

November 30, 1970

Mr. Keith Kelly
Manager of Purchasing
Power Systems
Westinghouse Electric Corporation
Box 341
Bloomington, Indiana 47401

Westinghouse

Dear Keith:

Randy Graham and I enjoyed our visit with you. I am particularly pleased that I had the opportunity to meet you and to discuss in person the price increase for Aroclor (Inerteen).

The prices of Inerteen 54201 CF and Aroclor 1232 will be increased \$0.02 per pound effective 1 January 1971 (1 July 1971 in accordance with your contract). The new prices for tankcar shipments will be \$0.18 per pound, freight allowed, for both products. As I stated at the time of our meeting, there are several factors which lead Monsanto to this price increase decision.

Certain of the more highly chlorinated PCBs (polychlorinated biphenyls) have been found to persist in the environment, and may be harmful to sensitive marine and bird species.

Due to this PCB environmental pollution problem Monsanto has withdrawn certain Aroclors from non-electrical product applications where confinement and control of the PCBs are not possible. This has resulted in substantially lower volumes and increased product costs.

We intend to continue to make these products available to the electrical industry for use in sealed capacitors and transformers. In doing so, the need to conform with requirements dictated by the PCB environmental problem has resulted in additional increases in manufacturing costs, toxicological testing expenses, and research costs.

Monsanto has historically had a responsible pricing policy on Aroclor. We will continue to operate under the same policy and have approached this price change as one which would provide Monsanto only the minimum necessary revenue required by the true increases in our cost of operation.

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Mr. Keith Kelly

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Keith, I was quite impressed with your plant operations and the work that has been done to assure proper handling of these products. I will be back in touch with you shortly concerning the modification to the contract we discussed.

Very truly yours,

T. L. Gossage
Director of Sales
Functional Fluids

/lse

cc: G. R. Graham
P. G. Benignus
H. S. Bergen

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