

MAR 27 1974



Republic Foil
National Aluminum
A Unit of
National Steel Corporation

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TELEPHONE (203) 745-2731

March 25, 1974

Mr. Richard L. Rollins
Vice President Engineering
JARD COMPANY, INC.
P. O. Box 650
Bennington, Vt. 05201

SUBJECT: Proposed Toxic Pollutant Effluent Standards
of the Environmental Protection Agency

Dear Mr. Rollins:

We understand that the water effluent standards for Polychlorinated Biphenyls (PCB's) as proposed by EPA and published in the December 27, 1973 Federal Register are restrictive enough to provide an effective ban on the manufacturing and use of this material. We, also, are aware that PCB's are the principal impregnant used in lighting, air conditioning, motor and power factor capacitors and that the one immediate fall back impregnant available, mineral oil, would require capacitor manufacturers to double the size of a capacitor to achieve the same electrical ratings which, in turn, requires twice as much aluminum light gauge capacitor foil.

You have asked Republic Foil to answer questions as they pertain to Republic Foil and to our industry, the producers of light gauge aluminum capacitor foil. Any comments we make about our industry must be understood to be our current best estimate as to its position or condition.

Before answering your questions, perhaps several comments should be made about our company. We have been supplying light gauge capacitor foil for more than 20 years and currently we are the single largest United States producer and supplier of this foil to domestic capacitor manufacturers, if we exclude General Electric Company who produce and supply most of their captive needs. Approximately 70% of the light gauge capacitor foil we sell goes into lighting, air conditioning, motor and power factor capacitors.

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Our best answers to your questions follow:

- 1) Do light gauge capacitor foil producers have the capabilities to provide twice the aluminum foil now being supplied to lighting, air conditioning, motor and power factor capacitor manufacturers?

We must first answer this from our ability to do anything. Since January 1973 we have been producing the maximum amount of light gauge capacitor foil possible for us to roll at our Danbury, Connecticut rolling mill. We are on a firm allocation to all our customers for the balance of 1974 and anticipate this condition continuing throughout 1975. As such, we cannot increase our production of capacitor foil, much less double it.

With respect to our domestic industry being able to supply substantial additional capacitor foil, we can advise that it appears very unlikely during the balance of 1974 even though there is a small amount of additional capacity coming on stream. The installed capacity will not even solve current shortage situations that exist.

Foreign suppliers of capacitor foil to United States capacitor producers have been making a concerted effort to get out of selling in the United States for more than a year now, and what sales they have left here are at premium levels to United States published capacitor foil prices.

- 2) What are the limitations of our industry producing the needed foil quantities?

Republic Foil limitations are primarily two-fold. The first is rolling mill capacity and the second is basic aluminum availability. If we had additional mill capacity, we would have an almost impossible task getting more aluminum to roll. The critical supply of aluminum has been well documented during the past twelve months. This shortage of aluminum applies not only to us but to our industry.

- 3) What is the probability of significantly removing the limitations or alleviating the cause of the limitations in the near future?

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For Republic Foil, it is not likely that capacity limitations will be changed in the near future. Lead times on new rolling mills and related equipment are so extended that were expansion plans approved within say six months, it would then be two years before new production facilities would be on stream. Even with additional rolling capacity basic aluminum availability would still be a limiting factor. We cannot comment on what our industry is planning other than to say we know of modest capacity being added in the next year, but we don't believe this would provide much, if any, relief for the quantities that might be required due to the proposed ban on PCB's.

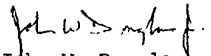
- 4) If capital expenditures are need to provide the above requirements, what changes in the market (such as price) would be essential?

Certainly for any producer to supply more capacitor foil major capital expenditures would be required. We could not substantiate investment with today's return and even if the return was satisfactory, basic aluminum availability again must be considered and assured. We cannot comment on our industry's position in this area as each company's capital requirements and foil product mix are different.

In summary, we do not believe that if aluminum foil requirements were doubled for lighting, air conditioning, motor and power factor capacitors our industry could produce anywhere near enough foil to supply the capacitor industry's sudden increased requirements.

Sincerely yours,

REPUBLIC FOIL/
NATIONAL ALUMINUM


John W. Douglas, Jr.
Sales Manager -
Electrical Products

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