Monsanto

FROM (NAME & LOCATION) Anniston, Ala.

DATE : December 31, 1968

SUBJECT :

REFERENCE :

TO : H. S. Bergen - General Offices

Here is a copy of the abstracts from Wall Street Journal concerning the "Great Capacitor Goof of 1957." I promised you a copy when you visited the plant and it took me this long to find it. Please excuse the quality but this is a copy of a copy after ten years.

G. W. Miller

GWM/bs

Enclosure

DSW 200490

Great Capacitor Goof: Lights Blink Out, Oil Drips on Office Desks

A Bad Batch Slips by GE, So Lighting Firms Are Besieged With Complaints, Claims

By a WALL STREET JOURNAL Staff Reporter

LOS ANGELES – Capacitors are such little fellows – barely two inches long.

But the trouble they're stirring up. You'd hardly believe it:

A giant corporation facing a loss that may run into "several hundred thousands of dollars."

Lights going out in office buildings in all parts of the country.

An attorney's dirty yellow socks—stained an ugly brown—being shipped from Los Angeles to Chicago as an exhibit of damages.

The giant company caught up in this saga is none other than General Electric Co. You see, it made the capacitors causing all the ruckus.

The Lights Are Going Out

To understand this tale of confusion, you had better know what a capacitor is. It's a condenser and it's used in fluorescent lights. And fluorescent lights have been going dark by the thousands because of a batch of faulty capacitors turned out by G. E. during a three week period last fall. G. E. won't estimate how many defective capacitors were produced, but one executive admits 400,000 to 500,000 "wouldn't be far off."

Here's what is happening: The inside of the capacitor is filled with oil containing certain chemicals.

But alas, the oil – or possibly the chemicals in it – is causing the capacitor to overheat until finally one day it bursts. This has been known to happen with sufficient force to hurl the capacitor 10 to 12 feet.

Drop by Drop

But normally the break through is less dramatic. A hole is simply torn in the capacitor allowing the brown oil to escape, drop by drop – to come dribbling down on office desks, on the heads of office workers, or on whoever or whatever is beneath. Also, the leak soon puts the fluorescent light on the blink.

What happened at G.E.? "We have been using the materials that go into the capacitors from the same sources for years now, and have never had any trouble before," explains James P. May, manager of marketing for G.E.'s capacitor department in Hudson, N. Y. "A small batch of bad material seems to have slipped by during a three week period last fall." He says G.E. labs estimated the contaminating material amounted to about three parts per million.

"There is no possible chance of repetition—it won't happen again," he avers. "We've developed more sensitive testing of the materials. As far as were concerned, it's now a dead issue," he adds.

Issue Not Dead

The issue, however, is far from dead for electrical firms.

Consider what is happening to one company here in Los Angeles, Ray J. Noel Co., Inc. This firm is a sales representative in California for Advance Transformer Co. of Chicago which buys capacitors from G.E.

"So far we have replaced 50,000 transformers in fluorescent lights and we have about 70,000 more to go," says Noel Co.'s Creighton Davis. "We have $75,000 to $80,000 tied up in labor costs alone."

Continues Mr. Davis in plaintive tones: "In the past four or five months, we've turned from a sales company into a service organization."

The company has had to hire a girl to take complaints over the phone and it has taken on an inspector to check out the complaints to see if the lights do contain a faulty G.E. capacitor.

G.E. Will Pay

Out back in the company's storeroom, workers wrap up the defective goods for shipment back to Advance in Chicago. Advance in turn ships the capacitors back to G.E. From a reversal of this chain, Noel hopes eventually to get back all the money it is spending. It already has been partially paid back by Advance. And G.E. says it will reimburse the people who bought the capacitors from G.E.

Gough Industries, Inc., a wholesale electric supply house also here in Los Angeles, is having some woes, too.

"Last week I had one of the bad capacitors in the City Manager's office in South Pasadena," relates a spokesman. "The goop fell all over his desk." He adds: "There are 100 other fixtures in the city hall and we're checking them all right now to make sure they don't have any more of that bad batch of capacitors."

In a city such as Los Angeles fluorescent lights have been winking out in a great variety of places—in the maternity ward of the Hunt-

Please Turn to Page 12, Column 4

Great Capacitor Goof: Lights Blink Out, Oil Drips on Office Desks

Continued From First Page

ington Memorial Hospital, in Price Waterhouse & Co.'s office, in The Wall Street Journal news bureau and in the offices of lawyers and doctors, to name a few.

Public reaction is varied also.

One doctor, calling an electrical contractor to complain, at first refused to believe a company of "G.E.'s stature" could make such a mistake.

An attorney, whose slacks and yellow socks were splattered with brown oil from a leaking light, demanded payment for the damaged clothes. The socks were sent back to the company as evidence.

"We've Struck Oil"

In some instances, firms take the inconvenience more lightly. A Nevada gas company official called a Los Angeles electrical concern to report: "You're ruining our business. We've struck oil."

G.E. claims the worst is over, though. "It can't last too much longer," says Mr. May. He explains that as soon as G.E. found out about the faulty batch it retrieved all bad capacitors that were left in distributors stocks and inventories.

"The incidence of failures of the capacitors has been tapering off: it's less than 1% now which is very small," says Mr. May.

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