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MONSANTO INDUSTRIAL CHEMICALS COMPANY

WELCOMES

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WESTINGHOUSE ELECTRIC CORPORATION

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BACKGROUND DISCUSSION PAPERS

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MONSANTO INDUSTRIAL CHEMICALS COMPANY
SUMMARY POSITION ON DIELECTRIC AROCLORS

as
~~In view of the PCB ecological situation~~ *developed:*
continue to supply

OK 1) Monsanto decided to ~~remain in the~~ dielectric Aroclor ~~business~~ because of the electrical industry's need for these products based on their unique performance characteristics, and because industry supported Monsanto with special agreements of indemnification.

OK 2) Monsanto ~~has~~ voluntarily phased out of many PCB markets and ~~will~~ sell only to approved *non-electrical* dielectric customers. This decision was supported recently by the U.S. Government PCB Task Force.

3) Monsanto with industry cooperation developed a more environmentally acceptable capacitor ~~fluid-Aroclor 1516~~ *dielectric fluid*.

5 4) Monsanto's costs for dielectric Aroclors have increased because of:

- Lost sales volume/lower production divisor
- Pollution clean-up costs
- Research & development expenses on new products
- Toxicity, biodegradation test work
- Plant investments

5) Monsanto has had (since 1969) a research and development program to find "PCB" substitutes in the dielectric area:

- To date some promising leads
- A capacitor experimental sample
- Transformer Fluid - no candidates as yet
- At least 2-3 years away from commercialization

6) On balance, the ecological risks have been substantially reduced by Monsanto and customer actions.

B) Monsanto has long valued our relationship with Westinghouse and we desire to work closely with you at all levels of Management.

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WESTINGHOUSE PURCHASES
OF
CAPACITOR AND TRANSFORMER INERTEENS

<u>LOCATIONS</u>	<u>POUNDS</u>				
	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972 Est³</u>
Bloomington, Ind.	3,610,000	2,724,000	2,557,980	1,032,600	2,046,000
Total Capacitor Inerteen	3,839,000 ¹	2,724,000	2,566,380 ²	1,051,650 ²	2,100,000 ²

Notes: 1) Includes small sales to Vicksburg
 2) Includes small sales to Cleveland
 3) Annualized, from first four months

Sharon, Pa.	5,873,000	2,596,000	2,244,520	1,213,000	270,000
So. Boston, Va.	--	2,051,000	3,469,120	4,083,000	3,927,000
Phoenix, Ariz.	--	237,000	323,900	225,000	270,000
Service Shops	<u>1,003,000</u>	<u>740,300</u>	<u>1,399,866</u>	<u>285,000</u>	<u>393,000</u>
Total Transformer	6,876,000	5,624,300	7,437,406	5,806,000	4,860,000
Total Westinghouse	10,715,000	8,348,300	10,003,786	6,857,650	6,960,000

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II

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Historical Price of Capacitor Aroclor
Sold To Westinghouse

<u>Year</u>	<u>Price Per Pound</u> <u>(Bulk)</u>	<u>Product</u>
1953	14.0¢ Not Delivered	Aroclor 1242
1957	13.88¢ Delivered	Aroclor 1242
1960	14.98¢ Delivered	Aroclor 1242
1964	14.50¢ Delivered	Aroclor 1242
1966	14.95¢ Delivered	Aroclor 1242
1970	16.00¢ Delivered	Aroclor 1242
1971	18.00¢ Delivered	Aroclor 1016
1972	20.50¢ Not Delivered	Aroclor 1016

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Historical Price of Transformer Inerteen
Sold To Westinghouse Electric Company

<u>Year</u>	<u>Price Per Pound</u> <u>(Bulk)</u>	<u>Product</u>
June 1968	13.45¢ Not delivered.	Inerteen 54201CM
Jan 1, 1971	16.50¢ Not delivered.	(100% Aroclor 1242)
April 1, 1972	19.50¢ Not delivered.	"

<u>Year</u>	<u>Price Per Pound</u> <u>(Bulk)</u>	<u>Product</u>
July 1, 1970	14.70¢ Not delivered	Inerteen 54201 KA
		(70% Aroclor 1254 +
		30% TCB)
Jan 1, 1971	16.70¢ Not delivered	"
April 1, 1972	21.00¢ Not delivered	"

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Table III

MONSANTO DIELECTRIC FLUIDS

Pricing Characteristics

1. Unusual price stability until 1970 even though ---

Cost Increases

Labor Costs:	197% Increase	(1953-1972)
Raw Materials:	20% Increase	(1953-1972)
Indirect Fixed Costs:	41% Increase	(1953-1972)

(e.g. Capacitor Fluids increased by only 7%, 1953-1969)

2. Increase 1970 - 1973² due to:

- A. Successful Development of Aroclor 1016
- B. Loss of 45% PCB Sales to other markets -- Divisor loss.
- C. Costs of Environmental Control Programs ---

Incinerator Program
Plant Clean-up

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