From the desk of

JOHN N. EHLERS

H. L. Minckler

Revised excerpt of
Corporate Management
Committee meeting
9/14/70. Per Mr.
Mason's memo 9/30/70

JNE

Copies H.S. Burgess
W.B. Papageorge
Elmer Wheeler

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PCB - General

ORGANIC DIVISION - PCB STATUS REPORT
Present: Messrs. H. L. Minckler, John Mason

Progress made on the six-point program approved by the Committee in May was reported.

1. Terminate sales of all non-biodegredable chlorinated biphenyls to non-controllable end uses. 14.3 $\overline{M}$ lbs. of annual sales in this area have been terminated.

   - Sales for plasticizer applications have been terminated.

   - Despite protests from customers, no indication that foreign material is being imported for this use.

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2. Discontinue sale of Aroclor 1242 in NCR and replace with HB-40 U.K. and MIBP in USA.

   - The U.K. phase has been achieved with HB-40 substitution.

   - The substitution of MIBP or MIBP/DBB blends in the U.S. will be accomplished on the target date of January 1, 1971, using existing plant and toll manufacture.

   - Longer term, a new plant to reduce cost is required -- but this is subject to NCR signing a long term contract.

3. Close the loop on heat transfer applications where fire retardancy is essential and replace with alternates in other areas.

   - Use for food application has been discontinued. Approximately 50% of the business has been retained with substitute material.

   - Progress has been made for other heat transfer applications but continuing program of education to users is necessary.

   - Program of collection and regeneration of used material has commenced.

   - An incinerator project will be forthcoming.

4. Replace non-biodegradable chlorinated biphenyls in hydraulic applications.

   - 40% phase-out will be accomplished by November 1.

   - By year end will reduce from 14 $\overline{M}$ lbs. to 5 $\overline{M}$ lbs. annually leaving only 1242 being used for this purpose.

   - An additional three months will be required to remove all PCBs from Pydraul 300 to accomplish a 90% phase-out when 1242-B is available.

5. Close the loop on non-biodegradable chlorinated biphenyls in capacitor and transformer applications.

   - This usage by responsible industries is necessary for continuation of public power operations.

   - Program for regeneration and recycling of spent material proceeding.

   - Continuing program of customer education is being conducted.

Summary -- Actions taken have reduced sales of 23.6 $\overline{M}$ lbs./yr. representing a gross profit of $1.4 $\overline{M}$, partially offset by

substitution of biodegradable material generating $0.5 M gross profit. Plant programs have reduced discharge in the effluent. Work is being done to contain any spills and to attain a minimal level of plant effluent. Financial consequence is a reduction in net income of $400,000 after tax, representing a decrease in return on gross investment from 11.5 to 8.4%. Gross investment will be increased from $25.4 to $29.8 M. The program represents increased SARE expenses of $0.5 M in 1970, but this should be reduced significantly next year.

- The program in the U.K. is proceeding on the same basis. In addition, with our urging, we expect other European producers to take parallel actions.

Recommendation - The Division requests a three month's extension to achieve a 90% phase out of the use of non-degradable PCBs in hydraulic fluid applications when the new 1242-B product will be available for substitution.

Conclusions

The President commended the Division for the excellent progress made on its program. The three month's extension requested for phasing out of products in hydraulic fluids was approved with the caution that the Division continue to exert pressure to move this program as fast as possible. Further progress on the program should be reviewed with the Committee in the first quarter of 1971.
(Excerpt to Messrs. H. L. Minckler, T. K. Smith.)