

October 4, 2005

Mr. Jeffery J. Gust
Vice President - Energy Supply Management
MidAmerican Energy Company
4299 Northwest Urbandale Drive
Urbandale, IA 50322-7916

SUBJECT: ANTICIPATED MIDAMERICAN ENERGY HOLDINGS COMPANY STOCK
CONVERSION - QUAD CITIES NUCLEAR POWER STATION, UNITS 1 AND 2

Dear Mr. Gust:

This is in response to the letter dated August 12, 2005, from LeBoeuf, Lamb, Greene & MacRae LLP, counsel for MidAmerican Energy Holdings Company (MEHC), regarding an anticipated stock conversion related to MidAmerican Energy Company (MidAmerican). MidAmerican holds licenses for the Quad Cities Nuclear Power Station, Units 1 and 2 (Quad Cities) with respect to MidAmerican's 25 percent ownership interest in Quad Cities. Exelon Generation Company, LLC (EGC) owns the remaining 75 percent interest in Quad Cities, and is exclusively licensed to operate the facility.

By Order dated February 15, 2000, the Nuclear Regulatory Commission (NRC) approved an application regarding a change in ownership of MEHC. As described in that application, a small group of investors consisting of Berkshire Hathaway Inc., Walter Scott, Jr. (who was a director of both MEHC and Berkshire Hathaway), David Sokol (who was MEHC's Chairman of the Board and Chief Executive Officer), and potentially a limited number of other members of MEHC's management, were seeking to acquire all of the then publicly traded stock of MEHC. Under the terms of the acquisition, Berkshire Hathaway's overall equity holdings in MEHC would be approximately 81 percent, which would be initially represented by a 9.9 percent interest in voting common stock coupled with preferred stock convertible to voting common stock. Mr. Scott's overall equity holdings would be about 18 percent of MEHC, which would include approximately an 88 percent interest in the outstanding voting common shares of MEHC. The remaining interests would be held by Mr. Sokol and other participating individuals if any. Within the group, no single investor would be able to appoint a majority of the ten member board of directors of MEHC. The acquisition of MEHC occurred following the NRC's approval. The final ownership group consisted of Berkshire Hathaway, Mr. Scott, Mr. Sokol, and Mr. Gregory Abel, now President and Chief Operating Officer of MEHC.

According to the August 12, 2005 letter, the voting rights divided among the group of MEHC's owners may change as a result of the recent repeal of the Public Utility Holding Company Act of 1935 (PUHCA). Specifically, as anticipated in the February 15, 2000, Order, Berkshire Hathaway intends to convert its preferred stock into common shares, increasing its 9.9 percent voting interest to over 80 percent. Consequently, Berkshire Hathaway, which has always held the largest overall equity interest in MEHC, would be able to vote the converted common shares

to elect the MEHC board of directors. However, there will be no new owners of MEHC, i.e., the original private group that acquired MEHC from the public will remain the same. In addition, there will be no changes to MEHC's corporate identity, operations, or name. Also, MidAmerican's corporate identity and name will not change, there will be no adverse effect on the licensee's financial condition, no liens or encumbrances will be placed on the facility, and there will be no effect on operations and financial conditions regarding Quad Cities, according to the August 12, 2005 letter. There is no indication that the stock conversion by Berkshire Hathaway would result in MidAmerican being owned, controlled, or dominated by foreign interests.

Under the particular circumstances described above, the NRC staff has concluded that the conversion by Berkshire Hathaway of its preferred stock to voting common shares would not effect an indirect transfer of the Quad Cities licenses held by MidAmerican, and therefore does not require prior written approval by the NRC under 10 CFR 50.80.

Sincerely,

/RA/

George F. Dick, Sr. Project Manager, Section 2
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-254 and 50-265

cc: See next page

J. Gust

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to elect the MEHC board of directors. However, there will be no new owners of MEHC, i.e., the original private group that acquired MEHC from the public will remain the same. In addition, there will be no changes to MEHC's corporate identity, operations, or name. Also, MidAmerican's corporate identity and name will not change, there will be no adverse effect on the licensee's financial condition, no liens or encumbrances will be placed on the facility, and there will be no effect on operations and financial conditions regarding Quad Cities, according to the August 12, 2005 letter. There is no indication that the stock conversion by Berkshire Hathaway would result in MidAmerican being owned, controlled, or dominated by foreign interests.

Under the particular circumstances described above, the NRC staff has concluded that the conversion by Berkshire Hathaway of its preferred stock to voting common shares would not effect an indirect transfer of the Quad Cities licenses held by MidAmerican, and therefore does not require prior written approval by the NRC under 10 CFR 50.80.

Sincerely,

/RA/

George F. Dick, Sr. Project Manager, Section 2
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

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