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May 19, 1992

Richard L. Hinkley, Esq.
Vice President, Secretary
and Chief Counsel
Nevada Power Company
6226 West Sahara Avenue
P.O. BOX 230
Las Vegas, Nevada 89151

VIA FAX: 376-5169

RE: Nevada Power Co. v. Monsanto Co., et al.

Dear Richard:

This will follow up on our telephone conversation of May 18, 1992.

First, the status of the case. The Ninth Circuit has remanded the matter to the Federal District Court in Las Vegas. The mandate was dated May 6th, and filed with the District Court on May 13th. We are preparing to put pressure on the defendants by filing over the next couple of weeks the various motions, requests for admissions, interrogatories, requests for production of documents and notices of depositions specified in the draft of a proposed letter to all defendants' counsel, a copy of which I faxed to you on or about May 8th. We have not sent that letter and won't unless and until the defendants agree to a meeting to be attended by principals of the defendant companies who have authority to settle.

The defendants may petition the U.S. Supreme Court for a Writ of Certiorari, but the chances of such a petition succeeding are, as you know, remote. Moreover, the filing of a petition for such a writ does not stay proceedings in the District Court, and the chances that the defendants might obtain a stay from either the Supreme Court or the District Court are no better than and probably not as good as the chances that the petition for the writ would be granted.

I believe we will eventually succeed in drawing these defendants to a settlement meeting, if for no other reason than I cannot imagine that they would want a jury to consider the evidence that they know we will present. However, I am also confident that they will be as stubborn and difficult as possible.

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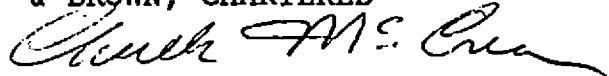
We have told them that Nevada Power's special damages are in the range of \$10 million. Nevertheless, they will want to verify this - particularly GE and Westinghouse, to give them some guideline on how they might allocate the damage burden among them. Although at some point they doubtless will demand via discovery all of the details of Nevada Power's computation of its special damages, for the purpose of possibly drawing the defendants to an early settlement meeting it would be tremendously useful to have a one or two page schedule summarizing the costs by category. The costs ought to include all of those matters specified in my letter of April 21, 1992 to you (copy enclosed for your convenience), together with any others that in your mind are appropriate. I assume that all of the costs which Nevada Power would include in its special damages would fall into one or more accounts in the Uniform System of Accounts for Electric Utilities, and it will be very useful to have the costs so categorized because it lends credibility to the calculation. To the extent that the equipment changed out and the equipment which replaced the changed out equipment can be identified by manufacturer (three categories: GE, Westinghouse, and other), that too will be very helpful. We are assuming that Monsanto provided all of the PCB dielectric fluid used in all of the equipment, so Monsanto's share of the damages would be ascertained on some other basis (a problem that is not ours in any event).

Finally, the summary schedule should be accompanied by a certificate of a company official - the person who would be the principal witness supporting the damage calculation and the schedule - saying in substance that the schedule has 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 cost.

Please call me as soon as you know when the quantification of Nevada Power's special damages is completed. The sooner the better.

Very truly yours,

JONES, JONES, CLOSE
& BROWN, CHARTERED


Charles H. McCrea, Sr.

CHM:ceb
Enclosure
cc: J. Randall Jones, Esq. (w/encl.)
David S. McCrea, Esq. (w/encl.)
Paul E. Merrell, Esq. (w/encl.)
Bill Snyder, Esq. (w/encl.)

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