Monsanto

FROM (NAME & LOCATION) Mr. J. R. Savage - General Office

DATE July 9, 1970

SUBJECT LOCATION OF MCS-1016 FACILITY

REFERENCE

TO Mr. B. W. Corlew - WGK Plant
Mr. J. L. Corder - Anniston Plant

cc: Messrs.
F.J. Holzapfel
H.S. Bergen
R.M. Kountz

The location of the fractionator and auxiliaries for MCS 1016 (Aroclor 1242) will fix the source of most electrical Aroclor, except transformer 1242, for several years. When I wrote my memo of May 20, 1970, I was not aware that the heavy fractions from the fractionator would nearly equal the combined 1254 and 1260 requirement, nor had freight considerations been well defined. I believe the following covers all major factors in the decision.

1. Freight cost

Herb Day, working with Earl Potter, has developed a chart showing total freight cost vs. split between plants. Anniston has an obvious advantage on biphenyl, while finished goods freight is a stand-off. Krummrich has a small advantage on muriatic acid freight and a large advantage on chlorine. Net effect is a $130,000/year advantage to Krummrich.

2. Other chlorine considerations

If we fail to maintain the contract minimum chlorine traffic into Krummrich, a penalty of $400,000 will result. This decision alone is not sufficient to tip the balance. However, if Penta and/or Santobrite fails, the Aroclor volume would be needed to prevent this significant cost impact on MCB and the other remaining chlorine users. This decision does not affect the Division chlorine balance, since Herb's evaluation assumed that Point Comfort chlorine would be used in either plant.

3. Capital cost

Krummrich has an advantage in continuous chlorinator capacity (53M vs 42M), although Anniston's deficiency could be easily remedied. Anniston is in better shape on finished goods tankage. I rate the capital situation a stand-off, subject to any comments from CED.

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4. Quality and service

Krummrich has drawn even with Anniston on quality, but has not yet demonstrated consistently equal service.

5. Plant Expertise

More of the Division's expertise on Aroclor is in Anniston Production, TSD, and PR&D, although we have some equally qualified people at Krummrich.

6. Work force impact

Neither plant is likely to gain jobs by getting the fractionator, but a reduction is likely in the department that doesn't get it. If the fractionator goes to Krummrich, the impact on Anniston depends on what the Plasticizer Group does. If MIPB goes to Anniston, the net effect on jobs would be near zero. If the new 1221/5460 type plasticizers and our 5442 based Pydrauls succeed, there will be a boom in solid aroclors. Either plant would get an emotional boost from new construction.

7. Why not two fractionators?

Capital cost would be about $300,000 higher. Return on this additional investment would be negative. A phased approach would make sense if this were a market-growth situation. However, it is more likely that requirements will peak quickly and then taper off as third generation Pydrauls appear. I see no justification for the higher cost of two systems.

8. Compatibility with future products

MCS-1016 is generally considered a three year expedient. If the successor product for capacitors is a more sophisticated Aroclor fraction, this fractionator will probably be part of the system. However, if a brominated biphenyl or a sulfone-enriched base stock are the successors, the fractionator may become obsolete.

Since the tangible factors favor WGK, the fractionator should be built there, with the intangible disadvantages considered as problems to be solved. If I have missed any significant factors, please let me know.

J. R. Savage

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