



**Northern Natural Gas Company**

**Financial Statements (Unaudited) as of and for the  
Quarterly Period Ended March 31, 2020**

**Northern Natural Gas Company**  
**Balance Sheets (Unaudited)**  
(Amounts in thousands, except share data)

	As of	
	March 31, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 29,154	\$ 38,792
Accounts receivable, net	123,605	94,427
Accounts receivable from affiliates	12,030	8,278
Notes receivable from BHE	420,000	240,000
Transportation and exchange gas receivables	3,575	5,365
Inventories	42,879	41,951
Income tax receivable	—	9,519
Other current assets	36,337	31,886
Total current assets	667,580	470,218
Property, plant and equipment, net	3,965,673	3,970,699
Regulatory assets	104,975	100,340
Other assets	59,555	61,538
<b>Total assets</b>	<b>\$ 4,797,783</b>	<b>\$ 4,602,795</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 29,022	\$ 101,077
Accounts payable to affiliates	814	1,199
Accrued interest	10,277	19,877
Accrued property, income and other taxes	132,089	54,246
Transportation and exchange gas payables	3,690	3,309
Other current liabilities	115,821	52,530
Total current liabilities	291,713	232,238
Long-term debt	1,247,187	1,247,108
Regulatory liabilities	438,365	426,624
Deferred income taxes	565,187	583,407
Asset retirement obligations	15,425	15,290
Other long-term liabilities	40,309	45,834
Total liabilities	2,598,186	2,550,501
Commitments and contingencies (Note 5)		
<b>Shareholder's equity:</b>		
Series A preferred stock - 1,000 shares authorized, \$0.01 par value, no shares issued and outstanding	—	—
Common stock - 10,000 shares authorized, \$1.00 par value, 1,002 shares issued and outstanding	1	1
Additional paid-in capital	981,868	981,868
Retained earnings	1,210,736	1,068,149
Accumulated other comprehensive income, net	6,992	2,276
Total shareholder's equity	2,199,597	2,052,294
<b>Total liabilities and shareholder's equity</b>	<b>\$ 4,797,783</b>	<b>\$ 4,602,795</b>

The accompanying notes are an integral part of these financial statements.

**Northern Natural Gas Company**  
**Statements of Income (Unaudited)**  
(Amounts in thousands)

	<b>Three-Month Periods Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating revenue:</b>		
Transportation	\$ 316,894	\$ 272,256
Storage	14,511	11,341
Gas, liquids and other sales	4,326	17,843
Total operating revenue	<u>335,731</u>	<u>301,440</u>
<b>Operating expenses:</b>		
Operations and maintenance	55,185	53,672
Cost of gas and liquids sales	3,696	15,112
Depreciation and amortization	57,219	21,805
Taxes, other than income taxes	17,318	16,121
Total operating expenses	<u>133,418</u>	<u>106,710</u>
<b>Operating income</b>	<u>202,313</u>	<u>194,730</u>
<b>Other income (expense):</b>		
Interest expense, net	(14,028)	(11,541)
Interest income	1,665	2,792
Other, net	(1,195)	2,857
Total other income (expense)	<u>(13,558)</u>	<u>(5,892)</u>
<b>Income before income tax expense</b>	188,755	188,838
Income tax expense	46,168	45,621
<b>Net income</b>	<u>\$ 142,587</u>	<u>\$ 143,217</u>

The accompanying notes are an integral part of these financial statements.

**Northern Natural Gas Company**  
**Statements of Comprehensive Income (Unaudited)**  
(Amounts in thousands)

	<b>Three-Month Periods Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Net income	\$ 142,587	\$ 143,217
Other comprehensive income, net of tax:		
Unrealized gains on cash flow hedges, net of tax of \$1,714 and \$85	4,716	236
Comprehensive income	\$ 147,303	\$ 143,453

The accompanying notes are an integral part of these financial statements.

**Northern Natural Gas Company**  
**Statements of Changes in Shareholder's Equity (Unaudited)**  
(Amounts in thousands)

	<u>Common Stock</u>	<u>Additional Paid- In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income, net</u>	<u>Total</u>
<b>Balance, December 31, 2018</b>	\$ 1	\$ 981,868	\$ 794,292	\$ —	\$ 1,776,161
Net income	—	—	143,217	—	143,217
Other comprehensive income - cash flow hedges	—	—	—	236	236
<b>Balance, March 31, 2019</b>	<u>\$ 1</u>	<u>\$ 981,868</u>	<u>\$ 937,509</u>	<u>\$ 236</u>	<u>\$ 1,919,614</u>
<b>Balance, December 31, 2019</b>	\$ 1	\$ 981,868	\$ 1,068,149	\$ 2,276	\$ 2,052,294
Net income	—	—	142,587	—	142,587
Other comprehensive income- cash flow hedges	—	—	—	4,716	4,716
<b>Balance, March 31, 2020</b>	<u>\$ 1</u>	<u>\$ 981,868</u>	<u>\$ 1,210,736</u>	<u>\$ 6,992</u>	<u>\$ 2,199,597</u>

The accompanying notes are an integral part of these financial statements.

**Northern Natural Gas Company**  
**Statements of Cash Flows (Unaudited)**  
(Amounts in thousands)

	<b>Three-Month Periods Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 142,587	\$ 143,217
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	57,219	21,805
Amortization of debt issuance costs	108	94
Deferred income taxes	(26,698)	(2,581)
Other, net	4,060	(227)
Changes in other operating assets and liabilities:		
Accounts receivable and other assets	(28,394)	(2,566)
Inventories	(927)	(1,351)
Accounts payable and other accrued liabilities	53,811	(9,563)
Gas balancing activities	215	15,180
Accrued property, income and other taxes	87,363	56,532
Net cash flows from operating activities	<u>289,344</u>	<u>220,540</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(116,989)	(65,558)
Purchases of marketable securities	(10,821)	(15,663)
Proceeds from sales of marketable securities	9,008	14,298
Net cash flows from investing activities	<u>(118,802)</u>	<u>(66,923)</u>
<b>Cash flows from financing activities:</b>		
Issuance of promissory notes by BHE	(180,000)	(95,000)
Net cash flows from financing activities	<u>(180,000)</u>	<u>(95,000)</u>
<b>Net change in cash and cash equivalents and restricted cash and cash equivalents</b>	(9,458)	58,617
<b>Cash and cash equivalents and restricted cash and cash equivalents at beginning of period</b>	<u>54,405</u>	<u>27,575</u>
<b>Cash and cash equivalents and restricted cash and cash equivalents at end of period</b>	<u>\$ 44,947</u>	<u>\$ 86,192</u>

The accompanying notes are an integral part of these financial statements.

**Northern Natural Gas Company**  
**Notes to Financial Statements**  
**(Unaudited)**

**(1) General**

Northern Natural Gas Company (the "Company") is an indirect wholly owned subsidiary of Berkshire Hathaway Energy Company ("BHE"), a holding company that owns locally managed businesses principally engaged in the energy industry. BHE is a consolidated subsidiary of Berkshire Hathaway Inc. ("Berkshire Hathaway"). The Company owns the largest interstate natural gas pipeline system in the United States, as measured by pipeline miles, which reaches from west Texas to Michigan's Upper Peninsula (the "System"). The Company primarily transports and stores natural gas for utilities, municipalities, gas marketing companies and industrial and commercial users. The System consists of two commercial segments. Its traditional end-use and distribution market area in the northern part of its system, referred to as the Market Area, includes points in Iowa, Nebraska, Minnesota, Wisconsin, South Dakota, Michigan and Illinois. Its natural gas supply and delivery service area in the southern part of its system, referred to as the Field Area, includes points in Kansas, Texas, Oklahoma and New Mexico. The Market Area and Field Area are separated at a Demarcation Point. The System consists of 14,600 miles of natural gas pipelines, including 6,100 miles of mainline transmission pipelines and 8,500 miles of branch and lateral pipelines, with a Market Area design capacity of 6.3 billion cubic feet ("Bcf") per day, a Field Area delivery capacity of 1.7 Bcf per day to the Market Area and 1.4 Bcf per day to the West Texas area and over 79 Bcf of firm service and operational storage cycle capacity in five storage facilities. The System is configured with approximately 2,250 active receipt and delivery points which are integrated with the facilities of local distribution companies ("LDC"). Many of the Company's LDC customers are part of combined utilities that also use natural gas as a fuel source for electric generation. The Company delivers over 1.4 trillion cubic feet of natural gas to its customers annually.

The Company has no subsidiaries and does not hold a controlling financial interest in any other entity. The unaudited Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements. Management believes the unaudited Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the unaudited Financial Statements as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019. The results of operations for the three-month period ended March 31, 2020 are not necessarily indicative of the results to be expected for the full year. The Company has evaluated subsequent events through May 29, 2020, which is the date the unaudited Financial Statements were available to be issued.

The preparation of the unaudited Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited Financial Statements and the reported amounts of revenue and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Financial Statements. Note 2 of Notes to Financial Statements included in the Company's audited Financial Statements for the year ended December 31, 2019 describes the most significant accounting policies used in the preparation of the unaudited Financial Statements. There have been no significant changes in the Company's assumptions regarding significant accounting estimates and policies during the three-month period ended March 31, 2020.

## Coronavirus Disease 2019 ("COVID-19")

In March 2020, COVID-19 was declared a global pandemic and containment and mitigation measures were recommended worldwide, which has had an unprecedented impact on society in general and many of the customers served by the Company. While the rapid outbreak of COVID-19 has not had a material impact on the Company's financial results or operations through March 31, 2020, impacts are likely to occur that affect future financial results.

### (2) Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Cash equivalents consist of funds invested in money market mutual funds and other investments with a maturity of three months or less when purchased. Cash and cash equivalents exclude amounts where availability is restricted by legal requirements, loan agreements or other contractual provisions. Restricted cash and cash equivalents as of March 31, 2020 and December 31, 2019, consist substantially of escrow funds held to provide the Company with protection against customer credit risk. A reconciliation of cash and cash equivalents and restricted cash and cash equivalents as of March 31, 2020 and December 31, 2019, as presented in the Statements of Cash Flows is outlined below and disaggregated by the line items in which they appear on the Balance Sheets (in thousands):

	As of	
	March 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 29,154	\$ 38,792
Restricted cash and cash equivalents in other current assets	2,212	2,156
Restricted cash and cash equivalents in other assets	13,581	13,457
Total cash and cash equivalents and restricted cash and cash equivalents	<u>\$ 44,947</u>	<u>\$ 54,405</u>

### (3) Employee Benefit Plans

The Company is a participant in benefit plans sponsored by MidAmerican Energy Company ("MEC"), an indirect wholly owned subsidiary of BHE. The MidAmerican Energy Company Retirement Plan provides pension benefits for eligible employees ("pension plan") and the MidAmerican Energy Company Welfare Benefit Plan provides certain postretirement health care and life insurance benefits for eligible retirees ("other postretirement plan") on behalf of the Company. The Company's contributions to the pension plan and other postretirement plan totaled \$0.2 million and \$0.3 million for the three-month periods ended March 31, 2020 and 2019, respectively. As of March 31, 2020, the Company recorded in other long-term liabilities its portion of the under funded status of the pension plan and in other assets its portion of the over funded status of the other postretirement plan of \$15.0 million and \$32.2 million, respectively. As of December 31, 2019, the Company recorded in other long-term liabilities its portion of the under funded status of the pension plan and in other assets its portion of the over funded status of the other postretirement plan of \$15.0 million and \$31.7 million, respectively. Amounts attributable to the Company were allocated from MEC to the Company in accordance with the intercompany administrative service agreement. Offsetting regulatory assets and liabilities have been recorded related to the amounts not yet recognized as a component of net periodic benefit costs that will be included in regulated rates.



#### (4) Fair Value Measurements

The carrying value of the Company's cash, certain cash equivalents, receivables, payables and accrued liabilities approximates fair value because of the short-term maturity of these instruments. The Company has various financial assets and liabilities that are measured at fair value on the Financial Statements using inputs from the three levels of the fair value hierarchy. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 - Unobservable inputs reflect the Company's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Company develops these inputs based on the best information available, including its own data.

The following table presents the Company's assets and liabilities recognized on the Balance Sheets and measured at fair value on a recurring basis (in thousands):

	<b>Input Levels for Fair Value Measurements</b>				<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Other<sup>(1)</sup></b>	
<b><u>As of March 31, 2020</u></b>					
<b>Assets:</b>					
Commodity derivatives	\$ —	\$ 11,551	\$ —	\$ (3,945)	\$ 7,606
Money market mutual funds <sup>(2)</sup>	45,792	—	—	—	45,792
Investment funds	13,682	—	—	—	13,682
	<u>\$ 59,474</u>	<u>\$ 11,551</u>	<u>\$ —</u>	<u>\$ (3,945)</u>	<u>\$ 67,080</u>
<b>Liabilities - commodity derivatives</b>	<u>\$ —</u>	<u>\$ (3,945)</u>	<u>\$ —</u>	<u>\$ 3,945</u>	<u>\$ —</u>
<b><u>As of December 31, 2019</u></b>					
<b>Assets:</b>					
Commodity derivatives	\$ —	\$ 9,192	\$ —	\$ (4,582)	\$ 4,610
Money market mutual funds <sup>(2)</sup>	73,436	—	—	—	73,436
Investment funds	11,596	—	—	—	11,596
	<u>\$ 85,032</u>	<u>\$ 9,192</u>	<u>\$ —</u>	<u>\$ (4,582)</u>	<u>\$ 89,642</u>
<b>Liabilities - commodity derivatives<sup>(3)</sup></b>	<u>\$ —</u>	<u>\$ (6,087)</u>	<u>\$ —</u>	<u>\$ 4,582</u>	<u>\$ (1,505)</u>

- (1) Represents netting under master netting arrangements.
- (2) Amounts are included in cash and cash equivalents, other current assets and other assets on the Balance Sheets. The fair value of these money market mutual funds approximates cost.
- (3) Amount is included in other current liabilities on the Balance Sheets.

Derivative contracts are recorded on the Balance Sheets as either assets or liabilities and are stated at estimated fair value unless they are designated as normal purchases or normal sales and qualify for the exception afforded by GAAP. When available, the fair value of derivative contracts is estimated using unadjusted quoted prices for identical contracts in the market in which the Company transacts. When quoted prices for identical contracts are not available, the Company uses forward price curves. Forward price curves represent the Company's estimates of the prices at which a buyer or seller could contract today for delivery or settlement at future dates. The Company bases its forward price curves upon market price quotations, when available, or internally developed and commercial models, with internal and external fundamental data inputs. Market price quotations are obtained from independent energy brokers, exchanges, direct communication with market participants and actual transactions executed by the Company. Market price quotations for certain major natural gas trading hubs are generally readily obtainable for the applicable term of the Company's outstanding derivative contracts; therefore, the Company's forward price curves for those locations and periods reflect observable market quotes. The estimated fair value of these derivative contracts is a function of underlying forward commodity prices, related volatility, counterparty creditworthiness and duration of contracts.

The Company's investments in money market mutual funds and investment funds are stated at fair value. A readily observable quoted market price or net asset value of an identical security in an active market is used to record the fair value.

## **(5) Commitments and Contingencies**

### *Regulatory Matters*

In July 2018, the FERC issued a final rule adopting procedures for determining whether natural gas pipelines were collecting unjust and unreasonable rates in light of the reduction in the federal corporate tax rate from 2017 Tax Cuts and Jobs Act. Pursuant to the final rule, in October 2018, the Company filed an informational filing on the FERC Form No. 501-G and a Statement Demonstrating Why No Rate Adjustment is Necessary. In January 2019, the FERC initiated a Section 5 investigation to determine whether the rates currently charged by the Company are just and reasonable. As required by the FERC Section 5 order, the Company filed a cost and revenue study in April 2019. In July 2019, the Company filed a Section 4 rate case requesting increases in its transportation and storage rates. The rate increase provided in the filing was primarily attributed to the capital investment made by the Company since the last rate case, an increase in the Company's depreciation rates, the addition of negative salvage and increased return on equity. In September 2019, the FERC consolidated the Section 5 investigation and the Section 4 rate case into one procedural process set for hearing commencing June 2020.

In January 2020, the FERC approved the Company's filing to implement its interim rates, including an increase of 77% from its current Market Area transmission reservation rate, subject to refund, effective January 1, 2020. The interim rates, subject to refund, reflected the implementation of proposed depreciation and amortization rate changes, including increases to 2.79% for onshore transmission plant, 3.11% for underground storage plant, 2.95% for LNG storage plant, 20.0% for intangible plant and 20.0% for computer equipment within general plant. The Company also proposed negative salvage rates of 0.96% for onshore transmission plant and 0.92% for LNG storage plant. As of March 31, 2020, the Company's provision for rate refund totaled \$64.6 million and was included in other current liabilities on the Balance Sheet. In May 2020, the parties reached an agreement in principle and the procedural schedule was ordered held in abeyance for 60 days to enable the parties to finalize a settlement.

### *Legal Matters*

The Company is party to a variety of legal actions arising out of the normal course of business. Plaintiffs occasionally seek punitive or exemplary damages. The Company does not believe that such normal and routine litigation will have a material impact on its financial results. The Company is also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines, penalties and other costs in substantial amounts and are described below.

The Company's storage gas migrated from its former certificated storage field boundaries near Cunningham, Kansas and was produced on leaseholds held by Nash Oil & Gas, Inc. ("Nash"), L.D. Drilling Company ("LD Drilling"), Val Energy, Inc. ("Val Energy") and Iuka-Carmi Development, LLC. In order to mitigate its losses, the Company initiated the following actions:

- In September 2009, the Company filed an application with the FERC to extend the boundaries of the Cunningham natural gas storage facility. In June 2010, FERC issued an order granting the Company certificate authority to extend the boundaries of the Cunningham natural gas storage facility by 12,320 acres. The Company either acquired the storage rights or purchased the property on 3,696 acres, or 30% of the extension area. In July 2010, the Company filed a complaint in federal district court to acquire the remaining necessary interests by eminent domain. The federal district court issued a decision in February 2015, awarding a total value of \$7.3 million. In July 2017, the Tenth Circuit Court of Appeals reduced the condemnation award by approximately \$6.0 million. The case was remanded to the federal district court for final disposition. In March 2019 the federal district court entered a Memorandum and Order adopting the Company's position on the remaining issues. Motions to reconsider the decision have been filed by the defendants and were denied by the court. In July 2019, the defendants filed a notice of appeal to the Tenth Circuit Court of Appeals. The appeals were dismissed as premature as a final order has not been issued by the district court.
- In December 2009, the Company filed a lawsuit in the 13th Judicial District, District Court, Pratt County, Kansas ("Pratt County State District Court") against ONEOK Field Services Company ("ONEOK") and Lumen Energy Corporation ("Lumen") alleging conversion based on their purchase of the storage gas from the producers after the June 2010 FERC order. The proceeds from June 2010 through February 2011 when the wells were shut-in have been held in suspense pending further proceedings. The Company expects to resolve this lawsuit in conjunction with the finalization of the condemnation case discussed above.

In December 2011, state court petitions were filed against the Company in three counties in Kansas, alleging trespass, nuisance and unjust enrichment, arising out of the migration of the Company's storage gas. The cases were moved to federal district court in Wichita, Kansas in December 2011, at the request of the Company. The case will likely be resolved in light of the completion of the condemnation and Pratt County matters described above.

While it is not possible to predict with certainty the outcome of the aforementioned litigation and other contingencies, the Company believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial results.

## (6) Revenue from Contracts with Customers

The following table summarizes the Company's revenue from contracts with customers ("Customer Revenue") and revenue not considered Customer Revenue ("Other Revenue") (in thousands):

	<b>Three-Month Periods Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Customer Revenue:		
Transportation service	316,623	272,256
Storage service	13,919	11,341
Gas, liquids and other sales	4,284	16,834
Total Customer Revenue	<u>334,826</u>	<u>300,431</u>
Other Revenue <sup>(1)</sup>	905	1,009
Total	<u>\$ 335,731</u>	<u>\$ 301,440</u>

(1) Other Revenue consists of revenue recognized in accordance with Accounting Standards Codification 815, "Derivative and Hedging" and includes net payments to counterparties for the financial settlement of certain derivative contracts.

### *Remaining Performance Obligations*

The following table summarizes the Company's revenue, calculated using the approved rates in the Company's tariff, it expects to recognize in future periods related to significant unsatisfied performance obligations for fixed contracts with expected durations in excess of one year as of March 31, 2020 (in thousands):

Less than 12 months	\$ 688,545
More than 12 months	3,682,225
Total	<u>\$ 4,370,770</u>

## **(7) Other Related Party Transactions**

The Company provided gas transportation, storage and other services to MEC totaling \$30.8 million and \$24.4 million for the three-month periods ended March 31, 2020 and 2019, respectively. MEC provides certain administrative and management services, including executive, financial, legal, human resources, payroll and tax, to the Company. Expenses incurred by MEC and billed to the Company are based on the individual services and expense items provided and were \$2.0 million and \$1.5 million for the three-month periods ended March 31, 2020 and 2019, respectively. MEC also provided electricity and other services to the Company of \$0.2 million for each of the three-month periods ended March 31, 2020 and 2019. The Company reimbursed MEC \$17.8 million and \$18.6 million for the three-month periods ended March 31, 2020 and 2019, respectively, for payroll, healthcare benefits and other benefit payments that MEC processed on behalf of the Company.

BHE provides certain administrative and management services, including executive, financial, legal and tax, to the Company. Expenses incurred by BHE and billed to the Company are based on the individual services and expense items provided and were \$0.6 million and \$0.3 million for the three-month periods ended March 31, 2020 and 2019, respectively. Income tax transactions with BHE resulted in net receipts of \$8.6 million and \$2.3 million for the three-month periods ended March 31, 2020 and 2019, respectively.

As of March 31, 2020 and December 31, 2019, the Company had net accounts payable to BHE and certain subsidiaries for intercompany transactions totaling \$0.8 million and \$1.2 million, respectively. The Company also had accounts receivable from affiliates of \$12.0 million and \$8.3 million as of March 31, 2020 and December 31, 2019, respectively.

The Company provides certain administrative and management services, including executive, financial, regulatory, legal, information technology, human resources and procurement, to Kern River Gas Transmission Company ("Kern River"), an indirect wholly owned subsidiary of BHE. The Company billed Kern River \$0.4 million and \$0.3 million for the three-month periods ended March 31, 2020 and 2019, respectively, for these services.

The Company possesses demand promissory notes from BHE. The balance of the demand promissory notes as of March 31, 2020 and December 31, 2019 was \$420.0 million and \$240.0 million, respectively. The notes contain variable interest rates based on 30-day London Interbank Offered Rate plus a fixed spread per annum. Interest income of \$1.5 million and \$2.5 million was recorded for the three-month periods ended March 31, 2020 and 2019, respectively.

## **(8) Subsequent Events**

In April 2020, BHE issued promissory notes to the Company totaling \$60.0 million.