CTATE IN SEQUENCE:
. HEADING INFORMATION
2. NAMES OF ADDRESSEES
3. NAMES OF CARBONEES
4. IMMEDIATE ACTION NEEDED
5. REPORT ON CALL

:PORT CAPTIONS:
1. OBJECTIVE
2. PERSONS CONTACTED
3. RESULTS
4. ACTION REQUIRED

MONSANTO INDUSTRIAL CHEMICALS CO.

CUSTOMER NAME		DATE OF CALL
Westinghouse Electric		6/18/75
CITY AND STATE	DATE RECEIVED	DATE TYPED
South Boston, Virginia	7/1	7/3/75

CUSTOMER MAILING LIST CHANGES – SERVICE CENTER USE ONLY

NAME AND TITLE	PUT ON	TAKE OFF	M®	MAG	CATEGORY CODES

REGION	SERVICE CENTER	SALESMAN
Southern	ATlanta	Mickey Marcum

Cumming Paton CC H. R. Ford, David Wood, St. Louis, D. Mello Akron, Mike Petrilli, Akron Paul Kraska.

PERSONNEL CONTACTED: George Hvizdos, Div. Sen. Buyer, Harry Butler, Div. Matl Mgr.

OBJECTIVES: 1. Discuss dispositin of 5,000 gallons moisture contaminated interteen. 2) Review the analysis prepared by George Hvizdos pertaining to factors affecting Askarel pricing. 3) Determine how Interteen pricing is affecting percentage of market held by Askarel transformers.

RESULTS:
George had called on 5/27 reported they had contaminated about 5,000 gallons of Interteen by adding wet to the fluid and that this inerteen had a wet content of about 150 points per million. In order to remove moisture they insist on pulling and breaking of vacuum on a tank containing the Askarel and finally earth treating to remove tracem oisture. David Wood had talked with Lou Skerl at South Boston on five 29 suggesting that he try spraying the 5000 gallon tank with dry nitrogen at 5 cubic feet per minute through 1/2 inch pipe holding liquid at 95-105 degrees C and circulating the tank. Lou indicated that first he would try the vacuum and blotter press method. All suspected this method has proven inefficent and cumbersome and some consideration will be given to bubbling dry nitrogen. George questioned also the recent Dow article on Inbiber beads pertaining to how effective these are in contianing a PCB spiro. David Wood recommended absorbent clays as opposed to inbiber beads as being most efficient.

The following subjects were covered pertaining to factors relating to inerteen pricing and their effect on the marketplace: 1. incineration costs – David Wood indicated our incineration costs are running about 17¢ per pound and we are charging only 5¢ per pound for return scrap material. Our incinerator if capable of temperatures of 2400F and because of these extremes has been down for several weeks at atime for rebuild. Therefore the number of pounds incinerated plus incinerator operation costs equal about 17¢ per pound. Westinghouse currently is using the Kemtrol incinerator as is their bloomington Plant. They ship about 5,000 gallons every 6-12 months or approximatley 200 drums per year. These drums are purchased and later sold to a drum reconditioner in Baltimore for solvent cleaning.
2) Trichloribenzine – Harry Butler said that John Allworth and David Kaiser are getting calls from the field causing them to feel that their paying Monsanto more for than GE for Askarel plus Trichloribenzine or an equal material to accomplish the same functionality. When customers say that costs for Askarel transformers from Westinghouse are too high and that Westinghouse is paying too much for inerteen. This prompted George to study and subsequent report. Harry Butler says that their market share is

down to an alarming level and he blames Askarel costs. David Kaiser is seeing specific negotiations that point to a lower cost for GE than for Westinghouse. George said that the December TCB price was 38¢ per pound whereas the June 1975 price is 30¢ per pound not including any discount. Hooker recently has told Westinhouse that ther e is no difference between Dielectric TCB and Chemical TCB. David Wood responded that our price is significantly above 30¢ per pound for TCB from Hooker but that we will check once again with our supplier for current pricing. 3) Plant utilization - George's model for Benzine pricing is based on and Chorine production as opposed to Biphenyl production. Our Biphenyl unit is a polyphenyl unit and in 1974 we did not have enough benzine for Biphenyl so benzine was all diverted to chorinated Biphenyl. Carrier manufacturers in the textile industry went to BTX unit Biphenyl and now that high purity Biphenyl is once again available, we are finding it impossible to reenter the market at higher prices. Our polyphenyl unit is running at 30-40% where is should be and the product mix is working aginst us in terms of benzine y ld. We are not producing Biphenyl for straight sale. In addition, we are experiencing higher costs at our Krumrich plant - in that we can't operate half a reactor as a result of downturn in market volume. George Hvizdos feels that Westinghouse can't be expected to support a structure which relates other products produced in a plant used to produce inerteen. They should not bear the burden of other markets we are or were selling into. George says that in their price book quoting the prices of Askarel transformers, they use as a base for ASkarel 19¢ per pound multiplied by an escalator factor. He feels that salesmen may be covering up escalator factors until after a job is sold. Then this hit and becomes an irritant to the customer. 4) Carryover inventory. David woods says that this is not a significant factor. 5) Chlorine - for every mole of chlorinated biphenyl produc ed - you split off a mole of HCL which is scrubbed and has no value. The chlorine costs which George proposed should actually be coubled as HCL increases the cost due to scrubbing and corrosion effects. 6) Benzine - although it is tending down and should continue through the end of the year, to be offset by other factors. Othe Although we would not tell them what we are paying for benzine George felt that if we were paying over 80¢ per gallong, Westinghouse is being penalized for our ppor judgement. He admitted that they would have felt equally as bad if he had been allocated on inerteen through this year. 7) Linear relationship - this relationship does not hold true due to our product mix. The transformer industry is being penalized because of poor capacitor performance presently. 8) Fixed costs - these costs including energy and labor as well as costs on our incinerator are enormous. The fact that we are hoavy in skilled personnel and that we are investing capital in future fluids and these require environmental and toxic ilogical studies are having an e ffect. Feed studies are costing 70-100,000 dollars per fluid for strain.= In addition, Westinghouse of Pittsburgh and GE at Pittsfield are encouraging Monsanto to seek out replacement for the PCB fluids. Litigation reserved to handle lawsuits and out of court settlements are enormous. As a result of a May 27 press release in Wisconsin onPCB contamination in fish, we have begun feeding studies which we can't advertise given the product in a vulnerable high risk area. This must be expensed as it is done. Returns are being measured in terms of replacement value as opposed to investment value. "If our plant blew up tomorrow, the industry WOULD WANT us to rebuild therefore this is a trend line oprating against us.

We talked specifically about the North Slope project which consists of 22 units requiring inerteen the first of these units to be shippped beginning in October. George quoted engineering as saying they would use 54201KA material. Sharon had asked about a blend of 54 201 CM and TCB to enhance poor point but South Boston knew nothing of this.

Currently the Sharon and Muncy plants are the two bright spots among the five westinghouse divisions as they are ahead of objectives in booked orders for next year.

The above comments seemsto comfort Harryand George only somewhat as they indicated that theo would continue to look into factors affecting our raw materials cost hoping for some relief in the near future. George quoted Dave Kaiser as saying that he had heard from the West Coast that GE is abandoning an escalation clause on Askarel transformers. This is particularly upsetting to Westinghouse as they can't understand ~~that~~ how GE could take such a step unless they were in a more favorable cost position.