



# TransCanada Power, L.P. Announces First Quarter Results

CALGARY, Alberta – April 28, 2005 (TSX: TPL.UN) - TransCanada Power Services Ltd., the general partner of TransCanada Power, L.P. (the Partnership), reported funds generated from operations of \$41.6 million or \$0.88 per unit for the first quarter of 2005 compared to \$29.3 million or \$0.75 per unit for the same period in 2004. The increase in funds generated from operations of \$12.3 million was primarily due to the acquisition of the Curtis Palmer, ManChief, Mamquam and Queen Charlotte plants in 2004.

Net income was \$21.8 million or \$0.46 per unit for the first quarter of 2005 compared to \$20.1 million or \$0.51 per unit for the same period in 2004. The increase in net income for the first quarter of 2005 was primarily due to the four plants acquired in 2004, partially offset by foreign exchange losses on translation of the Partnership's U.S. dollar-denominated debt in the first quarter of 2005. The decrease in per unit net income reflects an increased number of units outstanding.

Cash distributions of \$29.9 million or \$0.63 per unit were declared for the first quarter of 2005 compared to \$24.8 million or \$0.63 per unit for the same period in 2004. Throughout the year, the Partnership utilizes funds generated from operations in excess of cash distributions to stabilize future quarterly cash distributions and to partially finance capital expenditures.

## Operational and Financial Highlights

*(unaudited)*

*(millions of dollars except per unit and operational amounts)*

Three months ended March 31,

2005

2004

Power Generated (GWh)	697	572
Weighted Average Plant Availability	99%	99%
Funds Generated from Operations	41.6	29.3
Per unit	\$0.88	\$0.75
Net Income	21.8	20.1
Per unit	\$0.46	\$0.51
Cash Distributions	29.9	24.8
Per unit	\$0.63	\$0.63
Weighted Average Units Outstanding	47.4	39.3

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A), dated April 28, 2005, should be read in conjunction with the accompanying unaudited consolidated financial statements of the Partnership for the three months ended March 31, 2005 and should also be read in conjunction with the audited consolidated financial statements and MD&A contained in the Partnership's 2004 annual report for the year ended December 31, 2004. Additional information relating to the Partnership, including the Partnership's Annual Information Form and continuous disclosure documents, is available on SEDAR at [www.sedar.com](http://www.sedar.com) under TransCanada Power, L.P.

## RESULTS OF OPERATIONS

The Partnership reported funds generated from operations of \$41.6 million or \$0.88 per unit for the first quarter of 2005 compared to \$29.3 million or \$0.75 per unit for the same period in 2004. The increase in funds generated from operations of \$12.3 million was primarily due to the acquisition of the Curtis Palmer, ManChief, Mamquam and Queen Charlotte plants in 2004.

Operating Margin (millions of dollars) (unaudited)	Three months ended March 31,	
	2005	2004
Ontario	21.9	21.9
Williams Lake	7.0	7.0
Mamquam/Queen Charlotte	2.7	-
Curtis Palmer	11.5	-
ManChief	4.5	-
Castleton	2.0	2.2
	<u>49.6</u>	<u>31.1</u>

Operating margin for the first quarter of 2005 of \$49.6 million was \$18.5 million higher than the \$31.1 million reported in the same period of 2004. The four plants acquired in 2004 contributed \$18.7 million to this increase, which was partially offset by a decrease of \$0.2 million at the Castleton plant due to the weakening of the U.S. dollar. Operating margin for the Ontario and Williams Lake plants was consistent with 2004.

### Non-GAAP Measures

The Partnership uses operating margin and funds generated from operations per unit as performance measures with respect to the plants and the Partnership. These terms are not defined financial measures according to Canadian generally accepted accounting principles (GAAP) and they do not have standardized meanings prescribed by GAAP. Therefore, these measures may not be comparable to similar measures presented by other enterprises.

Funds generated from operations per unit equals funds generated from operations divided by the weighted average number of units outstanding for the respective periods. Operating margin equals revenue less cost of fuel, operating and maintenance expense and other plant operating expenses:

(millions of dollars) (unaudited)	Three months ended March 31,	
	2005	2004
Operating Margin	49.6	31.1
Other Costs	26.0	10.9
Net Income Before Income Tax	<u>23.6</u>	<u>20.2</u>

## Revenues and Plant Output

(millions of dollars except GWh) (unaudited)

Three months ended March 31,

	<i>GWh</i>	2005	<i>GWh</i>	2004
Ontario				
- Power	<b>347</b>	<b>34.2</b>	<b>361</b>	33.0
- Enhancements		<b>2.9</b>		3.1
		<b>37.1</b>		36.1
Williams Lake				
- Firm energy	<b>128</b>	<b>9.2</b>	<b>129</b>	9.4
- Excess energy	<b>13</b>	<b>0.5</b>	<b>15</b>	0.5
	<b>141</b>	<b>9.7</b>	<b>144</b>	9.9
Mamquam/Queen Charlotte <sup>(1)</sup>	<b>53</b>	<b>3.4</b>		
Curtis Palmer <sup>(1)</sup>	<b>83</b>	<b>13.2</b>		
ManChief <sup>(1)</sup>	<b>4</b>	<b>6.2</b>		
Castleton	<b>69</b>	<b>3.8</b>	<b>67</b>	3.9
	<b>697</b>	<b>73.4</b>	<b>572</b>	49.9

## Weighted Average Plant Availability <sup>(2)</sup>

(unaudited)

Three months ended March 31,

	2005	2004
- Ontario Plants	<b>99%</b>	98%
- Williams Lake	<b>100%</b>	98%
- Mamquam/Queen Charlotte <sup>(1) (3)</sup>	<b>81%</b>	
- Curtis Palmer <sup>(1)</sup>	<b>100%</b>	
- ManChief <sup>(1)</sup>	<b>100%</b>	
- Castleton	<b>100%</b>	100%

<sup>(1)</sup> From the dates of acquisition: Curtis Palmer and ManChief – April 30, 2004; Mamquam and Queen Charlotte – July 23, 2004.

<sup>(2)</sup> Plant availability represents the percentage of time in the period that the plant is available to generate power, whether actually running or not, and is reduced by planned and unplanned outages.

<sup>(3)</sup> The 50 MW Mamquam facility was unavailable for part of the first quarter of 2005 due to a planned maintenance outage.

Revenues for the first quarter of 2005 were \$73.4 million compared to \$49.9 million reported in the same period in 2004. The increase of \$23.5 million was primarily due to the plants acquired in 2004.

Revenues from the Ontario plants of \$37.1 million for the first quarter of 2005 were \$1.0 million higher than the same period in 2004 primarily due to higher plant availability and contractual price increases in the power purchase arrangements (PPAs).

Revenues at the Williams Lake plant consist of firm energy sales, cost recovery components and excess energy sales under the PPAs with BC Hydro. Firm revenues of \$9.2 million for the first quarter of 2005 were slightly below the \$9.4 million reported in the same period in 2004.

Revenues from the Mamquam and Queen Charlotte plants, which were acquired in the third quarter of 2004, were \$3.4 million for the first quarter of 2005. Revenues for the Curtis Palmer and ManChief plants, acquired in the second quarter of 2004, were \$13.2 million and \$6.2 million, respectively, for the first quarter of 2005.

Revenues at the Castleton plant of \$3.8 million for first quarter of 2005 were slightly lower than the same period in 2004 primarily due to a weaker U.S. dollar in 2005.

**Cost of Fuel**

Fuel costs, which include commodity price and transportation costs, were \$12.9 million for the first quarter of 2005, compared to \$11.8 million for the same period in 2004. The increase in fuel costs of \$1.1 million resulted from contractual increases for the Ontario plants. Fuel costs for the Williams Lake and Castleton plants for the first quarter of 2005 were consistent with the same period in 2004. The Curtis Palmer, Mamquam and Queen Charlotte hydroelectric plants do not have any fuel costs, while the power buyer under the ManChief PPA provides all the fuel requirements for that plant; however the Partnership is obligated to pay for demand charges associated with the transportation of natural gas to the facility.

**Operating and Maintenance Expense**

Operating and maintenance expense is based on fixed fees, adjusted annually for inflation, payable to TransCanada Corporation for the operation and routine maintenance of the plants. Operating and maintenance expense of \$7.0 million for the first quarter 2005 increased by \$1.6 million compared to the same period in 2004. This increase was primarily a reflection of the operating and maintenance fees for the Curtis Palmer, ManChief, Mamquam and Queen Charlotte plants.

**Other Plant Operating Expenses**

Other plant operating expenses, which include insurance, property taxes and major maintenance expenses, were \$3.9 million for the first quarter 2005 compared to \$1.6 million for the same period in 2004. The increase was primarily due to the additional insurance, property taxes and major maintenance expenses attributable to the plants acquired in 2004.

**Depreciation and Amortization**

Depreciation and amortization expense for the first quarter of 2005 was \$16.5 million compared to \$9.2 million for the same period in 2004. The increase in depreciation expense was primarily due to the plants and associated PPAs acquired in 2004.

**Management and Administration**

Management and administration costs, which include fees paid to TransCanada and general and administrative costs, were \$1.8 million for the first quarter of 2005 compared to \$1.6 million for the same period in 2004. The increase in management and administration costs was primarily due to higher costs as a result of the acquisitions in 2004.

**Foreign Exchange Gains/Losses**

The Partnership reported foreign exchange losses of \$1.3 million for the first quarter of 2005 compared to foreign exchange gains of \$0.2 million for the same period in 2004. Foreign exchange gains and losses result from the translation of the Partnership's U.S. dollar-denominated monetary assets and liabilities. The foreign exchange losses in the first quarter of 2005 were primarily related to the translation of the Partnership's U.S. dollar-denominated debt and a strengthening of the U.S. dollar since December 31, 2004.

**Financial Charges and Other**

Financial charges and other expenses for the first quarter of 2005 were \$6.4 million compared to \$0.3 million for the same period in 2004. The increase in financial charges for the first quarter of 2005 resulted from interest expense on the long-term debt issued by the Partnership in 2004 to fund the acquisitions.

**Income Taxes**

Income taxes relate solely to the taxes of the Partnership's U.S. subsidiaries. Current income taxes for the first quarter of 2005 were \$1.1 million compared to \$0.3 million for the same period in 2004. Future income tax expense for the first quarter of 2005 of \$0.7 million increased by \$0.9 million compared to

the same period in 2004. The increase in current and future tax expenses were primarily due to increased income from the Partnership's U.S. power plants acquired in the second quarter of 2004.

#### **Net Income**

Net income was \$21.8 million or \$0.46 per unit for the first quarter of 2005 compared to \$20.1 million or \$0.51 per unit for the same period in 2004. The increase in net income for the first quarter of 2005 was primarily due to the four plants acquired in 2004, partially offset by foreign exchange losses in the first quarter of 2005. The decrease in per unit net income reflects an increased number of units outstanding.

### **LIQUIDITY AND CAPITAL RESOURCES**

#### **Cash Distributions**

Cash distributions of \$29.9 million or \$0.63 per unit were declared for the first quarter of 2005 compared to \$24.8 million or \$0.63 per unit for the same period in 2004. Throughout the year, the Partnership utilizes funds generated from operations in excess of cash distributions to stabilize future quarterly cash distributions and to partially finance capital expenditures.

The first quarter 2005 cash distribution of \$0.63 per unit will be paid on April 29, 2005 to unitholders of record on March 31, 2005.

#### **Capital Expenditures**

Capital expenditures for the first quarter of 2005 totaled \$0.5 million and primarily consisted of plant improvements.

### **FOREIGN EXCHANGE RISK MANAGEMENT**

The Partnership manages the foreign exchange risk of its future anticipated U.S. dollar-denominated cash flows from its U.S. plants through the use of forward foreign exchange contracts for periods up to six years. As at March 31, 2005, US\$96 million of future cash flows were hedged for 2005 to 2011 at a weighted average exchange rate of 1.33.

## TRANSACTIONS WITH RELATED PARTIES

<i>(millions of dollars) (unaudited)</i>	Three months ended March 31,	
	2005	2004
<b>Revenues</b>		
Castleton - capacity payments	3.7	3.9
Ontario - enhancement revenues	3.1	3.1
Ontario - Calstock guarantee fee	0.9	0.4
	<u>7.7</u>	<u>7.4</u>
<b>Cost of Fuel</b>		
Ontario - gas fuel supply	5.7	5.7
Ontario - gas diversion sales	(1.1)	(2.1)
Ontario - gas transportation	2.8	3.0
Ontario - waste heat	0.1	0.1
Castleton - gas demand charge	0.6	0.6
	<u>8.1</u>	<u>7.3</u>
<b>Operating and Maintenance Expense</b>	<u>7.0</u>	<u>5.4</u>
<b>Management and Administration</b>		
Base fee	0.3	0.3
Incentive fee	0.5	0.4
Enhancement fee	0.3	0.4
	<u>1.1</u>	<u>1.1</u>
<b>Interest Expense</b>		
Operating line	<u>-</u>	<u>0.3</u>

## CONTRACTUAL OBLIGATIONS

Under the terms of the long-term debt with a syndicate of Canadian chartered banks, the Partnership must maintain a debt-to-capitalization ratio which does not exceed 60 per cent at the end of each fiscal quarter and an interest-coverage ratio which is no less than 2.5 at the end of each fiscal quarter. Similarly, under the terms of the operating line, the Partnership must not exceed a debt-to-earnings before interest, taxes, depreciation and amortization (EBITDA) ratio of 3.25 and meet an interest coverage ratio of 2.5 or greater at the end of each fiscal quarter. As at March 31, 2005, the Partnership was in compliance with all of these covenants.

There have been no material changes to the Partnership's purchase obligations, including payments for the next five years and thereafter, since December 31, 2004. For further information on these obligations, refer to the MD&A in the Partnership's 2004 Annual Report.

## SIGNIFICANT ACCOUNTING ESTIMATE

Since a determination of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of the Partnership's Consolidated Financial Statements requires the use of estimates and assumptions which have been made using careful judgment. The Partnership's critical accounting estimate continues to be depreciation expense. For further information on the Partnership's critical accounting estimates, refer to the MD&A in the Partnership's 2004 Annual Report.

## OUTLOOK

The outlook for the Partnership's business is substantially unchanged since December 31, 2004. For further information on the outlook, refer to the MD&A in the Partnership's 2004 Annual Report.

## BUSINESS RISKS

The Partnership's business and operational risks remain substantially unchanged since December 31, 2004. For further information on business risks, refer to the MD&A in the Partnership's 2004 Annual Report.

## SELECTED QUARTERLY CONSOLIDATED FINANCIAL DATA <sup>(1)</sup>

(unaudited) (millions of dollars except per unit amounts)	2005	2004				2003		
	First	Fourth	Third	Second	First	Fourth	Third	Second
Revenues	<b>73.4</b>	67.1	59.9	54.6	49.9	44.0	42.0	40.3
Net Income	<b>21.8</b>	30.2	29.1	21.3	20.1	18.2	13.2	10.6
Funds Generated from Operations	<b>41.6</b>	36.9	32.1	29.9	29.3	27.1	22.1	19.5
Cash Distributions	<b>29.9</b>	29.9	29.9	29.8	24.8	24.8	24.8	24.7
<b>Per Unit Statistics</b>								
Net income	<b>\$0.46</b>	\$0.64	\$0.61	\$0.48	\$0.51	\$0.46	\$0.34	\$0.27
Funds Generated from Operations	<b>\$0.88</b>	\$0.78	\$0.68	\$0.66	\$0.75	\$0.69	\$0.56	\$0.50
Cash distributions	<b>\$0.63</b>	\$0.63	\$0.63	\$0.63	\$0.63	\$0.63	\$0.63	\$0.63

<sup>(1)</sup> The selected quarterly consolidated financial data has been prepared in accordance with Canadian GAAP.

## Factors Impacting Quarterly Financial Information

Quarterly revenues, net income and funds generated from operations are affected by seasonal contract pricing, seasonal weather conditions, attainment of firm energy requirements, and planned and unplanned plant outages, as well as items outside of the normal course of operations. Revenues, net income and funds generated from operations from the Partnership's Ontario plants are generally higher in the winter months (October to March) and lower in the summer months (April to September) due to seasonal pricing under the PPAs. Revenues and net income from the Partnership's hydroelectric plants are generally higher in the spring months due to seasonally higher water flows.

Significant items which impacted the last eight quarters' net income were as follows:

- In the second quarter of 2003, a scheduled major overhaul was performed at the Williams Lake plant which decreased revenues and net income.
- In the second quarter of 2004, the Partnership acquired the Curtis Palmer and ManChief power facilities from TransCanada, resulting in increased revenues and net income. The Partnership also issued U.S. dollar-denominated debt in the second quarter of 2004 which resulted in unrealized foreign exchange gains for subsequent quarters of 2004 as the U.S. dollar weakened.
- In the third quarter of 2004, the Partnership acquired the Mamquam and Queen Charlotte power facilities resulting in increased revenues and net income.

## QUARTERLY UNIT TRADING INFORMATION

The Partnership units trade on the Toronto Stock Exchange under the symbol TPL.UN.

For the three months ended (unaudited)	Mar. 31 2005	Dec. 31 2004	Sep. 30 2004	Jun. 30 2004	Mar. 31 2004
<b>Unit Price</b>					
High	\$35.90	\$36.00	\$34.74	\$36.85	\$38.00
Low	\$31.60	\$32.10	\$31.00	\$29.62	\$35.16
Close	\$33.60	\$35.50	\$33.40	\$31.29	\$36.85
<b>Volume traded (millions)</b>	<b>3.5</b>	2.9	4.5	5.8	2.6

As at March 31, 2005, the Partnership had 47,421,982 units outstanding. The weighted average number of units outstanding for the three months ended March 31, 2005 was 47.4 million compared to 39.3 million for the same period in 2004.

## FORWARD-LOOKING INFORMATION

Certain information in this news release is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include, among other things, the ability of the Partnership to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the availability and price of energy commodities, plant availability and water flows, regulatory decisions, competitive factors in the power industry, and the current economic conditions in North America. For additional information on these and other factors, see the reports filed by the Partnership with Canadian securities regulators. The Partnership disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## CONSOLIDATED INCOME

(unaudited)

(millions of dollars except per unit amounts)

Three months ended March 31,

	2005	2004
<b>Revenues</b>	73.4	49.9
<b>Cost of Fuel</b>	12.9	11.8
<b>Operating and Maintenance Expense</b>	7.0	5.4
<b>Other Plant Operating Expenses</b>	3.9	1.6
	<b>49.6</b>	<b>31.1</b>
<b>Other Costs</b>		
Depreciation and amortization	16.5	9.2
Management and administration	1.8	1.6
Foreign exchange losses/(gains)	1.3	(0.2)
Financial charges and other	6.4	0.3
	<b>26.0</b>	<b>10.9</b>
<b>Net Income Before Income Tax</b>	<b>23.6</b>	<b>20.2</b>
<b>Income Tax</b>		
Current	1.1	0.3
Future	0.7	(0.2)
	<b>1.8</b>	<b>0.1</b>
<b>Net Income</b>	<b>21.8</b>	<b>20.1</b>
<b>Net Income Per Unit</b>	<b>\$0.46</b>	<b>\$0.51</b>
<b>Weighted Average Units Outstanding (millions)</b>	<b>47.4</b>	<b>39.3</b>

See accompanying notes to the Consolidated Financial Statements.

## CONSOLIDATED CASH FLOW

<i>(unaudited)</i> <i>(millions of dollars except per unit amounts)</i>	<b>Three months ended March 31,</b>	
	<b>2005</b>	<b>2004</b>
<b>Cash Generated from Operations</b>		
Net income	21.8	20.1
Depreciation and amortization	16.5	9.2
Future income tax	0.7	(0.2)
Foreign exchange losses on U.S. dollar debt	1.1	-
Other	1.5	0.2
Funds generated from operations	41.6	29.3
(Decrease)/increase in operating working capital	(3.7)	0.7
Net cash provided by operating activities	37.9	30.0
<b>Investing Activities</b>		
Capital expenditures	(0.5)	(0.6)
Net cash used in investing activities	(0.5)	(0.6)
<b>Financing Activities</b>		
Distributions paid	(29.9)	(24.8)
Operating line repaid	-	(2.5)
Long-term debt repaid	(0.4)	-
Net cash used in financing activities	(30.3)	(27.3)
<b>Increase in Cash and Short-Term Investments</b>	7.1	2.1
<b>Cash and Short-Term Investments, Beginning of Period</b>	20.2	3.7
<b>Cash and Short-Term Investments, End of Period</b>	27.3	5.8
<b>Supplementary Cash Flow Information</b>		
Income taxes paid	0.4	-
Interest paid	9.5	0.3

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

<i>(millions of dollars)</i>	March 31, 2005 (unaudited)	December 31, 2004
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and short-term investments	27.3	20.2
Accounts receivable	26.2	27.3
Inventories	7.2	7.2
Prepays and other	3.1	4.2
	<b>63.8</b>	<b>58.9</b>
<b>Plant, Property and Equipment</b>	<b>892.3</b>	<b>902.4</b>
<b>Power Purchase Arrangements</b>	<b>365.9</b>	<b>371.4</b>
<b>Future Income Taxes</b>	<b>1.7</b>	<b>2.4</b>
<b>Other Assets</b>	<b>10.9</b>	<b>11.3</b>
	<b>1,334.6</b>	<b>1,346.4</b>
<b>LIABILITIES AND PARTNERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	23.2	28.0
Distributions payable	29.9	29.9
Long-term debt due within one year	0.9	0.8
	<b>54.0</b>	<b>58.7</b>
<b>Asset Retirement Obligations</b>	<b>16.3</b>	<b>16.0</b>
<b>Long-Term Debt</b>	<b>445.0</b>	<b>444.4</b>
<b>Deferred Amounts</b>	<b>6.8</b>	<b>6.7</b>
<b>Partners' Equity</b>	<b>812.5</b>	<b>820.6</b>
	<b>1,334.6</b>	<b>1,346.4</b>

CONSOLIDATED PARTNERS' EQUITY

Three months ended March 31 (unaudited)

<i>(millions of dollars)</i>	2005	2004
<b>Balance, Beginning of Period</b>	<b>820.6</b>	<b>547.4</b>
<b>Net Income</b>	<b>21.8</b>	<b>20.1</b>
<b>Cash Distributions</b>	<b>(29.9)</b>	<b>(24.8)</b>
<b>Balance, End of Period</b>	<b>812.5</b>	<b>542.7</b>

See accompanying notes to the Consolidated Financial Statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### 1. Significant Accounting Policies

The consolidated financial statements of TransCanada Power, L.P. (the Partnership) have been prepared by the management of the General Partner in accordance with Canadian generally accepted accounting principles. The accounting policies applied are consistent with those outlined in the Partnership's annual financial statements for the year ended December 31, 2004, except as noted below. These consolidated financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the respective periods. These consolidated financial statements for the three months ended March 31, 2005 do not include all disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements included in the Partnership's 2004 Annual Report.

Quarterly revenues and net income are affected by seasonal contract pricing, seasonal weather conditions, attainment of firm energy requirements, and planned and unplanned plant outages, as well as items outside of the normal course of operations. Quarterly net income is also affected by unrealized foreign exchange gains and losses on the Partnership's U.S. dollar-denominated long-term debt. Revenues and net income from the Partnership's Ontario plants are generally higher in the winter months (October to March) and lower in the summer months (April to September) due to seasonal pricing under the power purchase arrangements (PPAs). Revenues and net income from the Partnership's hydroelectric plants are generally higher in the spring months due to seasonally higher water flows.

Since a determination of many assets, liabilities, revenues and expenses is dependent on future events, the preparation of these consolidated financial statements requires the use of estimates and assumptions which have been made with careful judgment. In the opinion of management of the Partnership's General Partner, these consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the Partnership's accounting policies.

### 2. Cash Distributions

Under the Partnership Agreement, the Board of Directors of the General Partner has the authority to retain an amount of funds generated from operations in excess of scheduled debt repayments and cash distributions ("Cash Reserve") that is determined to be necessary to satisfy the Partnership's current and anticipated obligations, which will include all or a portion of capital expenditures, or to normalize quarterly distributions of cash to unitholders.

<i>(unaudited)</i> <i>(millions of dollars except per unit amounts)</i>	Three months ended March 31,	
	2005	2004
Funds Generated From Operations	41.6	29.3
Scheduled Debt Repayment	(0.4)	-
Cash Reserve	(11.3)	(4.5)
Cash Distributions	29.9	24.8
Cash Distributions Per Unit	\$0.63	\$0.63

### 3. Operating Leases

As at March 31, 2005, the carrying value of the ManChief, Mamquam and Queen Charlotte plant, property and equipment was \$231.9 million (December 31, 2004 – \$231.9 million) less accumulated depreciation of \$5.6 million (December 31, 2004 – \$3.9 million). The Partnership's revenues for the first quarter of 2005 included \$9.6 million with respect to the ManChief, Mamquam and Queen Charlotte PPAs (March 31, 2004 – nil).

#### 4. United States Operations

For the three months ended March 31, 2005, the Partnership's U.S. operations generated approximately \$23.2 million of revenue (March 31, 2004 - \$3.9 million). As at March 31, 2005, the net book value of plant, property and equipment and PPAs included \$577.9 million (December 31, 2004 - \$586.1 million) related to assets held in the U.S.

For further information on the Partnership visit the Internet at [www.transcanada-powerlp.com](http://www.transcanada-powerlp.com) or contact:

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