

1978 July 31

T9/28 R/C

FROM

J. D. BREAZEAL
ENVIRONMENTAL & SAFETY ENGINEERING

TO

DR. B. D. DINMAN/T. B. BONNEY
PITTSBURGH OFFICE

PLAINTIFF'S
EXHIBIT
AL-823

cc: L. L. Corbin-Pittsburgh Office
C. F. DiMascio-Pittsburgh Office
F. J. McGrath/E. O. Merklin-Pittsburgh
J. H. Sloane-Pittsburgh Office
F. D. Amsler-Pittsburgh Office
T. J. Sherman
J. J. Loete/J. B. Mechem
D. J. Ritter/R. A. Jirus
R. C. Rawe

RE: DA-780086
Improve Insulation - 24 Soaking Pits

The attached copy of L. D. Dunlap's letter to J. T. Hobbs dated 1978 July 24 provides additional engineering detail to the referenced revised authorization DA-780086 (as well as DA-770587 - Purchase Spare Set of Work Roll Chocks for 72" Cold Mill).

I would like to enlist your support of the Soaking Pit insulation improvement. For in addition to the cost savings and significant energy conservation impact, this project will eliminate another use for asbestos at Davenport Works. Each of the vertical furnace lids has asbestos rope on the bottom of the perimeter for the seal. The design revisions and replacement materials will eliminate all the handling, repair, "dusting", and clean-up hazards associated with asbestos in this area of our plant.

Joe
J. D. Breazeal

JDB/1ly
Enclosure

*Revised R/A has been
approved.
R/C 9/28/78*

*TBB-
let's go
to
presentations?
B*



ALCOA

ALCOA0000009852

5F-4563

1978 July 24

FROM L. D. DUNLAP
CHIEF MECHANICAL ENGINEER
DAVENPORT WORKS

TO J. T. HOBBS
PITTSBURGH OFFICE

cc: L. L. Corbin - Pittsburgh Office
C. F. DiMascio - Pittsburgh Office
F. J. McGrath/E. O. Merklin - Pittsburgh
J. S. Sloane - Pittsburgh Office
F. D. Amsler - Pittsburgh Office
T. J. Sherman
J. J. Loete/J. B. Mechem
D. J. Ritter/R. A. Jirus
R. C. Rawe

RE: DA-770587 - PURCHASE SPARE SET OF WORK ROLL CHOCKS FOR 72" COLD MILL
DA-780086 - IMPROVE INSULATION--24 SOAKING PITS

The captioned R/A's have been revised, as follows, and are being resubmitted to Pittsburgh management for approval:

Authorization Number	Amount Currently Authorized	Total Amount Requested In Revised R/A	Current R.O.R.	Revised R.O.R.	Commitment To Date
DA-770587	\$38,000	\$49,000	65%	53%	\$12,000
DA-780086	\$265,000	\$429,000	210%	97%	\$110,853

Both authorizations were promptly stopped when it was realized that expenditures would exceed the authorized amount. The purpose of this letter is to provide Pittsburgh management additional insight into these projects so that the approval process may be completed as efficiently as possible.

DA-770587 was approved on 1977 September 09 to provide spare work roll chocks for the Davenport Works 72" Cold Mills. Prior to approval, a quotation was obtained from the vendor and was the basis for the R/A estimate. The estimate appeared low to Davenport Engineering, and the vendor was contacted and the price verified. Later, when the order was placed, the price was approximately \$10,000 higher than originally quoted. The vendor had neglected to include spacers, roll jacks or bearing retainers in the original quotations. The project was promptly stopped, and the R/A rewritten for the new amount.

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J. T. Hobbs
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1978 July 24

DA-780086 was approved on 1978 January 27 to improve the insulation on 24 of the Davenport Works' soaking pits. The cost estimate for this project was based on a prototype installation on No. 24 Soaking Pit. However, after funds had been authorized for this project, Engineering inspection of the prototype revealed that the method of insulation attachment to the furnace lid was not adequate, and a reduced project life could be expected. Design alternatives were developed, and the least-cost method of insulation attachment was selected. The project suffered another setback when it was deemed necessary to utilize more costly contract labor for installation rather than Davenport Works' labor, which is presently consumed in the maintenance effort. When the mechanical contractor submitted his quotation for labor to install the insulation, the cost was considerably higher than the original estimate and potential overrun of the authorized amount was a certainty. The project was promptly stopped until a revised request could be approved.

While it is regrettable that cost problems have been encountered, it is more important that we not lose sight of the fact that these authorizations remain good projects with a substantial return on investment. Both projects have been handled in a positive manner with work ceasing until the scope and savings associated with the projects could be redefined. Your efforts in promoting approval of these projects will be greatly appreciated.


L. D. DUNLAP

LDD/nb

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