



2016

**LEADING  
THE WAY**





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## **BERKSHIRE HATHAWAY ENERGY**

With our roots in renewable energy, Berkshire Hathaway Energy is an \$84 billion portfolio of locally managed businesses that share a vision for a secure and sustainable energy future. These businesses deliver affordable, safe and reliable service each day to more than 11.6 million electric and gas customers and end-users around the world and consistently rank high among energy companies in customer satisfaction. Berkshire Hathaway Energy is headquartered in Des Moines, Iowa, U.S.A.

Learn more at [www.berkshirehathawayenergyco.com](http://www.berkshirehathawayenergyco.com)



WARREN E. BUFFETT

## A LETTER TO OUR STAKEHOLDERS

**OUR BUSINESSES DELIVERED STRONG RESULTS IN 2015, PROVIDING RELIABLE ENERGY SERVICES IN AN ENVIRONMENT THAT IS UNDERGOING RAPID TRANSFORMATION.** In 2015, our businesses continued to receive high marks from customers for the service they provide; we were the first energy company to join the American Business Act on Climate Pledge; we achieved a balanced solar solution for stakeholders in Nevada; and we built on the early success of the energy imbalance market and broad advocacy for regional markets to move market integration forward in the western U.S.



WALTER SCOTT, JR.

In the midst of change, our strategy remains the same: take care of our existing assets and operate and maintain them to provide excellent, reliable service at competitive rates while delivering a reasonable return on capital and managing long-term risk. When we take care of those things, we can focus on identifying internal growth opportunities and reinvesting in new development for our businesses.

We manage our businesses with an emphasis on long-term sustainability. Even with much uncertainty in the future of policy and compliance, our businesses are well-positioned to lead the industry to solutions that provide a sustainable future. By pursuing our vision to be the best energy company and focusing on continuous improvement, we are leading the way.



GREGORY E. ABEL

**WE EMBRACE CHALLENGES AND WORK HARD TO PROVIDE VIABLE SOLUTIONS FOR OUR STAKEHOLDERS.** Evolving customer preferences, market forces and regulations will continue to drive changes in the way energy is generated and delivered. We treat our participation in energy markets and policy development as part of our core business – the results are absolutely critical to our long-term success. Our businesses seek and provide solutions that balance outcomes for all stakeholders, and we are committed to lead.

Keeping our transmission and distribution systems safe and secure is critical to our company, our industry and the customers we serve. In 2016, we will continue to make grid security – both cyber and physical – a priority.

**OUR EMPLOYEES ARE DEDICATED TO REDEFINING OUR BUSINESS.** We are reimagining our business – how we think, operate and innovate. We foster an ownership mentality among our employees, emphasizing candor and forward-thinking and resulting in continuous improvement in the way we provide services and purchase materials and the safety of our work environment.

In 2016, we will continue to transform our business, implementing emerging technologies and pursuing growth through renewables to provide long-term strategic advantages for our customers and employees.

**WE ARE MODERNIZING THE GRID WITHOUT INTERRUPTING THE SERVICE THAT MILLIONS DEPEND ON.** Adapting today's energy infrastructure for a robust future is critical. Building and operating our energy assets to achieve optimum efficiency enables us to deliver high levels of reliability and availability while providing cost-effective energy to our customers. Pursuing advanced technologies to modernize our infrastructure – including the electric grid and natural gas pipelines – continues to be a priority for our businesses.

**WE OWN MORE RENEWABLE ENERGY THAN ANY OTHER REGULATED UTILITY.** For more than a decade, we have been making significant investments to reduce the impact our operations have on the environment and to foster a more sustainable future by developing renewable energy generation and reducing emissions from our facilities.

Through our businesses, we have invested more than \$16 billion in renewable energy projects, and we will continue to make investments to acquire additional renewable generation and implement advanced technologies, including energy storage, while retiring coal-fueled generating facilities.

**FOCUSING ON CUSTOMERS IS THE HEART OF OUR CULTURE.** Our decision-making centers on personal responsibility to our customers and providing affordable, reliable service. Our locally managed businesses will continue to deliver innovative solutions for customers' key energy challenges while working to keep our customers' energy

prices affordable. Several of our businesses are working with their large industrial customers to develop programs that will enable renewable projects that support both our customers and our businesses.

**WE HAVE A STRONG REPUTATION AND GREAT DIVERSITY IN OUR PORTFOLIO.** Our portfolio of energy businesses provides significant geographic, regulatory and resource diversity with regulated operations in 11 states and three countries. HomeServices, our real estate business, acquired two businesses with market-leading brokerage operations during 2015 and will continue to work to integrate new businesses, pursue acquisitions and build out its mortgage business.

**WE ARE LEADING THE WAY.** We are developing a sustainable energy future for our customers, communities and employees. The pages that follow showcase how our businesses performed in 2015, ensuring that our current generation, transmission and distribution systems adapt as less energy comes from coal and that we continue to deliver reliable energy services today while helping customers make smart choices as alternative energy services emerge. Quite simply, we are leading the way.

Gregory E. Abel  
Chairman, President and CEO

# OUR BUSINESSES

**ELECTRICITY** | **1.8 MILLION** | **5,600**  
CUSTOMERS | EMPLOYEES

**ELECTRICITY,  
NATURAL GAS** | **1.5 MILLION** | **3,400**  
CUSTOMERS | EMPLOYEES

**ELECTRICITY,  
NATURAL GAS** | **1.4 MILLION** | **2,500**  
CUSTOMERS | EMPLOYEES

**ELECTRICITY  
DISTRIBUTION** | **3.9 MILLION** | **2,500**  
END-USERS | EMPLOYEES

**NATURAL GAS  
TRANSMISSION** | **16,400** | **1,100**  
PIPELINE MILES | EMPLOYEES

**ELECTRICITY  
TRANSMISSION** | **8,100** | **900**  
LINE MILES | EMPLOYEES

**ELECTRICITY  
TRANSMISSION** | **500** | **20**  
LINE MILES | EMPLOYEES

**SOLAR, WIND,  
GEOTHERMAL, HYDRO,  
NATURAL GAS** | **3,877** | **400**  
MEGAWATTS | EMPLOYEES

**RESIDENTIAL BROKERAGE,  
FRANCHISING, MORTGAGE** | **27 STATES** | **4,300**  
LOCATIONS | EMPLOYEES

**OUR VISION** | To be the best energy company in serving our customers, while delivering sustainable energy solutions.

# 2015 QUICK FACTS

## > FINANCIAL RESULTS (BILLIONS)

	2015 DATA	2014 DATA
Operating Revenue	\$17.9	\$17.3
Operating Income	\$4.3	\$4.0
Net Income Attributable to BHE	\$2.4	\$2.1

## > FINANCIAL POSITION (BILLIONS)

	2015 DATA	2014 DATA
Total Assets	\$84	\$82
Total Shareholder's Equity	\$22	\$20

## > CASH FLOWS (BILLIONS)

	2015 DATA	2014 DATA
Net Cash Provided by Operating Activities	\$7.0	\$5.1
Net Cash Used in Investing Activities	(\$6.2)	(\$9.4)
Net Cash Provided by Financing Activities	(\$0.3)	\$3.7

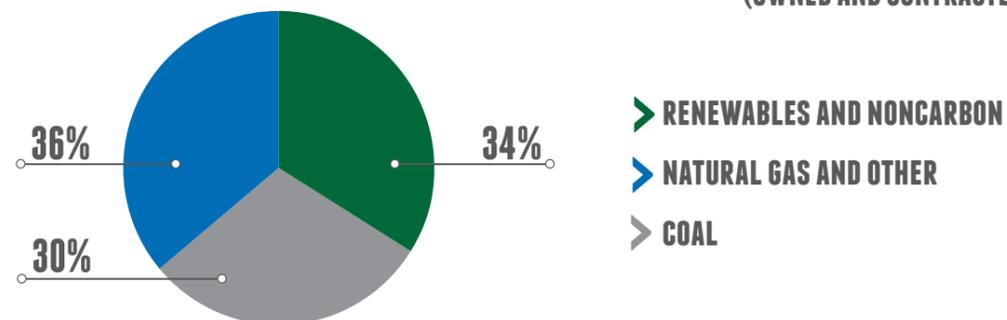
## > OTHER STATISTICS

	2015 DATA	2014 DATA
Customers and End-Users (Total Electric and Natural Gas)	11.6 million	11.5 million
Total Generation Capacity (Owned and Contracted)	33,500 MW	35,000 MW
Percentage of Renewables and Noncarbon in Total Generation Portfolio (Owned and Contracted)	34%	28%
Electricity Transmission and Distribution Line Miles	232,700 miles	232,700 miles
Natural Gas Transmission and Distribution Pipeline Miles	42,600 miles	42,600 miles

## > TOTAL EMPLOYEES

21,000      21,000

## 2015 CAPACITY > 34% RENEWABLES AND NONCARBON (OWNED AND CONTRACTED)



- > RENEWABLES AND NONCARBON
- > NATURAL GAS AND OTHER
- > COAL



## WE STAND FOR OUR CORE PRINCIPLES

CUSTOMER SERVICE | EMPLOYEE COMMITMENT | ENVIRONMENTAL RESPECT | REGULATORY INTEGRITY | OPERATIONAL EXCELLENCE | FINANCIAL STRENGTH

Berkshire Hathaway Energy's vision is to be the best energy company in serving our customers, while delivering sustainable energy solutions. Energy powers our lives and our communities. We know that we provide an essential service to society, and we take that responsibility seriously.

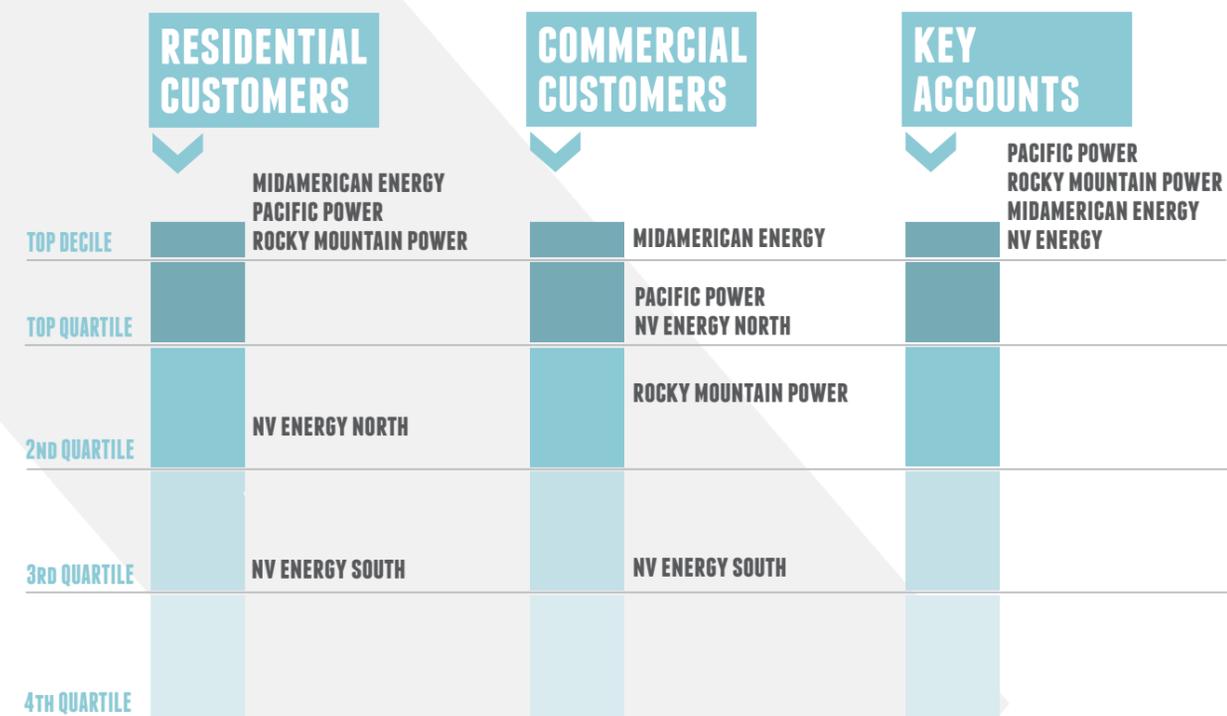
We are focused on meeting the needs of our customers by providing safe, reliable, affordable energy services today while preparing to meet the energy needs of the future. Six core principles – customer service, employee commitment, environmental respect, regulatory integrity, operational excellence and financial strength – guide our actions and decision-making and ensure that our businesses deliver sustainable energy solutions and balanced outcomes for our customers.



## CUSTOMER SERVICE

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

### CUSTOMER SATISFACTION RESULTS REMAIN HIGH



**LEADING THE WAY**

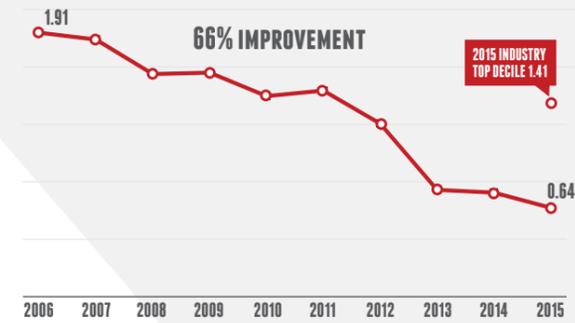
**DELIVERING QUALITY CUSTOMER SERVICE WHILE MAINTAINING AFFORDABLE RATES**

- › Berkshire Hathaway Energy’s U.S. utilities – Pacific Power, Rocky Mountain Power, MidAmerican Energy and NV Energy – earned first place in TQS Research, Inc.’s Key Accounts National Benchmark Study.
- › BHE Pipeline Group continued its dominance in Mastio & Company’s Natural Gas Transportation customer satisfaction study, ranking first in the major organizational group category for the 11th consecutive year.
- › Northern Powergrid achieved second place in Ofgem’s stakeholder engagement reward, securing a £0.9 million reward that will be reinvested in further improvement initiatives to benefit the company’s customers.
- › AltaLink achieved a 100% customer satisfaction rating from connecting customers in the third and fourth quarters of 2015.

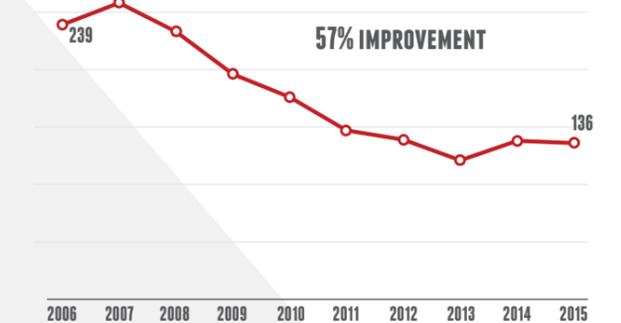


## EMPLOYEE SAFETY IS A TOP PRIORITY

### > OSHA INCIDENT RATES



### > PREVENTABLE VEHICLE ACCIDENTS



### LEADING THE WAY

### IMPROVING THE SAFETY OF OUR WORK ENVIRONMENT

- > Safety is integral to our culture and is a focus as we integrate new businesses into our operations. We reduced the number of OSHA recordable incidents from 296 in 2006 to 128 in 2015. In 2006 with 15,800 employees, our incident rate was 1.91; in 2015, our 21,000 employees achieved an incident rate of 0.64, a 66% improvement. In the same period, we reduced the number of preventable vehicle accidents from 239 to 136.
- > Northern Powergrid reduced its OSHA incident rate by 40% compared to 2013 and has achieved an incident rate below 1.00 for 13 consecutive years.
- > Our employees matter, and the organizations that are important to our employees matter to us. Through our Global Days of Service program, funds are provided to community organizations based on employees' volunteer hours. In the 2014-2015 program year, employees volunteered more than 75,000 hours with local organizations that resulted in a company match to more than 200 organizations.



## 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.



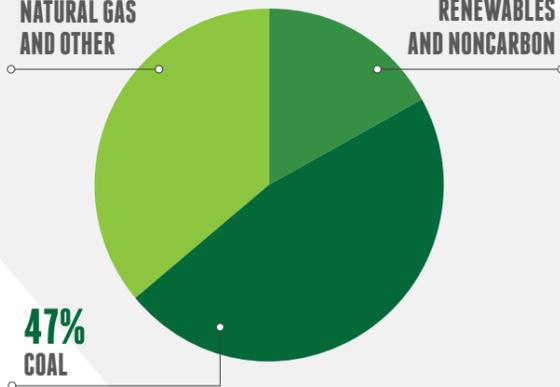
## ENVIRONMENTAL RESPECT

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.

### GROWING OUR RENEWABLE ENERGY PORTFOLIO

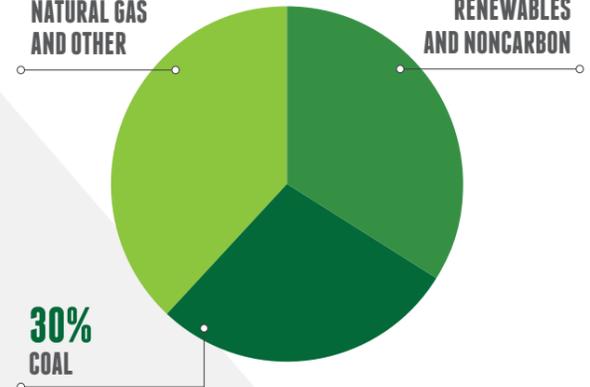
**2006** 24,711 MEGAWATTS (OWNED AND CONTRACTED)

36% NATURAL GAS AND OTHER  
17% RENEWABLES AND NONCARBON



**2015** 33,500 MEGAWATTS (OWNED AND CONTRACTED)

36% NATURAL GAS AND OTHER  
34% RENEWABLES AND NONCARBON



### LEADING THE WAY

#### REDUCING COAL GENERATION, GROWING RENEWABLES

- › BHE Renewables' Topaz and Solar Star projects – two of the largest solar photovoltaic projects in the world – were completed in 2015. With approximately 1,300 megawatts of solar capacity in operation, Berkshire Hathaway Energy's solar projects account for 6% of the U.S. solar market.
- › In 2015, the energy MidAmerican Energy generated from wind equaled 47% of all energy sold to its retail customers in Iowa. With additional projects underway, that figure is expected to increase to 58% in 2017.
- › Our U.S. utilities are reducing their reliance on coal-fueled generation. PacifiCorp retired its 172-megawatt coal-fueled Carbon plant in April 2015. MidAmerican Energy reduced coal-fueled generation by 248 megawatts in 2015. By year-end 2019, NV Energy will have reduced coal-fueled generation by 76% since 2014.
- › Northern Natural Gas reduced methane emissions from its pipeline by 0.310 billion cubic feet, nearly double its targeted goal.



## REGULATORY INTEGRITY

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

### LOW PRICES BENEFIT CUSTOMERS

WEIGHTED AVERAGE RATE – ALL CUSTOMER CLASSES

#### PACIFIC REGION



PACIFIC POWER  
**\$0.0939** /kWh

#### MOUNTAIN REGION



ROCKY MOUNTAIN POWER  
**\$0.0802** /kWh

#### MIDWEST REGION



MIDAMERICAN ENERGY  
**\$0.0691** /kWh

LEADING  
THE WAY



KEEPING CUSTOMER PRICES LOW, CREATING VALUE

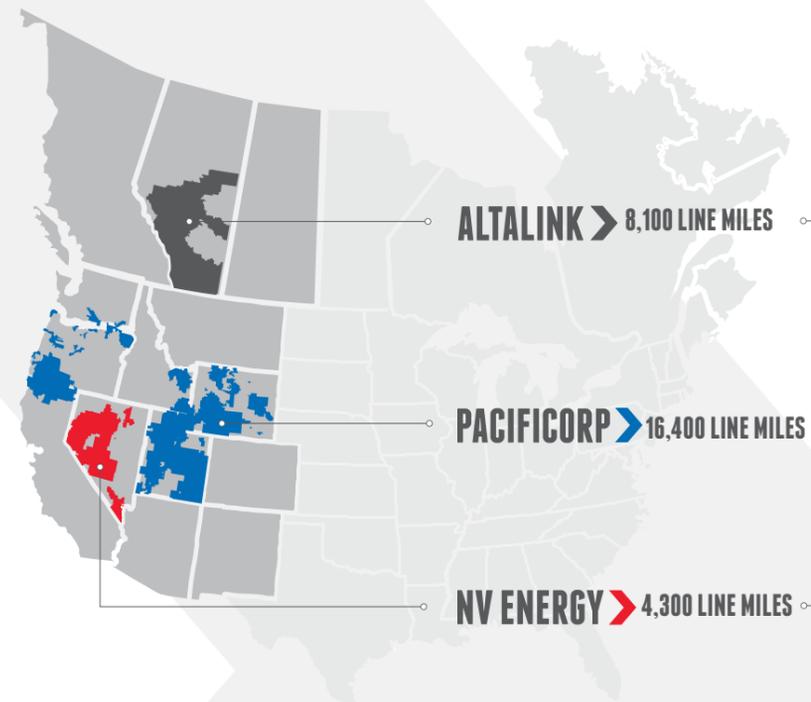
- › PacifiCorp, which partnered with the California ISO to launch a multistate energy imbalance market, helped secure passage of legislation in California that continues the momentum of the EIM and paves the way for a regional independent system operator with independent governance.
- › NV Energy joined the EIM, the first true, real-time market in the West. From its inception in November 2014 to year-end 2015, the EIM had generated nearly \$46 million in total benefits, an amount expected to grow substantially as new participants enter the market.
- › Northern Powergrid demonstrated a proactive approach to achieving a fair regulatory settlement when it became the first and only network company in the U.K. to challenge a price control decision from Ofgem. The final outcome validated the decision to do so – both financially and because of the important principles it helped emphasize.
- › NV Energy successfully developed two 100-megawatt solar photovoltaic projects, resulting in power purchase agreements at prices reported to be among the lowest in the U.S. NV Energy also worked to establish new net energy metering tariffs that will provide equitable, sustainable results for all customers.



## 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.

## PROVIDING RELIABLE TRANSMISSION SERVICES



Including our assets at PacifiCorp, NV Energy and AltaLink, Berkshire Hathaway Energy is the **LARGEST TRANSMISSION OWNER** in the Western interconnection.



## LEADING THE WAY DELIVERING SOLID OPERATING RESULTS AND CONTINUOUS IMPROVEMENT

- › AltaLink achieved a major milestone in Alberta's history of electric power transmission when the Western Alberta Transmission Line was energized in December 2015. Alberta's first in-service high-voltage direct current transmission line will help relieve transmission system congestion, improve overall system reliability and reduce electrical losses, avoiding an estimated 385,000 tons of carbon emissions per year.
- › Northern Powergrid delivered its best-ever reliability performance in 2015, achieving a 7% improvement compared to 2014 and a 28% improvement compared to 2013.
- › Northern Natural Gas set multiple market area peak delivery records during first quarter 2015 without any operational incidents. Kern River maintained strong service reliability, achieving compressor unit reliability of 99.8%.

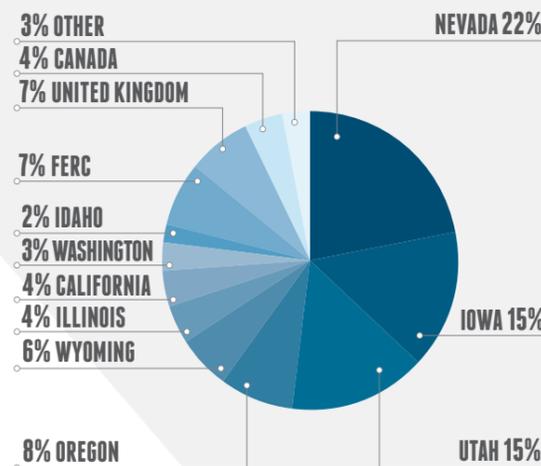


## FINANCIAL STRENGTH

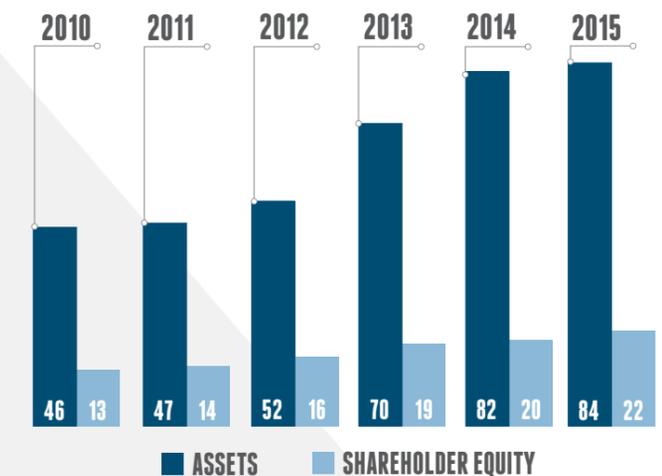
We are excellent stewards of our substantial financial resources. Backed by Berkshire Hathaway, we invest in hard assets and focus on long-term opportunities that will contribute to the future strength of the company.

### DIVERSIFICATION REDUCES RISK

#### > 2015 ENERGY REVENUE DIVERSIFICATION > \$15 BILLION



#### > ASSETS AND SHAREHOLDER EQUITY (BILLIONS)



### LEADING THE WAY

#### REINVESTING IN OUR ASSETS, DIVERSIFYING OUR PORTFOLIO TO REDUCE RISK

- > Our private ownership structure is a major source of financial strength and a competitive advantage. Unlike public utility holding companies, we have no dividend requirement and are therefore able to reinvest 100% of net income back into our businesses in a cost-effective manner to better serve our customers. Berkshire Hathaway's long-term ownership perspective promotes stability and helps make us the buyer of choice in the eyes of many sellers and regulators.
- > All of our regulated businesses have credit ratings of A/A3 or better, as measured by Standard & Poor's Investors Service and Moody's, respectively. When it's necessary to raise capital, our strong credit ratings help us do so on favorable terms.
- > BHE Renewables expanded and diversified its business with the acquisition of the Marshall, Grande Prairie and Walnut Ridge wind projects; the Community Solar Gardens project; and tax equity investments in the Kingfisher, Shannon and South Plains II wind projects.

# OUR LEADERSHIP TEAM



**GREGORY E. ABEL**

Chairman, President and CEO

Gregory E. Abel is chairman, president and CEO of Berkshire Hathaway Energy. He serves on the board and executive committee of the Edison Electric Institute. He also serves on the Kraft Heinz Company board of directors; the AEGIS Insurance Services, Inc. board of directors; the Nuclear Electric Insurance Limited board of directors; and the Kum & Go, L.L.C. board of directors.



**PATRICK J. GOODMAN**

Executive Vice President and Chief Financial Officer



**NATALIE L. HOCKEN**

Senior Vice President and General Counsel



**ANDREA L. KELLY**

Senior Vice President, Legislative and Regulatory Strategy



**CATHY S. WOOLLUMS**

Senior Vice President, Environmental Services and Chief Environmental Counsel



**STEFAN A. BIRD**

President and CEO Pacific Power



**PAUL J. CAUDILL**

President and CEO NV Energy



**CINDY A. CRANE**

President and CEO Rocky Mountain Power



**JOHN A. CUPPARO**

President and CEO BHE U.S. Transmission



**BILL J. FEHRMAN**

President and CEO MidAmerican Energy Company and BHE Renewables



**MARK A. HEWETT**

President and CEO BHE Pipeline Group



**PHILIP A. JONES**

President and CEO Northern Powergrid



**RONALD J. PELTIER**

Chairman and CEO HomeServices of America, Inc.



**R. PATRICK REITEN**

President and CEO PacifiCorp Transmission



**SCOTT W. THON**

President and CEO AltaLink





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