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February 22, 1993

HAND DELIVERED

Sue Fogleboch, CLA
Nevada Power Company
6226 West Sahara Avenue
Las Vegas, Nevada 89102

Re: Nevada Power Company v. Monsanto Company, et al.
USDC, District of Nevada Case CV-S-89-555-LDG (LRL)

Dear Sue:

Attached is a copy of the Affidavit of Jeffrey Palermo, which was attached to Defendants' Joint Opposition to Plaintiff's Motion for Partial Summary Judgment on the Issue of Damages. Palermo makes several statements which are contrary to what we have alleged and Nevada Power needs to rebutt these. Please pass this on to David Schwehr and/or others with knowledge on these matters for their comments.

First, on page 2, Palermo states that the new equipment purchased by Nevada Power in the 1980s reduced the amount of units needed and improved the overall operation of the system. My recollection from reading some of the Monsanto and GE documents is that the replacement equipment actually was larger and less efficient.

Secondly, and of more concern, is Palermo's statements that PCB transformers can be refurbished and reused after the PCB liquid is removed and that companies around the United States specialize in that clean up and refurbishing process. We need to make sure that it was not economically feasible for Nevada Power to have salvaged that equipment. For example, it is possible that the nearest company was not close enough geographically to make it worthwhile to send the equipment there.

Sue Fogleboch
February 22, 1993
Page 2

I appreciate your assistance with this query. If you have any questions or need additional information, please let me know.

Sincerely,

BRADLEY & MERRELL

Deborah Mailander

DEBORAH MAILANDER

DM:dd
Enc.

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WESTINGHOUSE ELECTRIC CORPORATION

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

NEVADA POWER COMPANY, a Nevada
corporation,

Plaintiff,

vs.

MONSANTO COMPANY, a foreign
corporation; GENERAL ELECTRIC
COMPANY, a foreign corporation;
WESTINGHOUSE ELECTRIC
CORPORATION, a foreign
corporation; and DOES I through
XXV, inclusive,

Defendants.

CASE NO. CV-S-89-555-LDG
(LRL)

AFFIDAVIT OF P. JEFFREY
PALERMO IN OPPOSITION TO
NEVADA POWER COMPANY'S
MOTION FOR PARTIAL
SUMMARY JUDGMENT ON THE
ISSUE OF DAMAGES AND IN
SUPPORT OF THE
DEFENDANTS' JOINT
OPPOSITION

EXHIBIT A

P. Jeffrey Palermo, on oath, states as follows:

1. I am the Senior Vice President of CSA Energy Consultants, 1901 North Fort Myer Drive, Suite 503, Arlington, VA 22209, and I submit this affidavit in opposition to Nevada Power Company's motion for partial summary judgment on the issue of damages.

2. I have over sixteen years of experience in the power system field specializing in generation and transmission planning, coordination studies, reliability analysis, rate analysis and forecasting. Further, I am a registered professional engineer and a member of several technical societies. I am qualified to make the statements contained herein.

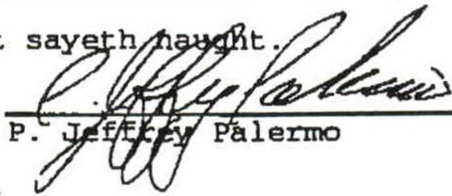
3. It is well established that transformers and capacitors have a range of life expectancies upon which manufacturers, utilities and others regularly rely. (American National Standards Institute C-57.91).

4. After 1980, improvements were made in distribution transformers and capacitors that reduced energy losses, reduced the amount of units needed and improved the overall operation of the system. Thus, Nevada Power Company would realize cost savings and efficiency and economic benefits based on using equipment manufactured after 1980 to replace older equipment.

5. It is well known that PCB transformers can be refurbished and reused once the PCB liquid is removed and the transformer is flushed out. (40 C.F.R. § 761.30).

6. Indeed, several companies around the United States specialize in cleaning up, refurbishing and then reselling transformers that previously had been filled with PCBs. A list of such companies can be found in the classified advertisements at the back of many electric power magazines published in the United States. (See Transmission and Distribution Magazine, September 1992).

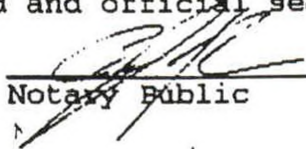
Further affiant sayeth naught.


P. Jeffrey Palermo

STATE OF VIRGINIA)
) ss:
COUNTY OF PRINCE GEORGE)

Subscribed, sworn to and acknowledged before me this
6 day of February, 1993 by P. Jeffrey Palermo.

Witness my hand and official seal.


Notary Public

My commission expires: 1/31/94