PLAINTIFF'S EXHIBIT
tabbies
JMMC-375

Denison Pipe Plant
F. O. Report 59-17
April 16, 1959

FREIGHT COSTS ON FIBRES

PURPOSE

To estimate the effect of local freight costs on fibres as compared with that of other Pipe Plants.

DATA

From the GHQ Traffic Departments' report for 1958 we have determined the freight cost per ton by type of fibre for each of the six U. S. Pipe Plants.

In all cases the freight cost on fibres to Denison is greater than to the other plants. Exception is Munro fibre to Stockton and Watson and Vimy to Stockton which appear to be on an equal basis.

As all African fibres were shown in one total cost, we used an average cost per ton based on the total as compared to the freight cost of these fibres to Denison determined from local records.

Cost per ton for the other Pipe Plants are averaged to compare with Denison's Costs. Using this as a basis, we have extended our estimated fibre usage for 1959 at forecast volume to arrive at the estimated excess cost that will be in our fibre costs over other Pipe Plants' costs and due to difference in cost of getting the fibres to our location and assuming, of course, no freight rate increases.

COMPARISON

10' Machine Products

Fibre	Estimated Usage @ 1959 Forecast Volume -Tons-	Average 1958 Freight Cost Per Ton Other Plants	Average 1958 Freight Cost Per Ton Denison	Difference Extended in $
Blue	56	$ 27.95	$ 40.27	$ 690
Munro 4Y	371	29.31	35.10	2148
Rhodesian	154	27.95	35.18	1113
Jeffrey 4T	112	16.57	33.20	1863
Jeffrey 6D	35	16.57	33.20	582
Total	728			$ 6396

13' Machine Products

Blue	1277	$ 27.95	$ 40.27	$15733
Munro 4Y	1093	29.31	35.10	6328
Jeffrey 4T	910	16.57	33.20	15133
Jeffrey 6D	1093	16.57	33.20	18177
Total	4373			$55371

CONCLUSION

For 1959 we estimate that, due to greater freight expense, delivered cost of fibre at Denison will exceed the other Pipe Plants' cost for the same tonnage approximately the following amounts:

10' Machine Products	-	$ 6400. or $ 1.28 per finished ton
13' Machine Products	-	$ 55400. or $ 3.00 per finished ton

Prepared by: L. C. Stenger, Jr.

Denison Finance Office
Pipe Division

Requested by: J. E. Hesse

Distribution:
J. L. Durkin
C. D. Maguire (2)
T. R. Turnbull
K. J. Whalen (2)
R. F. Orth
Analysis Department (2)
A. J. Kroll
Pipe Finance Managers
J. E. Hesse
G. E. DeLong
L. I. Richards

Denison Pipe Plant
F.O. Report 59-17
April 16, 1959

Freight Costs on Fibres

Purpose

To estimate the effect of local freight costs on fibres as compared with that of other Pipe Plants.

Data

From the GHQ Traffic Departments' report for 1958 we have determined the freight cost per ton by type of fibre for each of the six U.S. Pipe Plants.

In all cases the freight cost on fibres to Denison is greater than to the other plants. Exception is Munro fibre to Stockton and Watson and Vimy to Stockton which appear to be on an equal basis.

As all African fibres were shown in one total cost we used an average cost per ton based on the total as compared to the freight cost of these fibres to Denison determined from local records.

Cost per ton for the other Pipe Plants are averaged to compare with Denisons Costs. Using this as a basis we have extended our estimated fibre usage for 1959 at forecast volume to arrive at the estimated excess cost that will be in our fibre costs over other Pipe Plants' costs and due to difference in cost of getting the fibres to

our location and assuming, of course, no freight rate increases.

~~Some of these could be caused by added rail handling, rail vs seatrain, [illegible] etc~~

Comparison
10' Machine Products

See following

10' Machine Products

Fibre	Estimated Usage @ 1959 Forecast Volume - Tons -	Average 1958 Freight Cost Rio Zêzere Other Plants	Average 1958 Freight Cost Rio Zêzere Clemson	Difference Extended in $
Blue	56	$27.95	$40.27	$690
Munro 4Y	371	29.31	35.10	2148
Rhodesian	154	27.95	35.16	1113
Jeffrey 4T	112	16.57	33.20	1863
Jeffrey 6D	35	16.57	33.20	582
Total	728			$6396

13' Machine Products

Blue	1277	$27.95	$40.27	$15733
Munro 4Y	1093	29.31	35.10	6328
Jeffrey 4T	910	16.57	33.20	15133
Jeffrey 6D	1093	16.57	33.20	18177
Total	4373			$55371

Omit from typing

$6396 ÷ 5000 forecast tons = $1.28 / ton

$55371 ÷ 18480 forecast tons = $3.00 / ton

Conclusion

For 1959 we estimate that, due to greater freight expenses, delivered cost of fibre at Renison will exceed the other Pipe Plants' cost for the same tonnage by approximately the following amounts:

10' Machine Products - $4400. or $1.28 per finished ton
13' Machine Products - $5400. or $3.00 per finished ton

Prepared by: L. C. Stenger Jr. — Renison Finance Office, Pipe Division

Requested by: J. E. Hesse

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C. D. Maguire (2)
J. R. Turnbull
K. J. Whalen (2)
R. F. Oath Analysis Department (2)
A. J. Kroll
~~R. F. Oath~~
Pipe Finance Managers
J. E. Hesse
G. E. DeLong
L. J. Richards

COPY FORM	INITIALS	DATE

BOX NUMBER	SEGMENT NO.	REQUESTING PARTY
10 51333		

NOTES

Fiber Freight 159