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Northern Responds to Needs Arising from the COVID-19 Pandemic
A Message from Mark Hewett: Working Together During the Pandemic

I hope this communication finds you and your loved ones safe and healthy. We are clearly in the midst of a difficult time, one that is certain to leave a permanent mark on our world. The human cost of COVID-19 is devastating, and the inconveniences of daily life pale in comparison to the suffering of so many.

Our customers, employees and industry have continued to manage business, both inside the office and at home, in an impressive way. The strong relationships we enjoy with our customers have helped us work together efficiently and productively during this challenging time. It seems we still have challenges ahead in dealing with the pandemic, and I commit that the Northern team will maintain its intensity and continue to provide the best service in the country.

Please know that the Northern team appreciates any opportunity to connect with you, and we look forward to resuming in-person meetings and visits when it is safe to do so.

Stay safe and healthy.

Northern’s Rate Case Update

Northern is pleased to confirm that a settlement in principle has been achieved in the pending rate case. By working together with customers, the settlement terms represent a balanced outcome, provide certainty for all parties, conclude an expensive and time-intensive process, and will hasten implementation of lower settlement rates and refunds. As a result of the settlement, significant customer dollars will stay in the communities served by our customers.

On May 20, 2020, Northern filed a motion to implement settlement rates effective May 1, 2020, for the June billing of the May 2020 reservation and commodity charges. In response to Northern’s request, on May 27, 2020, the Federal Energy Regulatory Commission’s Chief Judge issued an order approving the implementation of interim settlement rates, effective May 1, 2020. The Section 4 Settlement Rate Summary table and the MID matrix tables are located on Northern’s rate proceeding documents web page.

A select number of tariff items have been deferred to the working group that is being developed as part of the settlement. Northern looks forward to working with customers collaboratively. The impact of COVID-19 on logistics must be considered, and we are open to using conference calls and other technology to facilitate collaboration with a broad group until gathering in person becomes a prudent option. These issues are important and Northern hopes to find consensus among stakeholders to solve them.

Northern is eager to implement lower rates, issue refunds, and move forward together with our customers to grow our respective businesses. Northern is optimistic that its strong relationships with customers will continue to result in balanced outcomes, like the results of the rate case settlement.

Ongoing Capital Improvements

On the heels of Northern’s record-setting construction season in 2019, in which nearly $800 million in projects were completed, work has started on approximately $500 million in non-revenue generating capital projects to modernize Northern’s system and maintain reliability and pipeline integrity. Northern’s project work for 2020 includes the following.

- Complete the moderate consequence area assessment projects to comply with Pipeline and Hazardous Materials Safety Administration rules
- Convert 238 miles of pipeline to be in-line inspectable
- Abandon 232 miles of mechanically coupled A-mainline segments
- Add compression at the Tesco, Kansas, compressor station and install four miles of mainline loop on the West Leg to replace A-mainline capacity lost due to pipeline abandonment
- Replace a compressor unit at the Bushton, Kansas, compressor station and start replacement of multiple units at the Farmington, Minnesota, compressor station
- Implement numerous town border station improvements including facility replacements and stabilizations
- Remediate shallow and exposed pipeline segments

(continued next page)
Ongoing Capital Improvements (continued)

Despite the challenges that the COVID-19 pandemic has presented, Northern continues to be on track to complete all of the projects it has planned for 2020. With the construction season currently ramping up, Northern will have started construction on more than 400 projects by the end of June. These projects represent close to 75% of the total non-revenue generating capital spending for the year. The majority of the remaining projects will be started in the third quarter, with all projects completed by the end of the year.

Summer Maintenance Overview

The summer 2020 facility maintenance season is underway. In addition to the work that will be required on capital improvement projects (see article above), Northern also plans improvements that will convert approximately 300 miles of large-diameter pipeline to be inspectable using in-line inspection tools. The following pipeline segments will be converted this summer.

- Beaver, Oklahoma to Mullinville, Kansas
- Clifton, Kansas to Beatrice, Nebraska
- Beatrice, Nebraska to Palmyra, Nebraska
- Oakland, Iowa to Ogden, Iowa

Northern has scheduled more than 800 maintenance outages during the summer months in order to accomplish the projects mentioned above as well as other summer maintenance activities. Every maintenance outage is reviewed and planned with the primary goal to minimize customer impacts. Please see the Planned Service Outage Summary for any changes throughout the season.

A-Line Abandonment Continues

Northern is engaged in a multi-year program to abandon its A-line mainline. Some segments have already been abandoned. Three major projects have been approved by the Federal Energy Regulatory Commission, and Northern will soon be filing applications for abandonment with the Commission that, when approved, will result in the abandonment of approximately 200 miles of the A-line. On May 21, 2020, Northern filed with the Commission an application to abandon 115 miles of the A-line between Clifton, Kansas, and Palmyra, Nebraska. In June, Northern will file to abandon 81 miles of the A-line between South Sioux City, Nebraska, and Sioux Falls, South Dakota.

The A-line segments are among the older pipelines on Northern’s system, and because the A-line was mechanically coupled rather than welded, the pipeline cannot be in-line inspected. The replacement of the A-line will increase the system’s safety and reliability. The abandonment of the A-line and the construction of the pipeline to replace the lost capacity is a major component of Northern’s expended and planned expenditure of non-revenue capital investment in its system.
Northern experienced an up and down heating season. Overall, Northern’s 2019-2020 heating season was warmer than the 2018-2019 heating season. The table to the left shows, by month, the system-weighted temperature variance as a percentage to normal for the past six winter seasons.

The cold weather began right away in November 2019 with 25 of the 30 days being at or below normal temperatures with temperatures 20%, or approximately 6 degrees, colder than normal. The 2019-2020 winter season variance ended at normal.

The graph below recaps the 2019-2020 heating season impact to Market Area deliveries compared to the previous two heating seasons.


Northern recorded its third highest Market Area delivery day February 13, 2020, when Market Area delivery was 5.366 Bcf/day. The highest recorded Market Area peak delivery for the season, and the highest overall, was January 30, 2020, with a delivery of 5.621 Bcf/day. February 13, 2020, was the highest delivery day for the month of February. Northern also set a monthly record in November 2019 with a delivery of 4.555 Bcf/day recorded November 11, 2019.

Northern delivered 4.0 Bcf/day or more to its Market Area on 39 days during the 2019-2020 heating season. This happened despite balancing at normal temperatures for the season and compares to 50 days of Market Area deliveries of 4.0 Bcf or more during the 2018-2019 heating season when the system-weighted temperature was 13% below normal.

The graph to the lower left shows Northern’s system-weighted temperature and loads for the 2019-2020 heating season.

Although the 2019-2020 heating season temperatures were, on balance, normal, Northern and its customers experienced dynamic hourly changes resulting in new hourly peak records.

Northern set the record for the highest hourly average for Market Area deliveries January 16, 2020, with an average of 6.162 Bcf/day for the 0800 hour. Northern set four of the top 10 hourly peaks during the 2019-2020 heating season. Despite these high hourly deliveries, Northern met all firm transportation volume and pressure guarantee requirements. Throughout this challenging winter, the combined efforts of Northern and its customers resulted in reliable service to the Market Area.
Northern and Kern River Continue to Hold Top Two Spots in Mastio Survey

Northern received the No. 2 ranking among all U.S. interstate pipelines, with Kern River Gas Transmission, Northern’s pipeline affiliate, placing first in Mastio & Company’s 24th Edition customer satisfaction survey. Thanks to its customers’ ratings, for the 11th consecutive year, Northern has ranked first in both the Mega Pipeline and Major Pipeline categories. As the graph on the lower right shows, Northern is ranked “Superior” by its customers compared to other Midwest pipelines. With these results, Northern and Kern River have held the top two spots for customer service among all interstate pipelines for 11 consecutive years—a remarkable acknowledgement of BHE Pipeline Group’s steadfast commitment to its customers. “To continue to earn our customers’ trust and confidence, every employee at Northern must work with one common goal—providing outstanding customer service,” said Laura Demman, vice president of customer service and business development.

“Northern continually looks for ways to better meet the needs of its customers. In addition to Mastio survey feedback, we actively seek to engage with customers to help identify opportunities for improvement.”

The Mastio & Company survey consists of 29 questions that Mastio refers to as attributes. The following are some of the items on which Northern excelled.

- Firm gas transportation is highly reliable
- Scheduled gas volumes are accurate
- Representatives are accessible when needed
- Accuracy of gas measurement systems
- Accurate operational information is readily available
- Representatives who listen well
- Pipeline staff provides prompt and accurate responses to questions, requests and issues

Environmental Respect: Methane Emission Reductions

Environmental Respect is one of Northern’s six core principles. Consistent with this principle, Northern works to minimize the release of methane emissions from facility operations and pipeline projects. Northern calculates an annual methane emissions rate that states methane emissions as a function of total pipeline throughput. The estimation protocol was developed by One Future, a non-profit natural gas industry coalition focused on improving the management of methane emissions across the entire natural gas value chain. The 2019 methane emissions rate for Northern was less than 25% of the average methane emissions rate for the transmission and storage segment of the natural gas industry, demonstrating that Northern continues to outperform the industry in terms of the methane emissions rate.

Methane leak reduction has been a priority at Northern. Northern has been a participant in the U.S. Environmental Protection Agency’s Natural Gas STAR voluntary emissions reduction program since 1994 and is a founding partner in the Natural Gas Star Methane Challenge Program, started in 2016. With its focus on methane emissions reduction, Northern takes specific actions to avoid methane emissions where possible. Northern strives to reduce pipeline pressure before blowdowns. Northern also utilizes a stopple-bypass process during construction projects; the process avoids service interruptions and eliminates the methane emissions that would have otherwise resulted if the gas in the pipe were vented. Northern utilizes recompression for liquefied natural gas storage tank vents at its LNG facilities to capture and re-use the methane rather than venting it to atmosphere. Northern has managed its operations to minimize releases of methane, thus reducing greenhouse gas emissions, enhancing pipeline integrity, making operations safer, and reducing costs for customers through reductions in lost gas.
New Throughput Management System In-Service

On December 13, 2019, Northern implemented its new Throughput Management System (TMS), Northern’s largest customer interfacing application that allows our customers to nominate, confirm and schedule gas on the pipeline seven times a day. Northern elected to rollout the new application initially to its customer service representatives in order to avoid implementing these changes for our customers during the busy winter months. Northern had planned to have customers migrate to the new system in June 2020. However, based on customer feedback and in response to the COVID-19 pandemic, rollout of the new TMS was postponed until late-July to mid-August. The pandemic required many customers to work remotely, which impaired the instructional process. Northern continues to monitor the COVID-19 situation and is providing training via WebEx as customers’ schedules allow. Customer service representatives will continue to contact customers to schedule training sessions.

Northern is excited to share the new TMS application with its customers. For customers wishing to familiarize themselves with the new application, training materials are currently available on Northern’s Website under the TMS Training Materials (Java web-based version) section of the Support-Training Materials webpage. The training materials include:

- TMS User Manual
- Short video clips demonstrating navigation functions, new features and enhancements
- Quick Tips sheet
- Separate testing environment where customers may use their current TMS user IDs and passwords to access the test environment

A screen shot of the short video clip topics is shown below.

As noted in earlier communications, the overall structure of the TMS application remains unchanged; however, the following enhancements have been incorporated.

- TMS is now a web-based application, meaning customers will no longer need to use the Citrix software to access TMS.
- Customers will have the ability to view nomination cuts as they occur during the scheduling process for all seven nomination cycles instead of waiting until scheduled quantities are posted for each cycle.
- More intuitive user options, e.g., predictive contract and location lookup features, have been added.
- Screens will offer more dynamic grid features, e.g., column filtering, drag and drop grouping, multi-column sorting, and hide/show columns.
- Customers will have better visibility, including detail and status, of EDI transactions.

If you have any questions or concerns, please contact your customer service representative.
Have you met …?

Dwayne Luzum
Dwayne Luzum became project director, compression and mechanical team in the engineering department in November 2018. He began his Northern career in December 1997 as a mechanical project engineer. Before Northern, Dwayne worked at the BP (Amoco) Refinery in Whiting, Indiana, as a project engineer, maintenance engineer, and rotating equipment specialist. Dwayne graduated from Hastings College (Nebraska) with a Bachelor of Arts in Physics and Math and from Washington University (St. Louis) with a Bachelor of Science in Mechanical Engineering. He is a licensed professional engineer in Indiana. Dwayne and his wife, Shally, have been married for 31 years and have three children. Dwayne enjoys fishing, hunting, gardening and spending time with his family.

Taylor Wirth
Taylor Wirth was promoted to manager of facility planning in September 2019. Taylor is a native of Rapid City, South Dakota, and moved to Omaha for a position at Northern. She began her career at Northern in May 2017 as an engineer in the pipeline integrity and risk group. Taylor graduated from the South Dakota School of Mines and Technology with a Bachelor of Science in Industrial Engineering and Engineering Management, and she is currently pursuing a master’s degree in business administration from Bellevue University in Nebraska.

Taylor and her husband, Jared, married in May 2020. She enjoys traveling, hiking, camping and interior decorating.

American Red Cross Blood Drive
With the cancellation of more than 100,000 blood drives nationally during the COVID-19 pandemic, the need for donated blood has reached critical stages. When the American Red Cross relayed that its scheduled blood drive at Northern would have to be cancelled due to social distancing requirements and space restrictions in the organization’s bloodmobile, Northern offered use of its conference room in the Omaha building.
Specific measures were taken to protect staff and donors from unintentionally spreading the virus. These measures included additional cleaning and disinfec ting, mandatory use of face masks, and social distancing. With these procedures in place, 25 employees were able to donate blood, besting the goal of 22 pints. Northern employees are doing their part to help the community fight the impacts of the virus one pint at a time.

Food Bank for the Heartland Contribution

Employees at Northern’s Omaha headquarters contributed more than $3,300 to the Food Bank for the Heartland through a two-week jeans day promotion during the past school year to support the Food Bank’s efforts to supply meals to disadvantaged students who will miss free and reduced-price lunches because local schools have closed early as a response to the COVID-19 pandemic.

The Food Bank was the primary distribution point in Omaha and western Iowa for food to these students and their families.

The amount contributed by employees was matched through the corporate Matching Gift program for a total community impact of $6,724. Northern’s contributions equate to feeding 150 families for 10 days.

Mayo Clinic Mask Donation
In mid-April, Northern donated 4,000 masks to the Mayo Clinic in Rochester, Minnesota, to address the Clinic’s need for COVID-19 protection equipment for its medical staff. Northern responded after a story was published in the local newspaper describing the Clinic’s desperate need for masks. Rochester lies within Northern’s larger Market Area.

“Northern is pleased to be able to support the Mayo Clinic medical personnel serving on the front-line in the fight against the COVID-19 virus,” stated Heather Martin, director of safety at Northern. She added, “These professionals selflessly tend to those infected by the virus. Their work, in challenging and difficult conditions makes a difference in people’s lives. They deserve the best protection in this fight.”

In this photo provided by the Mayo Clinic, a representative of the hospital holds a thank-you note in appreciation for the masks donated by Northern.
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 focus on these priorities:
- 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.

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Out of Area: 866-810-5268

Questions or comments
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Feedback and Suggestions
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