern Border may elect to install its own electronic gas measurement equipment ("Northern Border EGM") at the Meter Station. The construction, installation, operation and maintenance of the Northern Border EGM equipment shall be at Northern Border's sole cost, expense, and liability, in accordance with the Mutual Specifications, and shall comply with all applicable laws, rules, regulations, orders and directives of any applicable governmental or regulatory agencies. Northern Border or its designee shall submit to ANR for approval such drawings and documentation as required by ANR to verify compliance with such specifications. Northern Border shall grant ANR access to the data derived from the Northern Border EGM, for remote diagnostic checks and verification. Once installed, the Northern Border EGM shall become part of Northern Border's Facilities hereunder.

The Parties shall provide support for any regulatory authorization or permitting requirements necessary to support the activities hereunder at any duly authorized federal, state, or local governmental body or regulatory agency having jurisdiction including, but not limited to, all exhibits required by an application for FERC authorization.

At Northern Border's sole cost, expense, and liability, Northern Border shall maintain responsibility for any necessary separation equipment.

At Northern Border's sole cost, expense and liability, Northern Border shall maintain responsibility for the installation, operation and maintenance of any necessary odorant equipment, supplying odorant chemicals, and for the injection of odorant at levels required by applicable regulatory authorities.

Northern Border shall provide ANR with advance notification of Northern Border's intent to utilize a designee to perform the activities for which Northern Border is responsible hereunder, including providing all appropriate contact information for such designee.

By execution of this Agreement, each Party warrants to the other Party that it will make no connections, modifications or significant repairs (i.e., repairs interrupting gas flow or measurement) to its facilities (i.e., ANR's Facilities or Northern Border's Facilities, as appropriate, as such terms are defined in this Agreement; hereinafter "Facilities") at any time without the other Party's prior review of all drawings of such proposed connections, modifications, or repairs. Specifically, the Party proposing connections, modifications or significant repairs (hereafter the "Modifying Party") agrees to: 1) advise the other Party (the "Non-Modifying Party") of the full scope of all proposed work at least sixty (60) days in advance, unless a shorter time period is agreed to by the Parties; 2) execute, or cause the execution of, any agreements required by the Non-Modifying Party related to the connections, modifications or repairs, or addressing installation of any necessary gas measurement and EGM for all receipts into or deliveries from the Modifying Party's Facilities; 3) coordinate any necessary inspections of the work to be performed; and, 4) if applicable, reimburse the Non-Modifying Party for any such inspections. Subsequent to the execution of this Agreement, should connections, modifications or significant repairs come to exist on either Party's Facilities in violation of this Agreement, then the Non-Modifying Party shall be entitled to recover any resulting damages from the Modifying Party and at any time, and without advance notice to the Modifying Party, the Non-Modifying Party may close and lock its Facilities, with such Facilities to remain locked until the Parties have made the necessary arrangements, including, but not limited to, execution of the necessary agreements and/or inspection of all new facilities or modifications or significant repairs necessary to ensure the existence and integrity of custody transfer measurement, and to comply with such standards as are reasonably required by the Non-Modifying Party, all at the Modifying Party's sole cost, expense and liability. Notwithstanding the foregoing, in the event of an emergency, either Party may take such action with respect to its Facilities as such Party deems appropriate, provided such Party shall promptly advise the other Party of any actions taken by such Party in response to such emergency.

- 3.01 **Access and Inspection.** ANR retains the right to inspect Northern Border's Facilities at all reasonable times to verify compliance with the Mutual Specifications. Northern Border, or its designee, shall have the right of access to the work performed by ANR or its contractors and subcontractors for ANR's Facilities hereunder, and ANR, or its designee, shall have the right of access to the work performed by Northern Border or its contractors and subcontractors for Northern Border's Facilities hereunder, at all reasonable times, to inspect the work and verify compliance with the terms of this Agreement. Each Party shall have the right to review the proposed design, engineering and construction details prepared by the other Party relative to the Project. If, after any such review, a Party has not responded with any comments within thirty (30) business days after receipt of such drawings and specifications, such reviewing Party will be deemed not to have any comments based on such review.

- 3.02 **Data/Access.** ANR shall grant real-time access to the telemetered data from ANR's EGM, gas chromatograph, and moisture monitor to Northern Border; provided, however, Northern Border's access to such data shall be pursuant to terms of Exhibit "B", attached hereto and incorporated herein.
4. **Cathodic Protection.** Each Party or its designee shall be fully responsible for, as applicable, the operation and maintenance of its respective facilities, such operation and maintenance to include, without limitation, cathodic protection for its respective facilities. ANR shall install an insulating set between ANR's Facilities and Northern Border's Facilities to isolate Northern Border's Facilities from ANR's Facilities. Each Party shall provide cathodic protection for, and the Parties agree to cooperate to resolve any issues relative to cathodic protection of, its respective facilities.
- 5.01 **Operation, Maintenance, and Measurement.**
- Northern Border or its designee shall maintain responsibility for the maintenance of the gas metering equipment and flow control override equipment, and the operation and maintenance of the interconnect piping facilities, flow control facilities, the upstream pipeline facilities, and any over-pressure protection equipment installed by Northern Border. Northern Border shall maintain responsibility for the costs associated with any replacement components necessary for the continued normal and accurate functioning of the ultrasonic meter, and ANR shall have the right to witness the installation and testing of such replacement components.
- ANR shall maintain responsibility for the operation and maintenance of ANR's Facilities, including any necessary over-pressure protection equipment installed by ANR, and the operation of the gas metering equipment and flow control override equipment, including but not limited to the volumetric determination and thermal (Btu) analysis. The Parties hereby agree to utilize ANR's electronic gas measurement for volumetric determination and recognize that such calculations and analyses shall be used for custody transfer measurement purposes. The Parties recognize that the point of measurement shall continue to be the point at which gas volume and thermal content determinations shall be made, and where gas quality shall be determined and enforced.
- Each Party shall notify the other Party prior to changing the maximum allowable operating pressure of its system with sufficient advance notice such that the other Party shall have adequate time to implement any necessary changes to its over-pressure protection equipment.
- 5.02 **Meter Station Testing.** ANR, or its designee, shall conduct periodic instrument inspection and tests of the Northern Border Meter Station and ANR EGM equipment for accuracy. If requested by Northern Border, ANR or its designee shall give Northern Border reasonable notice, not less than forty-eight (48) hours, so that Northern Border may, at its own option and expense, have a representative present to witness such tests.

5.03 **Right to Install Check Electronic Gas Measurement.** Northern Border shall have the right of access to the gas metering equipment to install, operate, maintain and test the Northern Border EGM for real-time meter data information, including communication equipment, but exclusive of radio towers, for transmission of data to Northern Border, with twenty-four (24) hour prior notice to ANR before exercising such right of access. Northern Border shall submit to ANR the necessary drawings and documentation for any facilities, including the Northern Border EGM, that will be installed on or connected to ANR's Facilities. If requested by ANR, the Northern Border EGM shall be configured to provide for transmission of data to ANR, and Northern Border shall assist ANR as necessary to effectuate such transfer of data.

5.04 **Measurement Standards and Tests.** The gas shall be measured and tests for quality of gas shall be governed by the following:

- (a) The volume shall be measured by multi-path ultrasonic meters installed and operated and computations made as prescribed in Transmission Measurement Committee Report No. 9 of the American Gas Association, as such report may be amended or revised from time to time. Turbine meters may be used for the measurement of low flow and, if used, will be installed and operated and computations made as prescribed in Transmission Measurement Committee Report No. 7 of the American Gas Association, as such report may be amended or revised from time to time. All installations shall include the use of flange connections and straightening vanes, or by other measuring methods as may be mutually agreed to by the Parties (approval of such methods shall not be unreasonably withheld). The design and construction of any such measurement facilities shall be in accordance with mutually agreeable specifications.
- (b) The unit of volume for purposes of measurement shall be one (1) cubic foot of gas at a temperature base of sixty degrees (60°) Fahrenheit and at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute. The unit of energy shall be one (1) dekatherm.
- (c) Computation of volumes shall be made using an on line gas flow computer ("GFC"). Temperature, pressure and volumetric measurements shall be input to the GFC at least once per second. The computational method and averaging technique shall meet the minimum requirements of "Flow Measurement Using Electronic Metering Systems", Chapter 21 of the Manual of Petroleum Standards, published by the American Petroleum Institute.
- (d) Gas analysis shall be determined using an on line gas chromatograph. Gas Density and compressibility shall be determined by the methods described in American Gas Association Transmission Measurement Committee Report No. 8, "Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gases", gross method, latest revision.

- (e) The total heating value of the gas shall be computed from the same on-line chromatographic analysis.
- (f) Either Party may, at its sole cost, perform special tests to determine sulphur, hydrogen sulfide, oxygen, carbon dioxide, and nitrogen content, which shall be made by approved standard methods in general use by the gas industry.
- (g) All measuring and testing equipment, housing devices and materials shall be of standard manufacture, and shall, with all related equipment, appliances and buildings, be maintained by the Party responsible for measurement at such point. Such Party agrees to operate the measurement equipment in a workmanlike and prudent manner. All measured volumes and energy totals shall be submitted by statement to the other party by the fifth working day of each month. The transmission of this data shall occur by electronic communication. Submission of statements on paper is acceptable until proper validation of electronic transmission has occurred.
- (h) The accuracy of the measuring and testing equipment shall be verified in accordance with ANR Operations procedures and at other times upon request of a Party but not more often than twice each month. Tests for quality of the gas may be made at the time of testing equipment or at other times. Notice of the time and nature of each test shall be given by the Party responsible for measurement to the other Party sufficiently in advance to permit convenient arrangement for representatives of each to be present. Upon advisement by the other Party of its intent to witness, such tests and adjustments shall be made in the presence of and observed by representatives of the Parties. All tests shall be made by the operating Party except that a Party shall bear the expense of test made at its request if the inaccuracy found is two percent (2.0%) or less.
- (i) If at any time any of the measuring or testing equipment is found to be out of service or registering inaccurately in any percentage, it shall be adjusted at once to read accurately, within the limits prescribed by the manufacturer. If such equipment is out of service, or inaccurate by an amount exceeding two percent (2.0%) at a reading corresponding to the average rate of flow for the period since the last preceding test, the previous readings of such equipment shall be disregarded for any period definitely known or agreed upon, or if not so known or agreed upon, for a period of one-half of the elapsed time since the last test. The volume of gas delivered during such period shall be estimated by (a) using the data recorded by any check measuring equipment if installed and accurately registering or, (b) by correcting the error if the percentage of error is ascertainable by calibration, test, or mathematical calculation, or, if neither such method is feasible, (c) by estimating the quantity, or quality, received or delivered based upon deliveries under similar conditions during a period when the equipment was registering accurately. The custody transfer volumes shall be corrected for measurement inaccuracies of two percent (2.0%) or greater.

- (j) The non-operator shall have the right, at its sole risk and expense, to inspect equipment installed, furnished, or utilized by the operator, and the charts and other measurement or testing data of the operator, at all times during business hours. The reading and changing of charts shall be done by the operator. All charts and all original test data and other similar records in a Party's possession shall be preserved for a period of at least five (5) years, or for such period of time as may be required by the Federal Energy Regulatory Commission or other body having jurisdiction.
- 5.05 **Operational Balancing Agreement.** No later than the commencement of operations at the interconnection Project, the Parties hereto shall enter in an Operational Balancing Agreement (OBA), or modify the existing OBA between the Parties, to include this new point of interconnection. If a new OBA agreement is executed, such OBA shall be in the form utilized by ANR under circumstances similar to those surrounding the Project.
- 5.06 **Control and Possession.** Subject to the terms of ANR's FERC Gas Tariff, ANR shall be deemed to be in control and possession of the gas hereunder while the gas is in any of ANR's facilities or facilities associated with off-system capacity held by ANR; otherwise Northern Border shall be in exclusive control and possession of its gas and responsible for such gas. As between ANR and Northern Border, ANR shall have no responsibility with respect to any gas hereunder and Northern Border shall indemnify, defend, and hold ANR harmless, pursuant to Section 7.01 herein, against any losses, including, but not limited to, loss of gas, claims, liens, demands, and causes of action of every kind and character, without limitation, with respect to the control and possession of such gas except when such gas is in the control and possession of ANR, and except and to the extent of any such losses, claims, liens, demands, or causes of action related to or arising out of the negligence or willful misconduct of ANR. The point of custody transfer is the insulating flange between ANR's Tie-In Assembly and Northern Border's Facilities.
- 5.07 **Check Measurement.** Northern Border shall have the right to install check measurement. Such check measurement shall be of a type acceptable to both Parties and shall be installed in such a manner as to not interfere with the operation of the gas metering equipment. In the event it is determined by both Parties that the gas metering equipment are measuring incorrectly, then the Parties agree to use said check measurement for determination of the custody transfer volumes until such time that the Parties mutually agree that the cause of any errors in measurement has been corrected.
- 5.08 **Monthly Gas Volume Report.** ANR shall furnish Northern Border, within five (5) business days after the end of each month, gas volume statements showing total volumes and thermal content, expressed in British thermal units (Btus), pressures, temperatures and gravities of the gas delivered from ANR through ANR's Facilities during the preceding month, and upon Northern Border's request, ANR shall furnish copies of records or charts as support documentation.
- 5.09 **Gas Quality.** Except as otherwise agreed upon, the quality of all gas delivered by ANR through ANR's Facilities and received by Northern Border through Northern Border's Facilities shall, at a minimum, conform to the specifications in ANR's FERC Gas Tariff, as may be revised from time to time. Notwithstanding the foregoing, Northern Border shall have the right to refuse to accept any gas not meeting Northern Border's FERC Gas Tariff.

5.10 **Inspection.** Each Party shall, at its sole risk and expense, have the right, but not the obligation, at all reasonable times during normal business hours to inspect the other Party's respective facilities. At these times, the inspecting Party agrees to meet all of the other Party's safety standards and specifications, and its employees, contractors, subcontractors and representatives will wear the applicable personal safety equipment. Unless otherwise agreed, the inspecting Party will provide forty-eight (48) hours advance notice of its desire to perform such inspection.

6. **Payment Provisions.**

(a) Northern Border shall pay ANR for all costs incurred by ANR for the Project as described herein, including, but not limited to, all costs and expenses associated with, as applicable, the design, installation, construction, inspection, and testing of ANR's Facilities, and the inspection of Northern Border's Facilities, including any overhead charges, gas losses, and liability as provided in Section 7 in its entirety and Section 10.03. It is estimated that the costs to be paid to ANR by Northern Border, inclusive of said overhead charges shall be Five Hundred Ninety-Five Thousand Dollars (\$595,000), but such estimate shall not be construed as limiting payment by Northern Border. Upon execution of this Agreement by Northern Border, Northern Border shall pay ANR such estimated amount in prepayments relating to each of the 2 phases of the Project, as follows:

(1) ANR estimates that the total costs ANR will incur to complete the Preconstruction and Material Acquisition Phase, inclusive of overhead charges, shall be Four Hundred Fifty-Three Thousand, Five Hundred Dollars (\$453,500), but such estimate shall not be construed as limiting payment by Northern Border. Upon execution of this Agreement and prior to the commencement of the Preconstruction and Material Acquisition Phase, Northern Border shall pay ANR this estimated amount.

(2) ANR estimates that the total costs ANR will incur to complete the Construction Phase, inclusive of overhead charges, shall be One Hundred Forty-One Thousand, Five Hundred Dollars (\$141,500), but such estimate shall not be construed as limiting payment by Northern Border. Unless mutually agreed otherwise, ANR shall be under no obligation to commence the Construction Phase until the Preconstruction and Material Acquisition Phase has been completed and Northern Border has paid ANR this estimated amount.

(3) Such payments will be made by wire transfer to an account designated by ANR.

(b) **Reconciliation.** As soon as practical after completion of the Project as described herein and following the final accounting for such Project, ANR shall render an invoice or a refund, as the case may be, for any variance between the payments and the total Project cost, including overheads.

(c) **Remittance.** Northern Border shall make payment to ANR within fifteen (15) days from the date such invoice(s) is rendered. If Northern Border fails to make timely payment of such invoice, ANR shall be entitled to collect the amount of such invoice, together with interest, at a rate equal to the lesser of one percent (1%) above the prime rate from time to time charged by JPMorgan Chase, or the maximum applicable non-usurious rate of interest. Such interest shall accrue on unpaid amounts, including on unpaid interest, compounded daily, beginning on the payment due date of ANR's invoice to Northern Border, and shall terminate when such invoice is paid.

(d) **Early Termination.** In the event the Project described herein is terminated for any reason prior to completion of said Project, without limiting any other remedy available to ANR, Northern Border shall reimburse ANR for all related costs and expenses theretofore incurred, or committed to be incurred, prior to such discontinuance. ANR agrees to make commercially reasonable efforts to mitigate the costs to be reimbursed by Northern Border including, but not limited to, seeking refunds from vendors for materials acquired for the project described herein and transferring materials (EGM excluded) acquired for the Project to Northern Border, if so requested by Northern Border.

(e) **Right to Audit.** Northern Border shall have the right, upon thirty (30) days advance written notice, to examine, at any reasonable time, the books and records of ANR to the extent necessary to verify the accuracy of any statement or computation made under or pursuant to provisions hereunder. Any such audits may be initiated at any time hereunder, but must be initiated not later than twenty-four (24) months after the date of Northern Border's receipt from ANR of the invoice as referenced in Section 6(b) herein.

7.01 **Northern Border's Indemnity.** Except as otherwise provided herein, Northern Border agrees to protect, defend, indemnify, and hold ANR, its affiliated companies and each of their directors, officers, employees, attorneys-in-fact, and agents, free and harmless from and against any and all losses, claims, liens, demands, and causes of action of every kind and character, including, but not limited to, the amounts of judgments, penalties, interest, court costs, investigation expenses and costs, and legal fees incurred by ANR, its affiliated companies and each of their directors, officers, employees, attorneys-in-fact, and agents, in defense of same arising in favor of any governmental agencies, third parties, contractors, or subcontractors, on account of taxes, claims, liens, debts, personal injuries, death or damages to property, and all other claims or demands of every character occurring or in anywise incident to, in connection with, or arising out of (i) Northern Border's or its contractor's or subcontractor's negligence, gross negligence, strict liability, or willful misconduct solely related to activities performed under this Agreement, or (ii) Northern Border's breach of this Agreement.

- 7.02 **ANR's Indemnity.** Except as otherwise provided herein, ANR agrees to protect, defend, indemnify, and hold Northern Border, its partners and affiliated companies and each of their directors, officers, employees, attorneys-in-fact, and agents, free and harmless from and against any and all losses, claims, liens, demands, and causes of action of every kind and character, including, but not limited to, the amounts of judgments, penalties, interest, court costs, investigation expenses and costs, and legal fees incurred by Northern Border, its partners and affiliated companies and each of their directors, officers, employees, attorneys-in-fact, and agents, in defense of same arising in favor of any governmental agencies, third parties, contractors, or subcontractors, on account of taxes, claims, liens, debts, personal injuries, death or damages to property, and all other claims or demands of every character occurring or in anywise incident to, in connection with, or arising out of (i) ANR's or its contractor's or subcontractor's negligence, gross negligence, strict liability, or willful misconduct solely related to activities performed under this Agreement, or (ii) ANR's breach of this Agreement.
- 7.03 **Environmental Responsibility.** Northern Border and ANR agree that if either Party releases or has released any hazardous substance as that term is defined, from time to time, in the Federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), petroleum or petroleum products, asbestos material as that term is defined in 40 CFR 61.41, polychlorinated biphenyls (PCBs), or solid waste as that term is defined in the Federal Resource Conservation Recovery Act (RCRA), or in each case under any successor acts or regulatory authorities, onto or under real property owned by Northern Border or ANR or on which Northern Border or ANR has an easement (collectively a "Release") that the Party causing or allowing the Release shall have the full responsibility for the remediation of any such Release. Any such remediation shall be conducted in compliance with all environmental laws, including federal, state and local laws, rules, and regulations. The Party causing or allowing the Release shall indemnify the other Party for any loss, injury, theft, damage to persons or property, fine, penalty, or compliance order caused to the other Party, its partners, parent or affiliated entities and each of their employees, officers, directors, agents, representatives, contractors and sub-contractors, relating to any such Release. Northern Border and ANR agree that if either Party discovers such a Release or presence of such materials that it will immediately notify the other Party.
- 7.04 **Warranty:** Each Party warrants that it has acquired all rights to its facilities, and agrees to indemnify and defend the other Party against any and all claims by any previous owner or other party claiming interest thereto.
- 7.05 **Liens.** Each Party agrees to notify the other Party immediately of the filing of any claim or lien (including, without limitation, laborers', materialmen's, and mechanics' liens upon property of the other, and upon which the work performed hereunder is located) arising out of the services, labor, or material furnished by such Party or its contractors or subcontractors under this Agreement. The Party against whose property such lien is filed may, upon receipt of notice of the filing of any such liens upon its property, require the other Party to provide a bond in an amount and with such sureties as may be approved by such affected Party, conditioned to indemnify and save harmless such affected Party from all such liens. In the event the Party causing such lien fails or refuses to furnish such bond when so required, the Party against whose property the lien is filed shall have the right to pay any sums necessary to obtain the release of such liens and bill the costs to the non-affected Party.

8. **Successors and Assigns.**

(a) The rights and obligations contained in this Agreement shall not be assigned by either Party without the express written consent of the non-assigning Party being first obtained, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, either Party may assign this Agreement to any of its subsidiary or affiliated companies without first obtaining that consent. Either Party also may, without the consent of the other Party, assign or pledge this Agreement and all rights and obligations hereunder under the provision of any mortgage, deed of trust, indenture, or other instrument it has executed or may execute hereafter as security for its indebtedness.

(b) This Agreement shall bind and inure to the benefit of any successors or assigns to the original Parties to this Agreement, but such assignment shall not relieve either Party of any obligations incurred prior to such assignment, nor shall any assignment be effective as to the non-assigning Party until the aforementioned written consent is granted and a copy of the fully executed instrument of assignment together with written notice of transfer is delivered to the non-assigning Party.

(c) Within sixty (60) days of any assignment of this Agreement, the assigning Party must provide written notification of such assignment to the non-assigning Party, complete with signatures of both the assignor and the assignee. The recognition date of any assignment for the purposes of this Agreement shall be the first day of the month following the latter of: (i) the date written notification of assignment is delivered to the other Party or (ii) the date written consent is granted.

9.01 **Insurance.**

In order to protect each Party against liability for damage, loss, or expense arising from damage to property or injury or death of any person or persons arising in any way out of, in connection with or resulting from the work provided for hereunder for which each Party is responsible and, without limiting any of the Parties' obligations or liabilities under this Agreement, each Party shall, at its sole expense, during the conduct of the activities performed under this Agreement, obtain and maintain or cause to be obtained and maintained in reliable insurance companies mutually acceptable to ANR and Northern Border and authorized to do business in the state or area in which the work is to be performed hereunder, the minimum insurance coverages set forth in Exhibit "C", annexed hereto and made a part of this Agreement for all purposes.

- 10.01 **Term and Termination.** This Agreement shall be effective on the date first written above and shall remain in full force and effect for so long as Northern Border's Facilities are connected to ANR or until the final removal and/or abandonment of ANR's Facilities or Northern Border's Facilities is complete, unless terminated by either Party as provided herein.
- (a) In the event either Party desires to disconnect its facilities from the other, the initiating party shall tender not less than sixty (60) days advance written notice to the other party of such intent, and shall indicate whether such facilities will be removed or left in place, and upon such disconnection of facilities, this Agreement shall terminate; or,
 - (b) ANR shall have the right to terminate this Agreement in the event Northern Border has failed to make timely payment of the estimated amount in accordance with the payment provisions herein, and/or Northern Border causes the proposed construction described herein to be delayed, such that the installation cannot reasonably be completed and fully operational within six (6) months of the date of this Agreement. ANR shall also have the right to terminate this Agreement upon sixty (60) days advance written notice to Northern Border if gas has not flowed through ANR's Facilities for the previous period of twelve (12) consecutive months, or if Northern Border or its designee has caused any part of Northern Border's Facilities to be disconnected or removed.
 - (c) Northern Border shall have the right to terminate this Agreement upon thirty (30) days advance written notice to ANR in accordance with Section 10.05 herein.
 - (d) Solely for the purposes of determining any costs reimburseable to ANR pursuant to Section 6, this Agreement shall be deemed effective as of February 14, 2008.
- 10.02 Each Party shall be responsible for all costs of abandonment and/or removal of its facilities. Any disconnection shall be in accordance with the requirements of any regulatory agency having jurisdiction.
- 10.03 The payment obligations and indemnification and environmental responsibility provisions hereof shall survive any termination of this Agreement relative to all losses, deaths, injuries, claims, billings, liens, demands, and causes of action of every kind and character, discovered or undiscovered, arising out of, in connection with, or as an incident to this Agreement.
- 10.04 **Removal of Facilities.** Notwithstanding any termination of this Agreement, unless otherwise agreed to in writing, pursuant to all applicable laws, rules and regulations, Northern Border and ANR shall each remove all their respective facilities from inside the other Party's right-of-way boundary or property within ninety (90) days of any termination of this Agreement. In the event Northern Border has not removed or caused to be removed Northern Border's facilities by the end of the specified time period, then ANR shall have the right, but not the obligation, to remove or cause to be removed any of Northern Border's remaining facilities at Northern Border's sole cost, risk, expense and liability. In the event ANR has not removed or caused to be removed ANR's facilities by the end of the specified time period, then Northern Border shall have the right, but not the obligation, to remove or cause to be removed any of ANR's remaining facilities at ANR's sole cost, risk, expense and liability.

10.05 **Requested In-Service Date:** ANR shall not guarantee or warrant any specific in-service date for ANR’s Facilities, but ANR agrees to make commercially reasonable efforts to meet Northern Border’s requested November 1, 2008 in-service date for ANR’s Facilities. In the event that ANR fails to meet such requested in-service date, then (1) Northern Border’s sole remedy shall be the early termination of this Agreement pursuant to Section 10.01(c), provided that notice of such termination occurs prior to the beginning of any construction activities, and (2) under no circumstances shall ANR have any liability whatsoever with regard to such failure, whether in contract, tort, strict liability, or otherwise (including special, indirect, incidental, punitive or consequential damages and damages associated with lost profits or lost investment opportunities).

11.01 **Notices.** Any notice, request, statements or other communications (“Notices”) regarding this Agreement may be transmitted by telephone or facsimile for expediency, and shall unless otherwise provided, be confirmed in writing transmitted by personal delivery or shall be deposited with the United States Postal Service, postage prepaid, and addressed as follows:

11.02 All Notices to be sent to ANR shall be addressed to:

For Operation, Maintenance and Measurement Matters:

ANR PIPELINE COMPANY

6650 Sandy Bluff Road

Sandwich, Illinois 60548

Attention: Mr. Craig Cornelius, Area Manager

Phone: (815) 786-3422

FAX: (815) 786-3440

For Project Management and Construction Matters:

ANR PIPELINE COMPANY

P.O. Box 2446

Houston, Texas 77252-2446

Attention: Mr. Larry Laughlin

Phone: (832) 320-5380

FAX: (832) 320-6380

For Invoice Matters:

ANR PIPELINE COMPANY

P.O. Box 2446

Houston, Texas 77252-2446

Attention: Property Accounting Department

Phone: (832) 320-5446

Re: Interconnect Agreement No.: ANRPMRRM5031
Facility Request No.: 3027

For All Other Matters:

ANR PIPELINE COMPANY

P.O. Box 2446

Houston, Texas 77252-2446

Attention: Business Development Facility Contracts

Phone: (800) 320-5000

FAX: (832) 320-5555

Re: Interconnect Agreement No.: ANRPMRRM5031

Facility Request No.: 3027

11.03 All Notices to be sent to Northern Border shall be addressed to:

Northern Border Pipeline Company

13710 FNB Parkway

Omaha, Nebraska 68154-5200

Attention: Director of Operations

Phone: (402) 492-7455

FAX: (402) 492-7482

11.04 Either Party may change its address for Notice by giving prior written notice.

12.01 **Force Majeure**. If by reason of force majeure any Party is unable, wholly or in part, to carry out its obligations under this Agreement, and if such Party gives notice and reasonably full particulars of such force majeure in writing, or by electronic communication, to the other Party within a reasonable time after the occurrence of the cause relied on, such Party in a force majeure situation, so far as and to the extent that it is affected by such force majeure, shall not be liable for failure of performance hereof during the continuance of any such inability so caused; provided, such cause shall be remedied with all reasonable dispatch; and provided further, such cause shall not relieve any Party from its obligation to make payments hereunder which were due prior to such force majeure.

12.02 **Force Majeure Defined**. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of a public enemy, wars, blockades, military action, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms or storm warnings, crevasses, floods and washouts; arrests and restraints of governments either federal or state, civil or military; any laws, rules, regulations or orders of the Federal Energy Regulatory Commission ("FERC"), or other governmental body having jurisdiction; civil or military disturbances; explosions; shutdowns for purposes of necessary repairs, relocations or construction of, breakage or accident to equipment, facilities or lines of pipe; the necessity for testing, as required by governmental authority or deemed necessary by a Party for safe operation, or making repairs or alterations to equipment, facilities or lines of pipe; freezing or failure of wells, equipment, facilities or lines of pipe; accidents, breakdowns and the inability of a Party to obtain necessary materials, supplies, permits or labor due to existing or future rules, regulations, orders, laws or proclamations of the governmental authorities (federal, state and local), including both civil and military, and any other causes, whether of the kind herein enumerated or otherwise, and whether caused or occasioned by or happening on account of the act or omission of a Party or some persons or concern not a party hereto, not within control of such Party, and which by the exercise of diligence such Party is unable to prevent or overcome. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of such Party and that the above requirement that any force majeure shall be remedied with all reasonable dispatch, shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the discretion of such Party.

- 12.03 **Limitations.** Such force majeure affecting the performance hereunder by either Party, however, shall not relieve such Party of liability in the event of such Party's concurring negligence or failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve a Party from its obligations to make payments as determined hereunder.
- 13.01 **Legal Fees.** If any legal action is brought by either of the Parties hereto, it is expressly agreed that the Party in whose favor final judgment shall be entered shall be entitled to recover from the other Party reasonable attorneys' fees, court costs, and reasonable expenses incurred in enforcing this Agreement, in addition to any other relief that may be awarded.
- 13.02 **Applicable Law and Venue.** This Agreement and the rights and duties of ANR and Northern Border shall be governed by and interpreted in accordance with the internal law, and not the law of conflicts, of the State of Texas. The Parties hereby consent to the jurisdiction of any state or federal court located within Houston, Harris County, Texas and each Party waives any defense of forum non conveniens.
- 13.03 **Governmental Laws and Regulations.**
- (a) This Agreement, all the terms and conditions contained herein, and all requests for capacity are subject to ANR's FERC Gas Tariff, as amended from time to time, and to all valid and applicable laws, orders, directives, rules, and regulations of duly constituted authorities having jurisdiction.
- (b) This Agreement is conditioned upon the receipt and acceptance of all regulatory authorizations necessary for ANR to perform its obligations hereunder on terms acceptable to ANR in its sole discretion. No construction or installation shall be commenced hereunder prior to the receipt and acceptance of such regulatory authorizations.
- (c) Nothing herein shall obligate ANR to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act.
- 13.04 **ANR Conditions Precedent.** ANR shall be under no obligation to commence or continue work hereunder, including any activity involving either the commitment or actual expenditure of funds by ANR that may be required to perform any work hereunder, until the following conditions have been met: (a) Northern Border has executed all necessary property related document(s) contemplated in this Agreement, including the acquisition of all rights-of-way, licenses, access rights and permits that may be required for Northern Border's Facilities hereunder; (b) ANR has received payment of the estimated amounts pursuant to Section 6; (c) Northern Border has secured and/or granted any rights to ANR, at no cost to ANR, necessary for any ANR Facilities to be located on Northern Border's Facilities and ANR shall have the right to review all such property-related documents prior to execution thereof; (d) ANR has received all federal, state and local governmental authorizations necessary for construction and operation of the facilities on terms satisfactory to ANR in ANR's sole discretion; and (e) Northern Border has notified ANR in writing that all of Northern Border's Conditions Precedent, set forth in Section 13.05 below, have been satisfied or waived.

- 13.05 **Northern Border Conditions Precedent.** Northern Border shall be under no obligation to commence or continue work hereunder, including any activity involving either the commitment or actual expenditure of funds by Northern Border that may be required to perform any work hereunder, until the following conditions have been met: (a) Northern Border has acquired all necessary rights-of-way, licenses, access rights and permits necessary for Northern Border's Facilities hereunder; (b) Northern Border has received all federal, state and local governmental authorizations necessary for construction and operation of Northern Border's Facilities on terms satisfactory to Northern Border in Northern Border's sole discretion; and (c) ANR has notified Northern Border in writing that all of ANR's Conditions Precedent, set forth in Section 13.04 above, have been satisfied or waived.
- 14.01 **Captions.** The titles and captions to each of the various Sections in this Agreement are inserted only for convenience and for reference and shall not affect the construction or interpretation of this Agreement.
- 14.02 **Severability.** If any of the terms and conditions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over this subject matter, such contravention or invalidity shall not invalidate this entire Agreement. Instead, this Agreement shall be construed as reformed as to the extent necessary to render valid the particular provision or provisions held to be invalid, consistent with the original intent of that provision and the rights and obligations of the Parties shall be construed and enforced accordingly, and this Agreement shall remain in full force and effect as reformed.
- 14.03 **Waiver of Rights.** The respective rights and remedies of each Party to this Agreement are cumulative, and no exercise or enforcement by either Party of any right or remedy hereunder shall preclude the exercise or enforcement by such Party of any other right or remedy hereunder, or which such Party is entitled by law to enforce. Each Party may waive any obligation of, or restriction upon, the other Party under this Agreement only in writing. No failure, refusal, neglect, delay, waiver, forbearance, or omission of either Party to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder shall constitute a waiver of any provision of this Agreement nor shall it impair the exercise of any such right or of any other right to which it is entitled.
- 14.04 **Multiple Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original, and all of which, when taken together, shall constitute but one and the same Agreement.

- 14.05 **Incorporation of Exhibits.** Any Exhibit or Appendix attached to this Agreement is incorporated into this Agreement as fully as if stated within the body of this Agreement. In the event of a conflict between this Agreement and any Exhibits or Appendices attached hereto, the terms of the Agreement shall override.
- 14.06 **Drafting Party.** This Agreement expresses the mutual intent of the Parties to this Agreement. Accordingly, the rule of construction against the drafting Party shall have no application to this Agreement.
- 14.07 **Title.** Title to ANR's Facilities shall be in ANR's name, and ANR's Facilities shall be owned by ANR. Title to Northern Border's Facilities shall be in Northern Border's name, and Northern Border's Facilities shall be owned by Northern Border.
- 14.08 **Entire Agreement.** This Agreement, including any exhibits and any written amendments expressly made a part of this Agreement, states the entire understanding between the Parties concerning the subject matter of this Agreement, and supersedes all prior oral and written communications. No amendment to this Agreement shall be effective unless it is in writing and signed by an authorized employee of each of the Parties hereto.
- 14.09 **Limitation of Liability.** Northern Border is a general partnership formed under the laws of the State of Texas. The claims under this Agreement of ANR and any other beneficiaries of this Agreement are limited to the assets of Northern Border, and any rights of ANR or any such beneficiaries to proceed against the partners of Northern Border individually are hereby expressly waived.

* * *

If the foregoing correctly reflects your understanding of our agreement, please evidence your acceptance in the space provided below and return both executed originals to the attention of the undersigned. The Agreement will then be presented to ANR's management for acceptance and execution. This letter shall not constitute an offer by ANR, and shall only become a contract after it is accepted by ANR upon execution by a ANR Officer or duly appointed "Agent and Attorney-in-fact." Upon execution by ANR, a fully executed original will be returned for your retention. In the event the Agreement is not executed within ninety (90) days after the date of submission to Northern Border, the terms and conditions set forth herein shall become null and void.

Very truly yours,

ANR PIPELINE COMPANY

/s/ Don Sokol

Don Sokol

Senior Contract Analyst

AGREED TO AND ACCEPTED THIS 19th
DAY OF June, 2008.

ANR PIPELINE COMPANY

By: /s/ Dean Ferguson

Name: Dean Ferguson

Title: Vice President

By: /s/ Gary C. Charette

Name: Gary C. Charette

Title: VP Commercial Operations

AGREED TO AND ACCEPTED THIS 13th
DAY OF June, 2008.

NORTHERN BORDER PIPELINE COMPANY

By: TransCanada Northern Border Inc., its Operator

By: /s/ Paul F. Miller

Name: Paul F. Miller

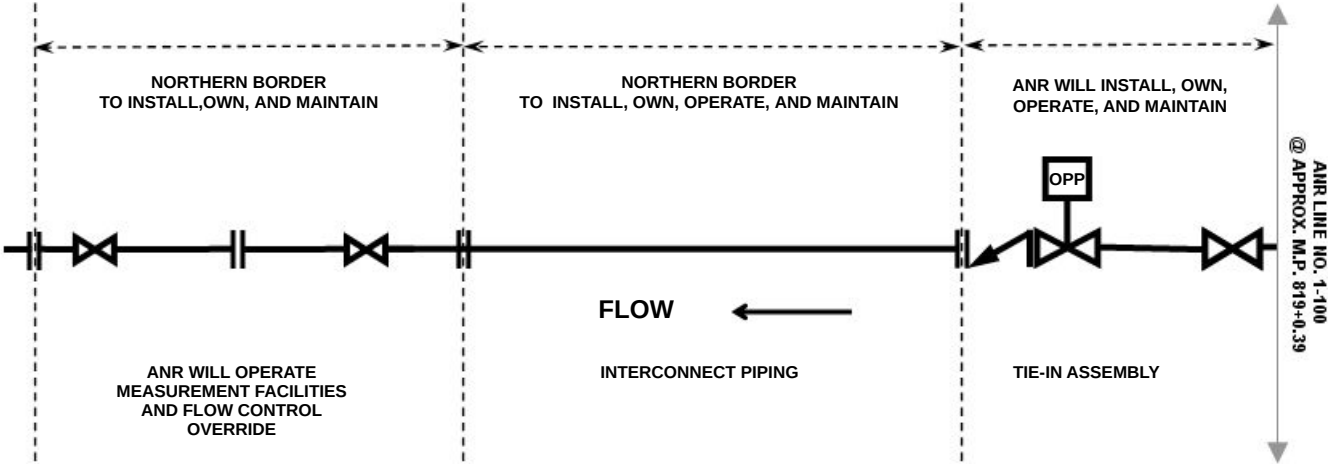
Title: Vice President and General Manager

By: /s/ Patricia M. Wiederholt

Name: Patricia M. Wiederholt

Title: Principal Financial Officer and Controller

OWNERSHIP, OPERATION & MAINTENANCE OF FACILITIES



* ANR WILL INSTALL, OWN, OPERATE, AND MAINTAIN THE EGM EQUIPMENT, COMMUNICATIONS, CHROMATOGRAPH, AND MOISTURE MONITOR.

INTERCONNECT
AGREEMENT
DATE: JUNE 9, 2008

BETWEEN: NORTHERN BORDER PIPELINE
COMPANY & ANR PIPELINE COMPANY
ELECTRONIC COPY OF EXECUTABLE VERSION
FACILITY # 3038

EXHIBIT B

INSTALLATION OF ELECTRONIC MONITORING EQUIPMENT

Attached to and made a part of the Interconnect Agreement, dated June 9, 2008, by and between ANR PIPELINE COMPANY ("ANR"), and NORTHERN BORDER PIPELINE COMPANY ("Northern Border"), all hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties":

Pursuant to the terms of the Interconnect Agreement (the "Agreement") referenced hereinabove, Northern Border requests access to the gas flow computer ("GFC"), moisture monitor, and gas chromatograph ("ANR's Equipment") located at the proposed Northern Border gas measurement facility (referred to hereinafter as the "Meter Station"), in order to install, operate and maintain electronic data gathering equipment to interface with ANR's Equipment for the purpose of obtaining access to real-time electronic measurement and gas quality information on a continuous basis. ANR is willing to make specific operating data available to Northern Border at the Meter Station, and to allow the installation of such electronic data gathering equipment, subject to the following terms and conditions:

Installation of Equipment. Northern Border, at its sole risk, cost and expense, may install or cause to be installed electronic data interfaces as ANR, in its sole discretion, deems reasonable and necessary, at locations mutually agreed upon by ANR and Northern Border. Northern Border shall supply isolation devices acceptable to ANR, which provide surge protection between Northern Border's and ANR's Equipment. ANR will terminate all cabling in ANR's Equipment as necessary.

Data Access. Northern Border shall have access to the available chromatographic and gas quality data, control data and signals from ANR's Equipment for the purpose of acquiring digital data, analog and/or pulse signals. Northern Border shall only have access to such electronic measurement data in a format established by ANR, which will not interfere with the operation of the Meter Station. Northern Border recognizes that the data acquired from ANR's Equipment is "raw" data, subject to further refinement, correction or interruption due to maintenance, repair or other activities by ANR, or due to events of force majeure. ANR shall have no obligation to advise Northern Border of any such interruptions, or to verify the integrity of such data, whether or not resulting from activities performed by ANR.

Title To Property. Northern Border shall retain title to electronic equipment and appurtenant connection facilities installed by Northern Border and Northern Border shall operate and maintain its facilities. Title to ANR's Equipment shall be in ANR's name and said facilities shall be owned, operated and maintained by ANR.

Right of Access. Northern Border, at its sole risk, cost, and expense, shall have the right of access to ANR's Equipment at all reasonable times upon twenty-four (24) hours prior notice in order to install, inspect, calibrate, maintain or remove its facilities pursuant to this Exhibit "B", if performed without unreasonable interference to ANR's facilities and operations and without harm to the general appearance and condition of ANR's Equipment. Northern Border relinquishes this right of access if it fails to act reasonably or causes harm to ANR's Equipment.

Notifications Prior to Commencement of Work. Prior to the commencement by Northern Border of the installation or removal of electronic monitoring equipment at the Meter Station, Northern Border shall give notice to Mr. Tim Ross, ANR's Principal Measurement Specialist, at telephone number (708) 342-4728, or such other contact as specified from time to time by ANR, in order that ANR may have a representative present to witness the installation or removal of such equipment and to coordinate the activities, as well as any subsequent operations and maintenance activities so that such activities do not interfere with the operation of ANR's facilities.

ANR's Right to Disconnect Equipment. ANR reserves the right to disconnect immediately Northern Border's electronic equipment without prior notice if at any time the equipment interferes with or adversely affects ANR's ability to perform effective measurement, or in any way interferes with ANR's operations. In the event that it is necessary for ANR to disconnect Northern Border's electronic equipment, ANR agrees to notify Northern Border of said disconnection, prior to or as soon as possible thereafter, and to coordinate with Northern Border the timely reconnection of the equipment following correction of the problem by Northern Border to ANR's satisfaction.

Modification and/or Removal of Facilities. Northern Border may remove the facilities it has installed at any time, at Northern Border's sole risk, cost and expense, after giving reasonable prior notice to ANR, so long as such removal does not interfere with ANR's facilities and operations. Notwithstanding any provision contained herein to the contrary, should ANR construct new facilities, move, modify or remove existing facilities in a manner as to conflict with Northern Border's facilities, remove its facilities to a new site, sell, assign, abandon or otherwise dispose of its facilities covered under this Agreement, or if for any reason the installation or operation of Northern Border's equipment hereunder is objectionable to or in any way interferes with or adversely affects the operations of ANR, then Northern Border shall promptly move, remove or change the installation, operation or maintenance of the subject equipment at Northern Border's sole risk, cost and expense in a manner acceptable to ANR.

"As Installed" Drawings. As quickly as possible following the in-service date for the Project, Northern Border will furnish to ANR for its files an "as installed" set of drawings covering the electronic equipment installed by Northern Border, and in any event, Northern Border will endeavor to furnish such drawings within ninety (90) days following the installation of such equipment.

Term and Termination. Except as provided in the paragraph below entitled "Failure to Comply", the rights extended pursuant to this Exhibit "B" shall terminate upon the removal by ANR or Northern Border of Northern Border's equipment from the Meter Station; however, the indemnification provisions hereof shall survive such termination relative to all losses, deaths, injuries, claims, billings, liens, demands and causes of action of every kind and character, discovered or undiscovered, arising out of, in connection with, or as an incident to this Exhibit "B".

Failure to Comply. In the event ANR determines that Northern Border has failed to comply with any of the terms of this Exhibit "B", ANR will provide Northern Border with reasonable notice to correct such failure. Absent Northern Border's expeditious correction of such failure, ANR will have the right to immediately terminate Northern Border's rights to connect to ANR's Equipment or to access data as provided hereunder and, upon not less than twenty-four (24) hours notice, to remove Northern Border's facilities at Northern Border's sole risk, cost, and expense and without any liability to ANR; provided, however, nothing herein shall restrict ANR's rights to take immediate action, as ANR deems necessary, to protect its personnel, its equipment and/or the public, which action may include but shall not be limited to shut-down, disconnection, or removal of any of Northern Border's facilities installed hereunder.

Limitation of Liability. ANR shall not be liable or responsible to Northern Border or Northern Border's agents or transferees for any fines or levies by any regulatory agencies or in any action or claim for consequential, indirect or special damages, loss of use, loss of profits or loss of product as a result of Northern Border's or Northern Border's agents' or transferees' use of output data made available under this Exhibit “B”.

Indemnity. Northern Border agrees to protect, indemnify, defend, and hold ANR, its divisions, subsidiary and affiliated companies free and harmless from and against any and all losses, deaths, injuries, claims, liens, demands, and causes of action of every kind and character, including, but not limited to, the amounts of judgments, penalties, interest, court costs, investigation expenses and costs, and legal fees incurred by ANR, its divisions, subsidiary and affiliated companies, in defense of same arising in favor of any governmental agencies, third parties, contractors or subcontractors, on account of taxes, claims, liens, debts, personal injuries, death or damage to property, and all other claims or demands of every character occurring or in anywise incident to, in connection with, or arising out of Northern Border's, its contractors', subcontractors', agents', or transferees' use of the electronic measurement data made available under this Exhibit “B”.

* * *

EXHIBIT “C”

MINIMUM INSURANCE COVERAGES

PROJECT:
WILL COUNTY, ILLINOIS

Attached to and made a part of the Interconnect Agreement, dated June 9, 2008, by and between ANR PIPELINE COMPANY, and NORTHERN BORDER PIPELINE COMPANY, each a “Party” and together are the “Parties”, covering the construction, ownership, operation and maintenance of the Will County, Illinois connection.

- A. Each Party shall at its own expense, obtain and maintain, or cause to be obtained and maintained, insurance as provided below from reliable insurance companies authorized to do business in the state or area in which the activities performed by either Party under the Interconnect Agreement (the “Work”) are to be performed. Such insurance shall be in force at the time the Work is commenced and shall remain in force until the Work is determined to be complete by the Party performing the Work, unless a later date is specified below:
1. **Workers’ Compensation Insurance:** Workers’ Compensation insurance, including Occupational Disease coverage, as required by state laws, including Employers’ Liability insurance for all employees of either Party in the amount of **\$1,000,000 per accident**. Such insurance shall provide coverage in the states in which the Work is performed, and the state in which the Parties are domiciled.
 2. **General Liability Insurance:** Commercial General Liability insurance covering all operations by or on behalf of either Party against claims for personal injury (including bodily injury and death) and property damage (including loss of use). Such insurance shall provide coverage for:
 - a) Premises and Operations;
 - b) Products and Completed Operations ;
 - c) Contractual Liability;
 - d) Broad Form Property Damage (including Completed Operations);
 - e) Explosion (X), Collapse (C) and Underground Hazards (U); including XCU coverage under both Premises/Operations and Contractual Liability;
 - f) Personal Injury Liability (with deletion of the exclusion for liability assumed under contract);
 - g) Hostile Fire Pollution Liability;

h) Independent Contractor's Liability; with a minimum limit **per occurrence** of **\$1,000,000** for bodily injury, personal injury and property damage combined. The aggregate limits, if any, shall apply separately to each annual policy period.

3. **Automobile Liability Insurance:** Automobile Liability insurance against claims of personal injury (including bodily injury and death) and property damage covering all owned, leased, non-owned, and hired, vehicles used in the performance of the Work, with a **\$1,000,000 minimum limit per accident** for bodily injury and property damage combined and containing appropriate No-Fault insurance provision wherever applicable.
4. **Excess Insurance:** Excess Liability or Umbrella insurance covering claims in excess of the underlying liability insurances described in the foregoing subsections 1, 2, and 3, with a **\$10,000,000 minimum limit per occurrence**, provided that the aggregate limits of liability, if any, shall apply separately to each annual policy period.

The amounts of insurance required in the foregoing subsections 1, 2, and 3 and this subsection 4 may be satisfied by the Party purchasing coverage in the amounts specified or by any combination thereof, so long as the total amount of insurance meets the requirements specified above. In addition, either Party may meet its insurance requirements (including deductibles with respect to such policies) through assumption of risk or self-insurance.

B. Endorsements:

1. All insurance policies to be maintained by each Party shall provide for a **Waiver of Subrogation** Endorsement, effectively waiving a Party's right of subrogation with respect to the other Party.
2. All insurance policies, except Workers' Compensation, to be maintained by each Party shall:
 - a) Provide a Severability of Interests or Cross Liability Clause;
 - b) Provide that the insurance shall be primary and not excess to or contributing with any insurance or self-insurance maintained by the other Party.
 - c) Name the other Party, their officers and agents as **Additional Insureds**.

- C. Within thirty (30) days of the effective date of this agreement valid Certificates of Insurance evidencing that satisfactory coverage of the types and limits set forth above in paragraphs A and B, shall be furnished by each Party to the other Party. Such Certificates shall be in a form reasonably acceptable to the other Party and shall contain provisions that no cancellations in the policies shall become effective except upon **30-days written notice** to the other Party; provided, however, that no such cancellation in any policy shall relieve the other Party of its obligation to maintain coverages in accordance with paragraphs A and B above.

- D. In no event shall the amount or scope of the insurance required by this section, place any limitation on the liability assumed by a Party elsewhere in this contract.

Irrespective of the requirements as to insurance to be carried by the Parties as provided herein, insolvency, bankruptcy, or failure of any insurance company to pay all claims accruing, shall not be held to relieve either Party of any of its obligations.

E. The insured Party shall use reasonable efforts to require all of its subcontractors to provide the foregoing coverage, as well as any other coverage the insured Party may consider necessary. All subcontractor policies shall comply with the waiver of subrogation and additional insured requirements above. Any deficiency in the coverage, policy limits, or endorsements of said subcontractors will be the sole responsibility of the insured Party.

* * *

CERTIFICATION

I, Russell K. Girling, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2008 of TC PipeLines, LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation, of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 5, 2008
Russell K. Girling

/s/ Russell K. Girling

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

CERTIFICATION

I, Amy W. Leong, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2008 of TC PipeLines, LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation, of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 5, 2008

Amy W. Leong

/s/ Amy W. Leong

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

CERTIFICATION

I, Russell K. Girling, Chief Executive Officer of TC PipeLines GP, Inc., the general partner of TC PipeLines, LP (the Partnership), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 hereby certify, to the best of my knowledge, in connection with the Partnership's Quarterly Report on Form 10-Q for the period ended June 30, 2008 as filed with the Securities and Exchange Commission (the Report) on the date hereof, that:

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

Dated: August 5, 2008
Russell K. Girling

/s/ Russell K. Girling

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

CERTIFICATION

I, Amy W. Leong, Principal Financial Officer of TC PipeLines GP, Inc., the general partner of TC PipeLines, LP (the Partnership), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 hereby certify, to the best of my knowledge, in connection with the Partnership's Quarterly Report on Form 10-Q for the period ended June 30, 2008 as filed with the Securities and Exchange Commission (the Report) on the date hereof, that:

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

Dated: August 5, 2008

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