Monsanto

JUN 30 1978

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DATE June 29, 1978

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SUBJECT THERMINOL
JUNE 7th PCB PROPOSED REGULATION

REFERENCE

Route: RAS

TO E. T. MOLLICA - B3SA

In 1970-72 we assisted in the conversion of some 500 plants from PCB Therminol FR series to our present non-PCB fluids-Therminols 55 and 66. Fills at present values represented $400M of Therminol 55 and $1,750M of Therminol 66.

On June 7th, 1978 the USEPA issued a proposed regulation which potentially affects those converted plants which today contain more than 50 ppm PCB. We should consider three issues:

a) How do we react to the regulation as it affects Therminol customers who converted in 1970-72?

b) How will Monsanto deal with the 17 units converted in our own plants?

c) How will we interface with Goodyear who face the largest potential financial penalty at their Applegrove plant (n $500M)?

RECOMMENDATIONS:

1. We should recommend at the EPA hearing on August 21st that:

   a) Heat transfer plants containing less than 100 gallons of FR fluids and drained in 1970-72 should be authorized to continue unrestricted operation.

   b) Plants containing more than 100 gallons of fluid should receive an authorization to continue operation with conditions similar to at least Die Cast Hydraulic systems.

2. We should notify all customers who converted systems greater than 100 gallons of the proposed regulation and and the hearing date.

3. We should send all customers who converted systems greater than 100 gallons copies of the latest test methods for determining PCB levels in Therminol 55 and 66.

4. We should establish a special price for second refills of Therminol at 20% below list price.

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5. We should re-emphasize with EPA the need for rapid recertification of appropriate US incinerator facilities to deal with potential fluid refills.

6. In mid-July we should review with Goodyear management the PCB status of their Applegrove plant and their attitude to the July PCB proposal.

7. We should ask the 2 outside laboratories in whom we have confidence an PCB analytical technique if they can handle some 250 PCB/Therminol analyses with duplicates in the next 6 months.

8. We should review a series of additional laboratories to qualify them for PCB/Therminol analysis.

9. We should, by July 15, finalize within Monsanto a position on the 17 Monsanto units converted from PCB in 1970-72.

BACKGROUND:

1. In 1970-72 we assisted in the conversion of 250 plants with more than 100 gallon from Therminol FR fluids to Therminol 55 or 66. Some of these plants converted to alternative oil or Dow fluids. We supplied 1.2M lbs of Therminol 55 and 1.75M lbs of Therminol 66.

2. The Goodyear Applegrove plant contains approximately 500M lbs of Therminol 66 and has a make-up rate of 2-300 M lbs per year. The last recorded PCB level in 1977 was 300 ppm PCB.

3. Monsanto has 17 plants which we converted containing some 20,000 gallons or $140M of fluid. The last checked unit at Akron contained 18,000 ppm PCB in May, 1978. The status of other units is uncertain.

4. The proposed regulation authorizes PCB die cast units to operate at above 50 ppm on condition that they achieve a 50 ppm level one year from promulgation. Heat transfer systems leak much less than hydraulic systems (except for Goodyear Applegrove).

5. A 100 gallon system with 95% drain in 1970-72 should contain approximately 5 lbs of PCB which is not dissimilar to the 3 lb capaciter exemption granted by EPA.

6. In the absence of a heat transfer authorization Monsanto could have 8-10 plans in violation with potential fines of $15,000 plus per day by Spring of 1979. The alternative is 1978 flush and change out to get to 50 ppm PCB.

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7. Some Therminol plants may need 2 drains and fills to reach 50 ppm. Attendant ill-will could impair on-going Therminol VPI/66/55 sales unless we take a positive approach. A positive approach will enhance our heat transfer business.

8. We cannot cope with major PCB testing in-house. We must open up space at qualified labs and seek to qualify 10 further labs on a broad geographic base.

9. Commercial incinerators are still awaiting recertification under the Feb. 17 PCB regulation. This is a bottleneck in orderly handling of the heat transfer test. Rollins (3 units) and ENSCO (1 unit) are likely to receive the first permits by Sept. 1978.

ALTERNATIVES:

1. Handle Monsanto plants and play passive role in customer conversions. Rejected because of negative impact on Therminol business.

2. Sell replacement products at schedule price. Could add $100 M of gross profit and generate considerable ill-will. Could lose systems to Dow G and oil products.

3. Leave Goodyear to resolve their own problems. Improper attitude to major Monsanto account.

4. Emphasize need for EPA to qualify testing labs. This is a genuine alternative to us qualifying them. The question is, will EPA move rapidly.

D. Wood

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