ST. LOUIS, MISSOURI

cc: R. E. Hatton
D. Wood

CALL REPORT NO. 76-43

SANGAMO
PICKENS, SOUTH CAROLINA

DATE OF CALL: October 19, 1976

FOR SANGAMO: Chuck Swinyer, Senior Buyer
Jules Hydrick, Gen. Mgr.
Jess Butner, Mgr., Mfg. Services
Boyce Whitman, Mgr., Mfg. Eng.

FOR MONSANTO: J.A. Alley
D. Wood

RESULTS:

Reviewed Monsanto phase out plans and industry forecast.

Consistent with Sangamo's October 13 announcement, they will stop using PCB's by November 1, 1977. Sangamo revised their June forecast to reflect shipments of 1016 from Monsanto only in the first half of 1977. They expect to take two TC's per quarter in the first two quarters of the year. This represents a 480M lb. decrease in their forecast.

In the Sangamo EPA agreement, EPA agreed to use weight instead of ppb as the measure of PCB in Sangamo effluent. Sangamo is at 1/4 ounce now. They must be down to 1/6 ounce by April 1, 1977; and to zero increase by November 1, 1977 (reason for zero increase is that there are PCB's in the incoming water to the plant.)

Sangamo will make decision on replacement fluid around end of 1976. Emphasis now is on phthalate ester plus TCB or DDB. Results thus far with PE fluid look good. Have done some work with 1889 but won't have meaningful numbers until January or February. They believe 1889 would be better for plastic than paper. Sangamo of course uses paper in their capacitors. In short, the replacement fluid will likely be PE. Sangamo views this as an interim decision, implying that other fluids will be developed for use by the capacitor industry.

Sangamo is not interested in the Dow fluid and they don't see how McGraw Edison can be competitive using that material.

In view of the various replacement fluids being tried in the industry, Jules Hydrick sees part of the sales pitch now being "my fluid is better than theirs."

Sangamo thinks they have held the low profile long enough on PCB's. They have hired the PR firm Newman, Saylor and Gregory of Columbia, S.C. to work with them. Sangamo plans a PR campaign to restore some of their image as a corporate citizen in the community. They are going to prepare a slide presentation to be given to community groups as well as to their employees. They requested certain background information from Monsanto (D. Wood to provide).

D. Wood did an excellent job of discussing some of the recent studies of the effects of PCB's on monkeys, fish, etc. Hydrick requested copies of various papers (D. Wood to provide).

Advised no price increase in 1976, and if it comes, we would give sixty (60) days notice.

Told them Monsanto hasn't decided yet whether to offer a PE to the capacitor industry.

Overall, no negative reaction to the Monsanto announcement. The Sangamo forecast is based on the rate they think their customers will convert. Hydrick acknowledged that more and more utilities are saying "no more PCB's." Therefore, in my judgement, we may see their forecast further reduced in 3-4 months from now.

J. A. Alley

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