

MEMORANDUM

TO: J.R.JONES, D.COHEN, K.BALLARD; VIA FAX TO D.McCREA,
B.SNYDER, P.MERRELL

FROM: CHUCK McCREA *CM*

RE: CONVERSATION WITH RICHARD HINCKLEY

DATE: May 18, 1992

I spoke with Richard Hinckley this afternoon and related to him the status of our efforts to get settlement negotiations going with the defendants.

I told Richard that we needed an updated schedule quantifying Nevada Power's damages. He said that Nevada Power is working on this and will complete it shortly. It will include the costs related to PCB contaminated equipment as well as PCB equipment. I said we wanted a summary sheet of one or two pages, showing:

[1] the costs incurred by descriptive category tied to account names and numbers under the Uniform System of Accounts for Electric Utilities, a system promulgated by the Federal Energy Regulatory Commission and to my knowledge used, with minor variations (if any), by the Nevada Public Service Commission and every other state regulatory commission; and

[2] a breakdown of the changed out equipment into three categories - GE, Westinghouse and other. (I am assuming that Monsanto provided all of the PCB dielectric fluid for all manufacturers, so its share of damages would be ascertained on some other basis, a problem that is not ours in any event.)

I said we would also want the summary schedule accompanied by a certificate of a company official - the person who would be the

principal witness supporting the schedule - saying in substance that the schedule had been prepared under his direction and control and fairly represents the actual costs incurred by Nevada Power in changing out the equipment, exclusive of all interest and other financing costs.

I also told Richard that we intend to set up a high level meeting with defendants or none at all; a meeting attended by officers or agents of the defendants who have authority to make binding commitments to settle. I said that in this context, it would lend credence to our insistence that principals with settlement authority attend if Nevada Power would have such a person at any meetings. He agreed.

I also reminded him that we need to know what figure Nevada Power would be comfortable in submitting (which would be where defendants would start negotiating) and what figure would be the bottom of Nevada Power's range.

We talked about the timing of such a meeting; I told him it is unlikely it would occur before two weeks, but that we need the damage summary to get the ball rolling.

TRANSACTION REPORT

P. 1

MAY-19-92 TUE 13:05

SERIAL B' CAST

#	DATE	S. T.	NAME	TIME	PGS	NOTE	DP
01	MAY-19	13:04	18123325307	0'	0	SERIAL BUSY	
02		12:58	14084431174	1' 53'	3	SERIAL OK	
03		12:58	18155254879	1' 53'	3	SERIAL OK	
TOTAL				3M48S	6		

JONES, JONES, CLOSE & BROWN, CHARTERED
Seventh Floor — Valley Bank Plaza
300 South Fourth Street
Las Vegas, Nevada 89101-6026
(702) 385-4202

MESSAGE FROM PANAFAX UF-250: (702) 384-2276

DATE: May 18, 1992

TO: David Miller **FAX #:** 812-332-5387
PHONE #: 812-332-1840

TO: Bill Taylor **FAX #:** 416-443-1174
PHONE #: 416-443-1137

TO: Paul Miller **FAX #:** 615-525-1677
PHONE #: 615-525-1128

FROM: Charles Miller

CLIENT/MATTER: Space Power Program

CLIENT/MATTER NO.: 11037.2

NUMBER OF PAGES (including cover page): 3

MESSAGE: _____

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