August 20, 1971

Mr. Ray Jones
Crystal Farms, Inc.
P. O. Box 101
Chestnut Mountain, Georgia 30502

Dear Ray:

In line with our telephone conversation yesterday morning, I am writing this letter to inform you of the losses incurred through August 15, 1971 in our Hy-Line breeder flock located at the Gullet Farm, Duluth, Georgia. This loss occurred as a result of a product known as polychlorinated biphenyl (PCB), which was found in feeds delivered by your company to this particular flock of chickens. The losses listed below cover the loss of two hatches of chicks at the Duluth hatchery, these "no hatches" resulting from our Hy-Line breeders eating feed containing PCB, which was carried forward into the hatching eggs and to the embryonating chick, resulting in its death during the latter part of the embryonating stage. We are listing also transportation costs necessary to deliver chicks to our customers on a net mileage difference between deliveries from the Duluth hatchery to the customer's farm and the actual mileage from our Douglas, Georgia or Darby, Florida hatchery to the customer's farm.

Further, we found it necessary to set additional eggs, using eggs which were not calculated to hatch, as well as those that would have come from the Gullett flock. Therefore, we have included a charge for the additional eggs necessary to produce the proper number of chicks.

This flock has produced eggs which we are not now able to sell, and which cannot legally be used for human consumption. Current tests indicate they contain between 2.6 and 3.0 ppm of PCB, which is well above the federal tolerance of 1/2 ppm PCB. Therefore we ask that you destroy the 285 cases of these eggs which you have on hand. We had an additional 3619 dozen on hand as of our Sunday night inventory on August 15, resulting in a total of 13,242 dozen which will be destroyed through August 15.

Our losses calculated through August 15 are as follows:

1. 14,250 day-old Hy-Line chicks replaced from the July 15 hatch @ 30-1/2¢ per chick. $4,355.40

   12,750 day-old Hy-Line chicks replaced from the July 19 hatch @ 30-1/2¢ per chick 3,833.75

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2. Mileage cost for three shipments of eggs from Douglas to Duluth, to make our settings of July 19, 22 and 29. This resulted from our inability to use hatching eggs produced by the Gullett flock. Therefore the eggs had to be trucked in from Douglas.

1456 miles @ 25¢ per mile $364.00

3. Additional eggs adjusted because of hatchability differences between the Gullett flock and eggs from By-Line breeder flocks in the Douglas area necessary to produce replacements to cover shortages of chicks:

Eggs reset - 4,676 dozen
Original set (had we used Gullett flock eggs) - 4,260 dozen
Additional eggs used - 6,192 @ 9-3/4¢ per egg $603.72

4. Extra mileage for chick deliveries, Harry Aldridge, Lincolnton, Georgia:

Duluth - Lincolnton
Douglas - Lincolnton
Extra mileage - 71 miles @ 25¢ per mile $ 17.75

Extra mileage for delivery to Cloverdale Farms, Gracsville, Florida:

Duluth, Georgia to Gracsville, Florida - 510 miles
Delivery made as follows:
Darby, Florida to Douglas, Georgia, then to Gracsville, Florida and back to Darby, Florida - 776 miles
Extra mileage - 366 miles @ 25¢ per mile $ 91.50

5. Production manager's expenses for travel from Darby, Florida to Duluth, Georgia, to investigate initial hatchability problem:

Plane ticket	76.03
Car rental in Atlanta	22.15
Meals	13.13
Total	$111.31

6. Air express charges to ship samples of feed and embryo yolk to the Eastern Shore Laboratory in Laurel, Delaware: $ 11.23

7. Charges by Eastern Shore Laboratory for analysis of four samples @ $20.00 each: $ 80.00

8. Delivery charges from Duluth to Douglas, back to Duluth, to secure eggs for the Duluth setting of August 9 and August 16:

Two trips @ 403 miles per trip, at 25¢ per mile $245.00

9. Eggs produced by the Gullett flock which cannot be sold commercially, and must be destroyed, and eggs set since the problem first originated July 15 in an effort to monitor the hatchability and PCB level in the embryos.

Mr. Ray Jones

Please note that we have used a commercial egg yield value for these eggs rather than the hatching egg value, since, fortunately, in order to make up the loss it was not necessary for us to go on the open market to purchase additional hatching eggs.

The following eggs are to be destroyed, and are currently on hand by Crystal Farms:

Your pickup of	August 6	2??0 dozen	
	August 10	[illegible]0 dozen	
	August 12	1??? dozen	
		Total	8550 dozen
Eggs set to monitor			107? dozen
Inventory at the Cullott farm ending August 15 =			3619 dozen
Total dozen to destroy and set for monitor--			13,243 dozen
@ 27.69¢ per dozen yield =			$ 3,587.52
Total, loss through August 15			$13,355.10

We expect to experience a continuing loss, with the ultimate disposition of this flock uncertain. We have today put this flock into a molt, hoping that during the next 6 to 8 weeks the PCB contained in the chickens will deplete itself to a level which will permit hatchability to return, or to a level which will permit the sale of the eggs in consumer channels.

Our purpose in molting this flock is an attempt to minimize overall loss from the flock as a result of the PCB contaminant. We will be glad to consider any recommendations which you might care to make relative to further minimizing loss.

Please look over the information in this letter very carefully. If you have any questions, don't hesitate to give me a call.

Best personal regards.

Sincerely,

Thos. G. Chesnutt, Jr.

TGC/jb
cc: Mr. Wayne Horce

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