

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Joint Application of)
)
MIDAMERICAN ENERGY) **Docket No. UE-051090**
HOLDINGS COMPANY AND)
PACIFICORP, d/b/a PACIFIC)
POWER & LIGHT COMPANY)
)
For an Order Authorizing Proposed)
Transaction.)
_____)

EXHIBIT NO. ____ (MPG-4)

**STANDARD & POOR'S REPORT ON PACIFICORP AND MIDAMERICAN
REGARDING ACQUISITION ANNOUNCEMENT**

November 18, 2005

Research:**Research Update: MidAmerican Ratings Put On Watch Pos,
PacifiCorp Rtg On Watch Neg Re Acquisition Announcement**

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Credit Rating: BBB-/Watch Pos/--

Rationale

On May 25, 2005, Standard & Poor's Ratings Services placed its 'A-/A-2' corporate credit rating on PacifiCorp on CreditWatch with negative implications and its 'BBB-' corporate credit rating on MidAmerican Energy Holdings Co. (MEHC) on CreditWatch with positive implications.

The rating actions follow the announcement by Scottish Power PLC (A-/Stable/A-2) that it has agreed to sell PacifiCorp to MEHC for \$9.4 billion, including \$5.1 billion in cash, and the assumption of \$4.3 billion in net debt and preferred stock.

In addition, Standard & Poor's placed its 'A-' rating on Northern Natural Gas Co. on CreditWatch with positive implications, reflecting the fact that Northern Natural's rating is capped at a level three notches above the rating on MEHC, and that it can support an 'A' rating on a stand-alone basis.

The CreditWatch listing reflects the fact that the current 'A-' corporate credit rating on PacifiCorp is based on ScottishPower's consolidated credit profile, whose solid financial performance has compensated for the U.S. utility's weaker stand-alone metrics. The positive CreditWatch listing for MEHC reflects Standard & Poor's expectation that the acquisition will be financed primarily with the infusion of equity from MEHC's ultimate parent, Berkshire Hathaway Inc. (AAA/Stable/A-1+), a practice consistent with past acquisitions.

If the transaction proceeds, Standard & Poor's will assess the financing structure of the acquisition, MEHC's resulting consolidated creditworthiness, the benefit of any ring-fencing mechanisms that MEHC structures around PacifiCorp, and the utility's stand-alone credit metrics. Standard & Poor's will also consider MEHC's history of strong operations and regulatory management at its only U.S.-based regulated utility, MidAmerican Energy Co. (A-/Stable/A-1), as well as any necessary support for PacifiCorp's sizable capital expenditures over the near term.

The acquisition will require regulatory approval from each of the six states that PacifiCorp operates, which will take at least a year. As details of the merger become clear, Standard & Poor's will update the CreditWatch listings as appropriate.

Ratings List

To From

Ratings Placed On CreditWatch Negative

PacifiCorp		
Corp credit rating	A-/Watch Neg/A-2	A-/Stable/A-2
Senior secured debt	A-/Watch Neg	A-
Senior unsecured debt	BBB+/Watch Neg	BBB+
Subordinated debt	BBB+/Watch Neg	BBB+
Preferred stock	BBB/Watch Neg	BBB
Commercial paper	A-2/Watch Neg	A-2

Ratings Placed On CreditWatch Positive

MidAmerican Energy Holdings Co.

Corporate credit rating	BBB-/Watch Pos/--	BBB-/Positive/--
Senior unsecured	BBB-/Watch Pos	BBB-
Preferred stock	BB/Watch Pos	BB

Northern Natural Gas Co.

Corporate credit rating	A-/Watch Pos/--	A-/Positive/--
Senior unsecured debt	A-/Watch Pos	A-

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.

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