



NORTHERN NOTES | DECEMBER 2018

"We are in business to serve our customers. Fairly. Efficiently. Reliably."

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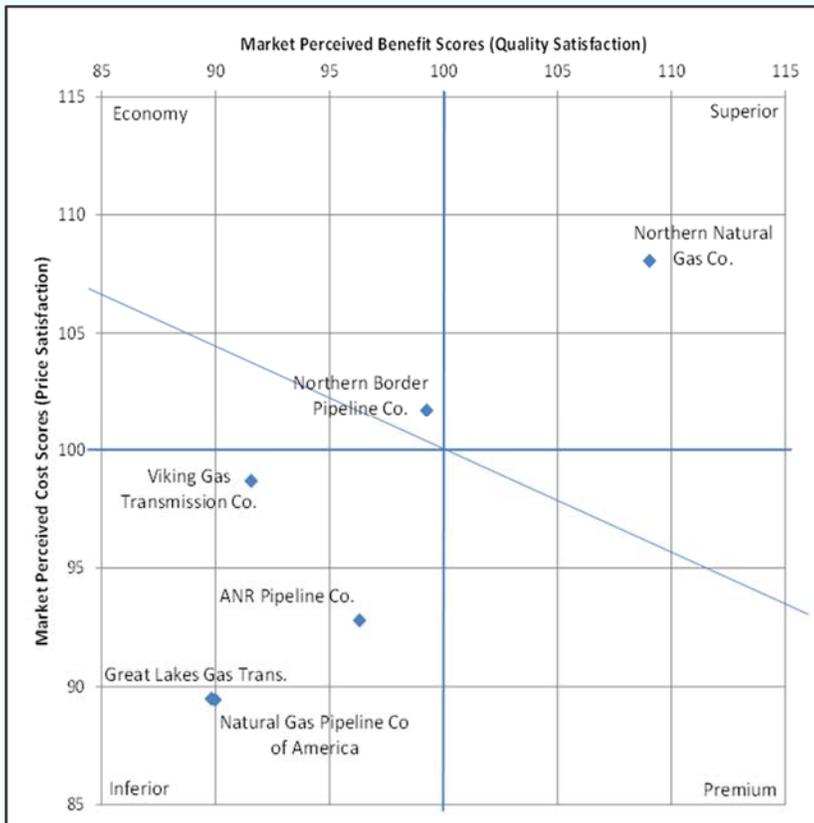
Northern enjoys being able to provide our customers with the best service in the industry. This is Northern's objective, regardless of the circumstances that surround our business. Each employee at Northern works every day with the customer in mind. Our commitment is to make it as easy as possible to do business with us. This commitment is key during weather patterns that stress the industry such as the cold winter and spring that occurred from January through April of this year, or during periods of impacts related to Northern's record pipeline investment in 2018. Northern is on track to have invested more than \$440 million this year in customer expansion projects, normal maintenance capital projects, and in modernization work to prepare Northern's system for years of continued reliable service. This level of pipeline installation, while beneficial to our customers, also requires us to work closely with our customers to minimize the impact to their business for the limited durations when pipeline capacity is impacted by the completion of this work. We were able to cooperatively work with our customers through these times this past year - while maintaining the reliability of our firm service.

Thank you for your business and your choice to partner with Northern again this year. Along with all of Northern's employees, I wish you a safe holiday season and a prosperous new year.




*Mark Hewett, President and CEO
Northern Natural Gas*

Best Interstate Pipeline in the Country!



One of Northern's core principles is customer service. Accordingly, Northern sets high customer service standards with the goal of providing the most reliable service and superior value to our customers. Our success toward this goal was reflected in the results from the 22nd edition of the Mastio & Company customer satisfaction survey in which Northern ranked first out of 37 interstate pipelines. Northern and its affiliate, Kern River Gas Transmission Company, have earned the top two spots in the survey for nine consecutive years. In the Mega Pipeline category, Northern has been ranked first among pipelines in this category for ten consecutive years.

Northern received its highest scores in the following areas:

- Firm transportation is highly reliable
- Scheduled gas volumes are accurate
- Accuracy of invoices
- Financial stability
- Representatives are accessible

The chart to the left summarizes the feedback of our customers, which rank Northern as "superior" as compared to our competitors, when considering factors of both quality and price.



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Ongoing Risk Analysis Results in Excellent Reliability

Operational excellence and regulatory integrity go hand in hand at Northern, and rarely is the pairing demonstrated as clearly as in the execution of Northern’s integrity management program. Northern uses a multifaceted approach to assess and manage risks, resulting in exceptional reliability for our employees, our customers and those who live near our pipeline.

Northern is proud to have completed its initial assessment of its baseline high-consequence areas (HCA) one year ahead of the deadline required by the 2002 Pipeline Safety Act; however, we are not satisfied with meeting baseline regulatory requirements. Northern is now well into the next phase of the process, reassessing HCA pipeline segments. Northern continues to complete these reassessments on time or ahead of regulatory deadlines. Northern annually ranks, by risk, all of its pipeline segments using an advanced geospatially-based risk model that considers all threats to pipeline integrity.



Example of location-specific risk data available to pipeline safety and operations employees

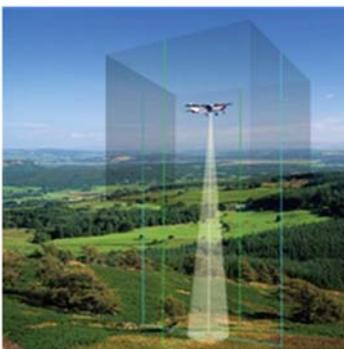
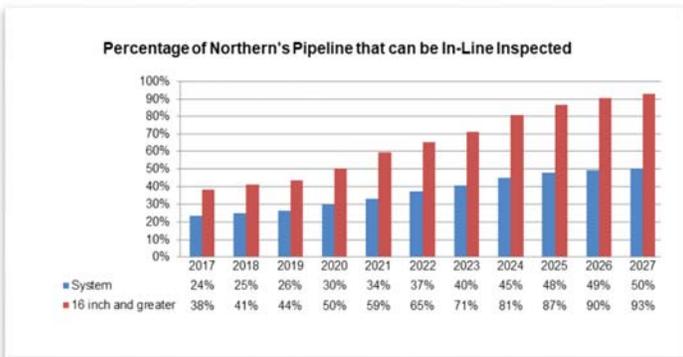
A team, consisting of Northern personnel and consultant subject-matter experts, develops and updates a complex risk algorithm that then is used to run the risk-ranking program. Due to the complexity of the model, it takes several days of 24/7 computer run time for the model to fully execute. The result is an updated risk ranking that is validated by the team and used to assess risk across the system. Geospatial maps, like the one shown above, are accessed to better understand the risk of any area on the pipeline.

One of Northern’s 2018 goals is to increase the percentage of pipeline with diameters of 16 inches or larger that can be in-line inspected. By the end of 2018, that percentage will be just over 41%. Northern is on track to be able to in-line inspect 93% of its pipeline by 2027, all while balancing capital limitations and delivery requirements.

The initial pipeline integrity assessments indicated excellent overall system integrity; only eight conditions requiring immediate investigation have been identified in HCAs. Through careful management of gas quality, no internal corrosion has been found, to date, in the Market Area portion of the system.

In addition to the in-line inspection of large diameter pipe, Northern uses hydrostatic testing, which uses water and pressure, to test smaller-diameter pipeline segments and other pipeline segments where in-line inspection is not a viable option. To date, Northern has assessed approximately 8,893 miles of pipeline by in-line inspection and hydrostatic testing. Northern also conducts aerial instrument-based leak detection surveys through use of aircraft equipped with light spectroscopy, more commonly known as light detection and ranging (LiDAR). When leaks are indicated, field personnel investigate and report their findings to management.

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LiDAR-equipped aircraft fly over pipelines looking for leaks

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Northern Natural Gas Joins ONE Future

In August, BHE Pipeline Group, comprised of Northern and its sister company, Kern River Gas Transmission, became the 14th member company in ONE Future, a non-profit coalition of leading companies formed in 2014 to develop policy and identify technological solutions to environmental challenges, with a focus on reducing methane emissions across the entire natural gas supply chain.

Northern's participation aligns with its principle of Environmental Respect, and will facilitate its ongoing efforts to reduce methane emissions. For years, Northern has engaged in a number of operational practices to reduce methane and greenhouse gas emissions. ONE Future membership is another step in that commitment. Since 1994 and through 2017, as reported through the EPA's Natural Gas STAR program, Northern has conserved approximately 29,958 million cubic feet of methane.

As part of its membership, BHE Pipeline Group will have one employee on ONE Future's Board of Directors and will participate in ONE Future's methane policy committee. Membership in ONE Future allows BHE Pipeline Group to identify and harvest best practices in methane emissions reduction and to have a proactive voice at the national level in stakeholder discussions on potential policies for regulation of methane emissions.

Matt Finnegan, vice president, resource management, BHE Pipeline Group said, "Linking arms with ONE Future's mission was not a difficult decision for us – it just makes sense. With the guidelines ONE Future provides, along with its toolbox of resources, I know we gain tremendous value from our membership, and we look forward to sharing our results along with all of the other members in the near future."

On November 15, 2018, ONE Future announced in its inaugural report that the coalition had registered a methane intensity number of 0.552% in 2017, well ahead of its goal to reach 1% by 2025. This measurement was calculated using EPA-approved reporting protocols, and was independently reviewed by National Energy Technology Laboratory and Innovative Environmental Solutions.

"Today's report validates that through targeted investment in abatement technologies, we can significantly reduce methane emissions across the natural gas supply chain," said Richard Hyde, executive director of ONE Future. "We are demonstrating that natural gas can indeed meet the growing energy needs of our country in a sustainable manner."

Northern Salutes its Military Veterans

In observance of Veterans Day, Northern conducted activities throughout its business footprint to honor the employees, contractors, and their family members who have served in the U.S. armed forces. The events were planned to honor veterans individually for their service, and to acknowledge the collective service of the company's military veterans.

The names of those employees, contractors, and their family members who have served, along with information on their respective rank, years of service, branch of service, and military campaigns served in, where applicable, form Northern's Roll Call of Honor. Placards with the names on the Roll Call of Honor were displayed prominently on the walls of the Omaha headquarters building, along with the flag of each U.S. military service branch. All told, including family members, more than 200 names are listed on the Roll Call of Honor; the list includes more than 70 BHE Pipeline Group employees who have served in the U.S. armed forces. Each military branch is represented by these veterans.



Northern's U.S. armed forces veterans were honored in a patriotic ceremony November 9

A ring of American flags was placed around the perimeter of the Omaha building in observance of Veterans Day. A patriotic-themed event was held in Omaha that included an acknowledgement of each of the 28 employees and contractors in the Omaha headquarters building who have served in the U.S. military. After the national anthem was played, the group was applauded by the employees in attendance. Following the event, there was a pancake breakfast for the Omaha employees. At Omaha field offices, team leaders held special breakfasts or lunches to honor their employees who have served the country.

Employees were invited to make a freewill contribution to At Ease USA, a nonprofit organization that provides access to confidential trauma treatment and therapeutic support for active military, veterans, and their loved ones, regardless of their ability to pay. Employees contributed more than \$1,200 to the organization.



Officers of Northern served employee veterans of the U.S. armed forces at a pancake breakfast observing Veterans Day

About Us

Northern Natural Gas is based in Omaha, Nebraska, and operates the largest interstate natural gas pipeline system in the United States, extending from the Permian Basin in Texas to the Upper Midwest. Northern provides transportation and storage services to approximately 81 utilities and numerous end-use customers in the Upper Midwest. Northern provides cross-haul and grid transportation between other interstate and intrastate pipelines in the Permian, Anadarko, Hugoton and Midwest areas. Northern also operates three underground natural gas storage facilities and two liquefied natural gas peaking units. These storage facilities are fully contracted and are central to meeting Northern's customers' peak-day system requirements.

Northern accesses supply from every major Mid-Continent basin, as well as the Rocky Mountain and Western Canadian basins. This supply is ultimately delivered to end-use customers in Minnesota, Iowa, Nebraska, South Dakota, Wisconsin, Illinois and the Upper Peninsula of Michigan.

Northern's Principles

Northern's principles define and shape the way we do business. We are committed to an unwavering focus on these principles that shape our business. At the top of the list is Customer Service, followed by five other interrelated principles that are key to providing the service that customers expect.

Customer Service

We are focused on delivering reliability, dependability, fair prices and exceptional service to our customers.

Employee Commitment

We equip employees with the resources and support they need to be successful. We encourage teamwork and provide a safe, rewarding work environment. We make no compromise when it comes to safety.

Environmental Respect

Natural resources are essential for the production of energy. We are committed to using these resources wisely and protecting our environment for the benefit of future generations. Our Environmental RESPECT Policy details this commitment in the areas of Responsibility, Efficiency, Stewardship, Performance, Evaluation, Communication and Training.

Regulatory Integrity

We adhere to a policy of strict regulatory compliance and pursue frequent, open communication with regulators regarding our business performance.

Operational Excellence

Together with our employees, we pride ourselves on excellence in every aspect of our work. Our high standards for operations and system maintenance enable us to meet and exceed our customers' expectations, perform our work safely, and preserve our assets.

Financial Strength

We are excellent stewards of our substantial financial resources. Backed by Berkshire Hathaway, we invest in hard assets and focus on long-term opportunities that will contribute to the future strength of the company.



Customer Commitment

Northern's Vision Statement

To be the preferred provider of natural gas transportation and storage services based on our integrity, operational excellence, financial strength and environmental responsibility

Northern's Mission Statement

We are in business to serve our customers.
Fairly. Efficiently. Reliably.

These statements mean that

- We will deliver on time what we promise
- We will share the purpose behind our actions
- We will commit to making it easy to do business with us
- We will negotiate and perform in good faith
- We will continue to invest in the pipeline in order to provide you highly reliable service and to meet your future growth needs

Helping You Manage Your Business

Northern offers many services and has access to a wide range of supply basins to help you manage your business easily and efficiently. Many of Northern's systems and procedures have been streamlined to make the business Northern does and the information Northern shares timely and accurate.

For technical inquiries or information

Email: nng.helpdesk@nngco.com

Local to Omaha: 402-398-7664

Out of area: 866-810-5268

Questions or comments

If you have questions or comments, contact us at nngcustomerservice@nngco.com.

Feedback and Suggestions

To provide feedback about *Northern Notes*, or suggestions of newsworthy topics to cover in this electronic publication, contact Steve Gilbert at Steve.Gilbert@nngco.com