BERKSHIRE HATHAWAY ENERGY

From our roots in renewable energy, Berkshire Hathaway Energy has grown to a $92 billion portfolio of locally managed businesses that share a vision of being the best energy company in serving our customers, while delivering sustainable energy solutions. These businesses deliver affordable, safe and reliable service each day to more than 11.8 million electric and natural gas customers and end-users around the world. Our employees pride themselves in putting customers first in all they do, and as a result, our businesses consistently rank high among energy companies in customer satisfaction. Berkshire Hathaway Energy is headquartered in Des Moines, Iowa, U.S.A.
Berkshire Hathaway Energy has a vision to be the best energy company in serving our customers, while delivering sustainable energy solutions. Our core principles – customer service, employee commitment, environmental respect, regulatory integrity, operational excellence and financial strength – guide our decisions as we work to provide balanced outcomes for all stakeholders.

With a focus on strength, solutions and sustainability, we are prepared for a productive and dynamic future. Our culture encourages personal responsibility to our customers as our employees provide them with safe, reliable service. Our diverse portfolio mitigates risk, and through our expanded investments in renewable energy generation, we are reducing the carbon footprint of our businesses.

Throughout 2018, we advanced our businesses by:

- Building coalitions with our stakeholders to ensure affordable, clean energy remains available to our customers
- Engaging, training and developing employees to deliver the best solutions for customers
- Formalizing a sustainability framework to ensure our businesses can achieve positive results well into the future
- Receiving regulatory approval on several renewable energy projects to reduce the impact our operations have on the environment
- Enhancing our cyber and physical security programs and making advancements in grid resilience
- Strengthening our financial position so we can reinvest in our people and businesses

We are also rethinking, reinventing and reimagining our business to expand our value beyond price and service as competition for customers grows. By putting our customers first and collaborating with our employees, stakeholders and communities, we are building a foundation for continued success.

We are well-positioned to move forward because of the unique competitive advantage and financial strength that comes from being part of the Berkshire Hathaway Inc. family of businesses. With hard work, a continuous improvement mindset and a focus on growth, we will continue to find new, innovative ways to deliver on our vision.

Gregory E. Abel
Chairman
Berkshire Hathaway Energy

William J. Fehrman
President and CEO
Berkshire Hathaway Energy

QUICK FACTS

CONSOLIDATED FINANCIALS 2018

FINANCIAL RESULTS
(Billions)

$19.8 Operating Revenue

$4.1 Operating Income

$2.6 Net Income Attributable to BHE

CASH FLOWS
(Billions)

$6.8 Net Cash Provided by Operating Activities

$7.0 Net Cash Used in Investing Activities

$0.2 Net Cash From Financing Activities

REAL ESTATE SERVICES 2018

BROKERAGE
LOCATED IN 30 STATES AND WASHINGTON, D.C.

(Includes full year of companies acquired in 2018)

$42,599 Agents

$137.6 Sales Volume (Billions)

MORTGAGE
LICENSED IN 45 STATES AND WASHINGTON, D.C.

(Includes full year of companies acquired in 2018)

$7,829 Closed Loans

$7.5 Mortgage Volume (Billions)

FRANCHISE
LOCATED IN 47 STATES

(Berkshire Hathaway HomeServices, including wholly owned subsidiaries)

$103.1 Sales Volume (Billions)
11.8 million customers and end-users

238,300 line miles electricity transmission and distribution

23,000 employees

18 states with customers and end-users served by regulated energy businesses

43,800 pipeline miles natural gas transmission and distribution

49 states with mortgage, brokerage and franchise businesses

Hawaii
Philippines
Great Britain
To be the best energy company in serving our customers, while delivering sustainable energy solutions.

Providing the energy solutions our customers depend on is a privilege and a responsibility. Our employees embrace a culture of personal responsibility to our customers and work hard to exceed expectations. Our culture encourages ownership and accountability for one’s actions, and we take pride in the results achieved as individuals and as a team. This approach provides line of sight deep into the business so risks and opportunities are identified early and managed timely for the benefit of our customers.

Our strategy remains unchanged — reinvest in and take care of our existing businesses and assets, invest in internal growth opportunities, and acquire companies that are additive to our business.
CUSTOMER SERVICE
We are focused on delivering reliability, dependability, fair prices and exceptional service to our customers. We are committed to providing innovative solutions for the energy services our customers want and need.

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 and security.

ENVIRONMENTAL RESPECT
We are committed to using natural 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 Inc., we invest in hard assets and focus on long-term opportunities that will contribute to the future strength of the company.

OUR CORE PRINCIPLES
Our employees embrace a set of six core principles that guide our business decisions. We operate with a culture of personal responsibility to our customers and strive to achieve excellence in every aspect of our business.

OUR CORE PRINCIPLES
- CUSTOMER SERVICE
- EMPLOYEE COMMITMENT
- ENVIRONMENTAL RESPECT
- REGULATORY INTEGRITY
- OPERATIONAL EXCELLENCE
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During 2018, HomeServices of America expanded its footprint in Texas, consolidated its brokerage operations in Omaha, Nebraska, and assumed full ownership of the Berkshire Hathaway HomeServices and Real Living Real Estate franchise networks. HomeServices of America has committed to a national innovation approach as a strategic imperative to leverage the combined strength of the enterprise to automate and deliver a superior end-to-end REALTOR® and customer experience.

Doing what’s best for customers is not just a business strategy; it’s our culture. Our teams put our customers first by delivering what they want, when they want it.

Each of our businesses and our employees play an important role in making our customers’ lives better. We continue to build on our internal foundation of delivering exceptional customer service with every interaction. Our businesses are committed to supporting the communities in which we operate, and we encourage our employees to contribute their time to activities and organizations that matter to them.

In 2018, PacifiCorp partnered with Facebook and state and local community leaders to enable a data center expansion in Oregon supported by 100% renewable energy. PacifiCorp also will support Facebook’s data center being developed in Eagle Mountain, Utah, with 100% renewable energy. Both of these efforts represent a new approach PacifiCorp is pioneering for large business customers seeking new ways to meet their sustainability goals with renewable energy from specific, dedicated generation facilities.

BHE Pipeline Group retained its No. 1 ranking in Mastio & Company’s 2018 survey on pipeline customer satisfaction in the Major Organizational Group category for the 13th consecutive year. For the 10th consecutive year, Northern Natural Gas placed first in both the Mega Pipeline and Major Pipeline categories. Kern River Gas Transmission Company retained its No. 1 ranking in the Regional Pipeline category for the 8th consecutive year.

NV Energy hosted 10 energy assistance expos throughout southern Nevada during 2018. Approximately 1,900 customers attended expos in their respective neighborhoods, and the company broke previous records by providing more than $500,000 in energy bill assistance to senior customers in need.
The Commitment to Excellence, along with its core tenets of collaboration, communication and respect, began as a partnership between NV Energy and International Brotherhood of Electrical Workers Locals 1245 and 396, two bargaining units that represent nearly half of NV Energy’s employees. MidAmerican Energy Company expanded on the Commitment to Excellence by working to create a more positive and collaborative relationship with International Brotherhood of Electrical Workers Locals 109 and 499 and United Steelworkers Local 738. Ongoing conversations with employees have resulted in a number of positive improvements and equipped employees to perform at their best. These changes range from creating new positions to deliver cutting-edge technologies throughout the workforce, to streamlining the onboarding process and removing barriers to productivity.

BHE Renewables’ hydroelectric operations in the Philippines continued its strong safety culture and Commitment to Excellence. As of December 31, 2018, more than 2.6 million work-hours had accumulated without a lost-time accident, spanning a period of more than 17 years since initial operations began in 2001. This record is particularly noteworthy, as the facility is located in the Pacific typhoon region and experiences an average of 20 typhoons in any given year.

Northern Powergrid’s workforce renewal program has resulted in more than 550 employees joining the organization, including more than 300 engineering graduates and apprentices. In addition, two of the U.K.’s first cybersecurity apprentices have joined the organization and are part of a government initiative to protect critical national infrastructure.

Our employees are integral to our success, and our businesses foster a culture of personal responsibility to our customers that is based on ownership and accountability. We provide fulfilling employment opportunities, are committed to attracting and retaining the best employees, and support an environment that reflects the diversity of our communities. Offering exceptional career development opportunities—including leadership programs, job-specific training and apprenticeships—along with building inclusive teams has made a positive impact on our businesses.

Keeping our customers and co-workers safe and secure is a top priority to everyone at Berkshire Hathaway Energy. Our employees take this responsibility seriously, and our businesses share best practices and use proactive measures to help ensure safety in all of our operations. Continually improving our safety performance requires us to measure it on a consistent basis, and that measurement is reflected in an annual recordable incident rate. Because of the teamwork, commitment and engagement of our employees, we achieved our best-ever annual recordable incident rate of 0.56 in 2018, a significant improvement upon our 2017 performance of 0.71.

We are vigilant in managing our employees’ and customers’ personally identifiable information and work to create strong layers of defense against cyber and physical security events. We take pride in protecting the resiliency of the energy grid and safely delivering the energy our customers depend on.

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In October 2018, approximately 300 MidAmerican Energy Company employees participated in the company’s first-ever large-scale community service project by volunteering their time and energy with seven community organizations in the Des Moines, Iowa, area.

Projects that enhance the educational experience are an investment in our future leaders. BHE Renewables’ financial support helped start a robotics team at Rosamond High School in 2014. In 2018, the robotics team qualified for the Robotics World Championships in Houston, Texas. Rosamond High School is located in Rosamond, California, near BHE Renewables’ Solar Star projects.

In 2018, the NV Energy Foundation, NV Energy and its employees gave nearly $7 million through both financial and in-kind donations of more than 34,000 volunteer hours to hundreds of nonprofit organizations in Nevada. These groups represent a range of interests, including arts and culture, education and STEM programs, environment and community enhancement, and safety and wellness.
Since 2015, Northern Powergrid has been working with the Trussell Trust, which aims to stop hunger and poverty in the U.K. and has a network of foodbanks that provide emergency food and support to people in crisis. In addition, Northern Powergrid donated £25,000 in 2018 to More Than Food, a program that provides grant awards to encourage innovation and entrepreneurship for local foodbanks.

Supporting diversity and inclusion across our workforce and in the communities we serve is an important initiative at Berkshire Hathaway Energy. In 2018, PacifiCorp sponsored an event for Incight, an organization that serves as a resource to unlock the potential of people with barriers. Incight provides tools in the areas of education, employment and independence for the disabled, veterans, single parents and people experiencing homelessness.

Northern Natural Gas and Kern River Gas Transmission Company employees contributed money and new toys to the 2018 Toys for Tots holiday campaign, which is sponsored by the U.S. Marine Corps. Northern Natural Gas and Kern River Gas Transmission Company employees have been participating in the annual campaign since 2009 and 2015, respectively.
ENVIRONMENTAL RESPECT

Berkshire Hathaway Energy is a leader in renewable energy. Through its businesses, Berkshire Hathaway Energy owns nearly 8,000 megawatts of wind generation capacity and more than 1,500 megawatts of solar-powered generation, including two of the largest solar photovoltaic projects in the world. Our portfolio reduces our carbon footprint, and we will continue to pursue and invest in renewable energy opportunities for the benefit of our customers.

Berkshire Hathaway Energy’s core principle of Environmental RESPECT recognizes the importance of minimizing the impacts our operations have on the environment. Through the responsible, strategic management of our assets, we evaluate our environmental performance and continually seek ways to reduce carbon dioxide and methane emissions, while diversifying our energy supply.

Kern River Gas Transmission Company and Northern Natural Gas are members of the U.S. Environmental Protection Agency’s Natural Gas STAR and Methane Challenge programs, which facilitate the adoption of technologies and practices to reduce methane emissions. The companies also are members of Our Nation’s Energy Future Coalition, an industry-led coalition of companies from across the natural gas value chain focused on identifying policy and technical solutions that yield continuous improvement in the management of methane emissions. The combined companies’ commitment resulted in the reduction of more than 630 million cubic feet of methane in 2018 and also saved approximately $1.9 million in the process.

In 2018, AltaLink donated the materials, time and labor to install two unique bird nesting platforms, providing endangered species with safe places to nest in its service territory.

With more than 1,500 megawatts of solar generation in operation, BHE Renewables is emerging as an industry leader in solar energy generation ownership and continues to develop its portfolio with noncarbon resources that bring economic, environmental and financial benefits to stakeholders. In 2018, BHE Renewables completed development of its latest solar project – the Community Solar Gardens project in Minnesota, which includes 98 megawatts of solar generation across 28 individual projects.
NV Energy is committed to doubling its current amount of renewable energy by 2023 and is advancing a plan to supply its customers with 100% renewable energy. In 2018, NV Energy received regulatory approval for its largest-ever solar energy investment that includes six new solar facilities totaling 1,001 megawatts along with 100 megawatts of battery storage. In addition, NV Energy is seeking to develop an additional 300 megawatts of renewable energy to further advance clean energy in Nevada.

Between 2015 and 2023, Northern Powergrid is investing more than £15 million to replace 75 miles of overhead lines with underground cables in national parks and areas of outstanding natural beauty, reducing the visual impact of the network on the environment. In addition, Northern Powergrid is piloting a groundbreaking project called Silent Power, which uses an electric vehicle equipped with a large battery to support small parts of the network during a power outage as an alternative to traditional diesel generators. The application has the potential to reduce cost, noise and carbon dioxide emissions.

MidAmerican Energy Company continues to explore ways to serve its customers through its vision to provide 100% renewable energy to customers. In 2016, MidAmerican Energy Company initiated a battery pilot project to test how best to use an energy storage system and how it can serve customers in the future. The company also is working on programs to encourage utility-scale solar in its service territory as another way to deliver renewable energy.

In 2018, Rocky Mountain Power joined forces with local housing developer GIV Development to tackle Salt Lake City’s affordable housing shortage, while also improving local air quality. Affordable housing and air quality are key issues for local residents and for a city that continues to grow at a record pace. The partnership resulted in a revolutionary multifamily housing development project that is all-electric, and all of its energy usage is offset with solar energy from Rocky Mountain Power’s Subscriber Solar program. This means the GIV Development facility contributes zero emissions as it supports Rocky Mountain Power’s highly efficient utility-scale solar plants located in rural Utah, all while delivering lower energy costs for residents.

Of our owned and contracted generating capacity, 43% comes from renewable and noncarbon sources.
In 2017, the Alberta Utilities Commission approved a first-of-its-kind negotiated settlement for AltaLink’s general tariff application, which increased customers’ savings to more than C$650 million from 2015-2018. Setting yet another milestone, AltaLink filed its 2019-2021 general tariff application in 2018 with the Alberta Utilities Commission, requesting that prices be kept at 2018 rates. AltaLink is committed to finding innovative solutions to provide customers with cost certainty and predictability.

MidAmerican Energy Company’s habitat conservation plan aims to help protect four bat species by modifying certain nighttime wind turbine operations and making additional operational changes to enhance bat protection. The plan also proposes measures to reduce impacts on bald eagles that may be present near MidAmerican Energy Company’s wind farms.

BHE Renewables completed regulatory training to allow for operation of the Walnut Ridge wind project in the PJM Independent System Operator energy market. These proactive regulatory efforts provide BHE Renewables the opportunity to diversify its operating assets, while also allowing PJM to diversify the resources in its market.

BHE Pipeline Group delivered 8% of the natural gas consumed in the U.S. in 2018. As an important part of our nation’s energy delivery system, our businesses work cooperatively with our regulators to ensure the safe and reliable delivery of natural gas to meet growing energy needs.

Integrity in performance – engaging in honest and open dialogue, doing what we say we will do and maintaining compliance – is essential to our business philosophy. We are dedicated to providing balanced outcomes for our stakeholders, and operating with integrity is critical to achieving this success.

We work closely with customers, regulators, legislators and other stakeholders to help protect the energy and economic needs of our customers and ensure we are compliant with regulatory requirements. By maintaining transparent and responsive working relationships with our stakeholders, we are able to seek opportunities to reduce energy demand and deliver sustainable energy solutions to benefit the customers and communities we serve.
Excellence is in the details, and getting the details right requires a well-defined mission, clearly articulated values and a solid plan with measurable goals and accountabilities. We focus on the fundamentals, and that focus leads to success as our businesses meet customers’ energy needs today and prepare to meet their energy needs of the future.

Our continuous improvement philosophy drives operational excellence. By building and operating our energy assets to achieve optimum efficiency, we deliver extremely high levels of energy reliability and availability and provide long-term price stability so we can provide affordable energy for residential, commercial and industrial customers. BHE Renewables’ Solar Star energy storage pilot project will provide valuable information into the operations of cutting-edge technology that uses solar panels to charge lithium-ion batteries to offset the energy load of its asset management building. BHE Renewables will use this information to provide larger-scale renewable energy solutions to its customers.

Northern Powergrid is deploying drones across its network to conduct more efficient line inspections and access hard-to-reach territories. Ten engineers received accreditation in 2018 to pilot the drones as the company modernizes its operations.

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Customer savings of $241 million

The Western Energy Imbalance Market, a real-time power trading market, enables PacifiCorp, NV Energy and its six other utility participants, to make use of lowest-cost energy, while optimizing the use of clean energy sources like solar and wind. The result is cheaper and cleaner energy for customers. Since its launch in November 2014, the EIM has produced more than $175 million in energy savings for PacifiCorp’s customers. NV Energy joined the EIM in December 2015, and since that time its customers have received more than $66 million in energy savings.

Through extensive planning, asset maintenance and investment, and an employee focus on system integrity, BHE Pipeline Group operates its assets at the highest standards of reliability. Even though much of its system operates in areas with harsh winter conditions, the pipelines sustain unmatched deliverability that customers depend on. BHE Pipeline Group’s compressor units have an aggregate reliability rate of 99.99%.
We are proud and honored to be part of the Berkshire Hathaway Inc. family of businesses. Our ownership structure brings value to our customers, as we have no dividend requirement and can invest our profits back into our people and businesses.

We are excellent stewards of our financial resources and focus on long-term opportunities that contribute to the strength of the company. We have the capital and the capabilities to invest in assets, to share best practices and transfer knowledge across our businesses, and to continue looking for better ways to serve our customers.

Our financial strength, long-term perspective, leadership continuity and unwavering focus on serving our customers set us apart from others in our industry. At the end of every year, we assess whether our customers and our businesses are delivering the best possible results for our customers today and developing energy solutions to meet their energy needs in the future.

MidAmerican Energy Company began investing in wind energy in 2004 and now owns the most wind energy generation capacity among rate-regulated utilities in the U.S. Upon completion of its Wind XI and Wind XII projects, MidAmerican Energy Company will have invested more than $13 billion in wind energy projects.

Through December 2018, Berkshire Hathaway Energy’s businesses spent nearly $25 billion in the development of renewable energy generation, and we have plans to spend an additional $6 billion in renewable energy development.

PacifiCorp is moving forward with wind and transmission projects in Wyoming, Idaho, Utah and Oregon. The initiative – Energy Vision 2020 – includes upgrading existing wind turbines, and adding 950 megawatts of new owned wind generation capacity and a new 140-mile high-voltage transmission segment. Energy Vision 2020 is the largest investment PacifiCorp has made to advance the proliferation of renewable energy. Once complete, PacifiCorp will have invested more than $4 billion in renewable energy generation.

In 2018, AltaLink invested more than C$340 million in the transmission system to help ensure the reliability of the electric grid and to help Albertans, Canada, transition to a greener energy future. Since 2014, when AltaLink was acquired by Berkshire Hathaway Energy, nearly C$3 billion has been invested in AltaLink’s transmission system.

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Our team includes leaders at the Berkshire Hathaway Energy level and at each of our locally managed businesses. We share a common vision, culture and set of core principles.