



Denison Pipe Plant
F. O. Report 59-14
March 19, 1959

FIBRE BLEND CHANGES

PURPOSE

To estimate the effect on Division earnings due to proposed fibre blend changes for 1959.

DATA

Effective January 1, 1959, the price of Jeffrey fibres increased, the substitution rebate to the Pipe Division on 6D fibre usage was discontinued, the price of Munro fibre increased, although the discount will now be allowed at plant level so that cost to the Division will remain the same. In addition, a 3% exchange rate is to be applied to the mines' billing price in Canadian dollars to convert to U. S. dollars.

Concurrent with the foregoing changes, it was announced that J-M had sold interest in the Rhodesian mine and new fibre blends were proposed and put into effect in January whereby the M blends to be used in 13' machine products contain no Rhodesian fibre and the C blends to be used in 10' machine products were changed to use up the Rhodesian fibre in inventory. This we estimate will take 8 months, after which the C blend will again be changed to eliminate Rhodesian fibre usage.

Following is a comparison of previous and proposed blend usages we feel will occur in 1959:

10' Machine Products

<u>Fibre</u>	<u>Previous</u>		<u>Proposed</u>			
	<u>C-203</u>		<u>C-210 (8 mos)</u>		<u>C-209 (4mos)</u>	
	<u>Tons</u>	<u>Cost</u>	<u>Tons</u>	<u>Cost</u>	<u>Tons</u>	<u>Cost</u>
Blue	117	\$ 29600.	39	\$ 9867.	17	\$ 4301.
Munro 4Y	321	64354.	231	46311.	140	28067.
Rhodesian	290	52322.	154	27785.		
Jeffrey 4T			77	17000.	35	7727.
Jeffrey 6D					35	4195.
Total	<u>728</u>	<u>\$146276.</u>	<u>501</u>	<u>\$100963.</u>	<u>227</u>	<u>\$ 44290.</u>

Estimated Savings

\$ 1023.

MTC 013123

13' Machine Products

<u>Fibre</u>	<u>Previous</u> <u>M-558</u>		<u>Proposed</u> <u>M-567</u>	
	<u>Tons</u>	<u>Cost</u>	<u>Tons</u>	<u>Cost</u>
Blue	1355	\$ 342801.	1277	\$ 323068.
Munro 4Y	1050	210504.	1093	219125.
Rhodesian	355	64049.		
Jeffrey 4T	860	189871.	910	200910.
Jeffrey 6D	753	90255.	1093	131007.
Total	<u>4373</u>	<u>\$ 897480.</u>	<u>4373</u>	<u>\$ 874110.</u>
Estimated Savings				\$ 23370.

CONCLUSION

It is estimated that the Pipe Division has the potential of achieving a cost reduction of about \$24400. in 1959 thru use of proposed fibre blend changes at this plant.

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MTC 013124

Rensselaer Pipe Plant

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March 19, 1959

Fiber Blend Changes

Purpose

To estimate the effect on Division earnings due to proposed fiber blend changes for 1959.

Date

Effective January 1, 1959, the price of Jeffery fiber increased, the substitution rebate to the Division on 62 fiber wrap was discontinued, the price of Munro fiber increased, although the discount will now be allowed at plant level so that cost to the Division will remain the same. In addition, a 3% exchange rate is to be applied to the Munro's billing price in Canadian dollars to convert to U.S. dollars.

Concurrent with the foregoing changes, it was announced that Q-M had sold interest in the Rhodesian mines and new fiber blends were proposed and put into effect in January whereby the M blends to be used in 13' machine products contain no Rhodesian fiber and the C blends used in 10' machine products were changed to use up the Rhodesian fiber in inventory. This one estimate will take 8 months after which the C blend will again be changed to eliminate Rhodesian fiber wrap.

Following is a comparison of previous and proposed work under new job collection number 1959.

12' Machine Products

Type	Previous C-203		Proposed C-210 (Plan) C-209 (Plan)	
	Days	Cost	Days	Cost
Blue	117	\$296.00	39	\$9867
Memo 4Y	321	64354.	231	46311.
Rubberian	290	52322.	154	27785.
Jeff 4Y			77	17000.
Jeff 6Y				35
Total	728	\$146,76.	501	\$100,963.
Estimated Savings				\$102,350

13' Machine Products

Type	Previous M-558		Proposed M-567	
	Days	Cost	Days	Cost
Blue	1358	\$342801	1277	\$323018
Memo 4Y	1056	210504.	1093	219125.
Rubberian	355	54049.		
Jeff 4Y	860	189871.	910	200910.
Jeff 6Y	752	90255.	1093	171007.
Total	4373	\$897,480.	4373	\$874,110.
Estimated Savings				\$23,370

MTC 013126

Conclusion

It is estimated that the Life Division has the potential of achieving cost reduction of about \$100,000 in 1959 thru use of proposed fire blank charges.

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