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February 10, 1992

Richard L. Hinckley
Vice President & Chief Counsel
Nevada Power Company
6226 West Sahara Avenue
P.O. Box 230
Las Vegas, Nevada 89151

HAND DELIVERED

Re: Nevada Power Company v. Monsanto, et al.

Dear Richard:

I am delighted to enclose a copy of the decision of the Ninth Circuit Court of Appeals in the above-captioned action. Surprisingly (because reversals are always somewhat surprising), we prevailed.

This presents new problems for both of us. Nevada Power's task, and it needs to move on it quickly, is to quantify its damages as accurately as possible. Its damages, of course, are the expenses that it incurred in changing out PCB transformers and capacitors throughout its system, and expenses it may yet incur if it has not in fact completed the job. This is worth doing well; I think that at this point every dollar in damages that Nevada Power can support can be recovered from these defendants.

This is a somewhat stunning victory. These defendants gambled and they have lost heavily; until now the only case of record on precisely this type of claim was Electric Power Board v. Monsanto Company, 879 F.2d 1368 (6th Cir. 1989), which went their way and on which they relied heavily.

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Richard L. Hinckley
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We should meet and talk about this. There are many things that need to be considered.

Very truly yours,

JONES, JONES, CLOSE
& BROWN, CHARTERED



Charles H. McCrea, Sr.

CHM/jlr

cc (w/o enclosure): Charles A. Lenzie
Chairman and CEO