

NEWS RELEASE



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Stranded Gas Act Application Approved to Build Alaska Pipeline

SALT LAKE CITY – Jan. 28, 2004 – The State of Alaska Department of Revenue today approved MEHC Alaska Gas Transmission Company’s application under the Alaska Stranded Gas Development Act for authority to enter into negotiations on fiscal and tax issues related to building a natural gas pipeline to facilitate the transportation of stranded Alaskan natural gas. The department determined MAGTC’s application conforms with the requirements of the state’s Stranded Gas Act and was accepted.

MAGTC is a subsidiary of MidAmerican Energy Holdings Company, a Berkshire Hathaway Inc. affiliate. Other members of the project’s sponsor group include Cook Inlet Region, Inc., an Alaska native corporation; and Pacific Star Energy, LLC, a consortium including Alaska native corporations.

“Receiving this approval is an exciting first step in getting stranded Alaskan gas to Canada and the lower 48 United States,” said Robert Sluder, MAGTC president. “We look forward to working with the state of Alaska and continue to strongly encourage Congress to move forward to pass national energy legislation early this year.”

“This clears the way for negotiations to begin on a draft contract,” Alaska Gov. Frank Murkowski said. “We will hold preliminary talks with the companies immediately, with formal negotiations following shortly thereafter. We believe the consortium of companies led by MidAmerican is highly qualified to construct the project they have proposed, and we expect to negotiate with them from that basis.”

MAGTC plans to construct a 745-mile, \$6.3 billion (2002 dollars) pipeline extending from the North Slope area of Alaska near Prudhoe Bay southward to the Alaska-Yukon border near Beaver Creek. The 48-inch diameter, high-pressure natural gas pipeline will have an initial design capacity of approximately 4.5 billion cubic feet of gas per day. At the Alaska-Yukon border, the pipeline will interconnect with a new, companion pipeline to be built in Canada. The new Canadian facilities would connect Alaskan gas for delivery into multiple existing downstream pipeline systems into virtually every market center in Canada and the lower 48 United States.

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MAGTC will be responsible for the Alaska segment of the project and is pursuing project development in anticipation of a Dec. 31, 2010, in-service date.

MAGTC has named Kirk Morgan as vice president and project manager of the Alaska pipeline project. Micheal Dunn has been named MAGTC's director of engineering and construction. Morgan was vice president of marketing and regulatory affairs for Kern River Gas Transmission Company, a MidAmerican subsidiary. Dunn was Kern River's director of operations and served as the director of construction projects for the Kern River 2003 Expansion Project.

MidAmerican's interstate pipeline subsidiaries, Kern River and Northern Natural Gas, own and operate more than 18,000 miles of pipeline facilities, making MidAmerican the second-largest interstate natural gas transmission company in the United States.

The Kern River pipeline system brings natural gas into Utah, Nevada and California. Extending from the gas-producing fields in Wyoming to Bakersfield, Calif., Kern River delivers more than 1.7 billion cubic feet of natural gas per day to customers along its 1,679-mile pipeline system. In 2003, Kern River completed a \$1.2 billion expansion more than doubling the capacity of its system by increasing throughput capacity by 906 million cubic feet per day. The project involved 717 miles of 36- and 42-inch diameter pipeline.

Northern Natural Gas operates a network of interstate natural gas pipelines extending from the Permian Basin in Texas to the Upper Midwest. The system includes 16,500 miles of pipeline; 4.3 billion cubic feet per day of market area peak capacity; and three natural gas storage facilities with a storage capacity of 59 billion cubic feet.

MidAmerican Energy Holdings Company is based in Des Moines, Iowa, and is a privately owned global provider of energy services. Through its energy-related business platforms – CalEnergy Generation, Kern River Gas Transmission Company, Northern Natural Gas Company, MidAmerican Energy Company and CE Electric UK – MidAmerican provides electric and natural gas service to five million customers worldwide. Information on MidAmerican is available on the Internet at www.midamerican.com.

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