



**Request For Capital
Expenditures/Retirements**

DIVISION OR COMPANY **Organic Chemical Div. S OR**

LOCATION **Chicago, Illinois** J.O. CONTROL POINT **097**

JOB TITLE

Repair kiln firebox

REPORTING CLASSIFICATION
Expense

DATE APPROVED

JOB ORDER NO.

SUMMARY OF AMOUNTS

DESCRIPTION	LOCAL CURRENCY	U.S. DOLLARS
ESTIMATED PROJECT COST		\$6300
DISMANTLEMENT EXPENSE		
TRANSFER EQUIPMENT		
GROSS AMOUNT FOR APPROVAL		\$6300
LESS TRANSFER EQUIPMENT		
LESS SALVAGE OR TRADE-IN ALLOWANCE		
NET CASH REQUIRED (GOF-3027)		\$6300

RETIREMENT DATA		ECONOMICS		REVISION DETAIL (GROSS AMOUNTS)			
	AMOUNT	as called for in General Procedure Memo #3 Attachment C. (Attach calculations)		REV.#	DATE	AMOUNT	CUM. AUTHORIZATION
COST		ECONOMICS PERIOD		1			
DISMANTLEMENT		NET SALES		2			
LESS SALVAGE		NAT (PROFIT/SAVINGS)		3			
		TOTAL INVESTMENT		4			
		% ROI (ON TOTAL INVEST.)		5			
		INTERNAL RATE OF RETURN		6			
TOTAL - CHARGE RESERVE		PAYOUT OF NEW FIXED CAPITAL		7			

DESCRIPTION AND REASONS REQUIRED

Funds of -----\$6360
are requested to repair the kiln firebox

SUMMARY OF ESTIMATED COST - Details on GOF-3027		ESTIMATE NO.	STARTING DATE	COMPLETION DATE completed	
ITEM NO.	DESCRIPTION	MATERIAL	LABOR	ENGINEERING	TOTAL
	Repair kiln firebox	3000	3260	100	6360
NET CASH REQUIRED		3000	3260	100	6360
ACCOUNTING TREATMENT		APPROVALS			
ITEM NO.	DEPR. RATE	NAME		DATE	
		PROJECT SPONSOR <i>R. Johnson</i>		<i>8/23/79</i>	
		<i>G. Suffer</i>		<i>8/22/78</i>	
ACCOUNTING TREATMENT / ECONOMICS APPROVED BY DIV. CONTROLLER (CHECK BOX(ES))					
POST AUDIT PERIOD		POST AUDIT DUE DATE		DIVISION PRESIDENT/DIRECTOR	
DISTRIBUTION		CORPORATE OFFICER			

DESCRIPTION AND REASONS REQUIREDA. PROPOSED WORK AND COST

Funds of -----\$6360
are requested to complete the annual rebuilding of the large,
oil fired, kiln firebox.

B. PRESENT SITUATION

The oil fired kiln firebox as a result of high heat and normal expansion and contraction must be rebuilt each year; normally in December during low sales.

The firebox rebuilding was postponed from December due to extremely high sales, but the condition deteriorated so badly that repairs were scheduled for April.

C. JUSTIFICATION

The Chicago Plant is budgeted to make 10,000 k pounds of bulk litharge for 1979 to support the manufacture of lead stabilizers at the Chicago Plant, and lead-chrome pigments at Willow Island. Without the kiln, the plant would have to buy litharge. The yearly premium would amount to between \$ 300 k and \$ 400 k.

D. COMMERCIAL FACTORS

This order supports a plant budget as follows:

First Five (5) Months of 1979

<u>Sales - Pounds</u>	<u>Sales - Dollars</u>	<u>Profit on Sales</u>
4,086,000	\$2,578,000	788,000 (30.6%)

Budget for 1979

<u>Sales - Pounds</u>	<u>Sales - Dollars</u>	<u>Profit on Sales</u>
8,650,000	\$4,512,000	1,548,000 (34%)

E. DETAILS OF PROPOSAL

Remove and rebuild the kiln firebox. Realign kiln burners.

F. PRODUCTION FACTORS

This proposal will not alter product quality or production rates.

G. CONTINGENT FUTURE COMMITMENTS

This proposal will not require additional funds to complete.

H. ALTERNATIVES CONSIDERED

Purchase litharge at a premium of three to four cents per pound. This would involve a \$300 k to \$400 k increase in yearly costs. It is cheaper to make litharge than to buy it. Therefore, repair present kiln.

I. RISKS

No operating risks are involved.

J. SUMMARY

In order to continue the operation of the kiln which is required to manufacture the plants basic ingredient, litharge, the rebuilding of the firebox is mandatory.