Monsanto

→ cc A Smith

FROM (NAME & LOCATION): D. E. Crook MCI Company E1SJ

DATE : June 9, 1977 cc: D. R. Daues - E3NA

SUBJECT : W. G. KRUMMRICH INCINERATOR

REFERENCE :

TO : M. F. Mee - B2NL

Pls. review and comment / today pls.
6/10

The purpose of this memo is to outline a basis for distribution of costs associated with the incinerator at the W. G. Krummrich Plant, which can be agreed upon by both MIC and MCI.

BACKGROUND

The incinerator (about ten years old) was constructed to serve the Aroclor Department at the Krummrich Plant. Prior to 1975, it was used almost exclusively for MIC products (primarily Aroclors). Beginning in 1975, MCI products also began to use the incinerator. (See attached Usage Schedule.) With the retirement of the Aroclor Department at W. G. Krummrich the incinerator will have little use and plans are to shut it down in October, 1977. It will be kept on a stand-by basis for the W. G. Krummrich Plant until the proposed St. Louis area incinerator is commissioned (about 1-1-80).

PROPOSED COST DISTRIBUTION

1. Excess incinerator equipment (two storage tanks) previously used only by MIC will be retired (Gross Cost $27M - Net 0) and dismantled shortly. MCI will process the retirement request and allocate the Obsolescence Expense 100% to MIC.

2. Stand-by Costs (Depreciation, Insurance, Taxes) during the period from 10-77 to 1-1-80 would be allocated to occupants of the Krummrich Plant on the basis of the average usage over the last 2½ years. This would be the cost distribution of the higher obsolescence (retirement - depreciation) if the facility were retired now.

3. Obsolescence Costs associated with the retirement of the incinerator (estimate at 12-31-79) would be based upon the previous usage of the incinerator over the past 2½ years.

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-continued-

MCI proposes that the above itemized cost distributions be made as incurred unless, the stand-by status of the incinerator (currently planned from 10-77 to 1-80) is altered, in which case the basis for cost distribution in Items (2) and (3) above would have to be reviewed and revised if appropriate.

D. E. Crook
Manager, Financial Services

/aw
Attachment

Incinerator

As of 3/31/77 Gross Asset Value $7.1M
Net Book Value 406M
Monthly Depr. 5M/MO.

Approx. 6.7 yrs. to go

	Est. 1-1-80
Est. Book value 1-1-80	241
Dismantle	240
Decontaminate	62
Loss	543

DSW 337840

W. G. K.

INCINERATION BY OPERATING COMPANY AND BY PRODUCT

DSW 337841

STLCOPCB4081710

		1975	1976	May YTD 1977	Total
Customer Returns (Aroclors)	MIC-Div. 45	1,586,973	1,139,793	179,473	2,906,239
Dept. 246 (Aroclors)	MIC-Div. 45	398,394	3,036,374	409,244	3.844,012
Product 810-82 (Pirllpenta)	MIC-Div. 03	8,309	42,553	7,748	58,610
Product 810-80 (Cr-93% 2,4 DCP)	"	0	24,041	8,351	32,392
Product 810-85 (PCP)	"	228,077	722,716	259,021	1,209,814
Product 810-88 (Sant. 1)	"	162,042	963,040	457,834	1,582,916
Product 810-84 (RE 2,4 DICH)	"	251,137	169,410	0	420,547
Product 810-87 (93% 2, 4 DCP)	"	0	1,614	0	1,614
Depts. 219-222 (ONA - PNA)	MCI-Div. 02	60,071	263,423	101,888	425,382
TOTAL YEAR		2,695,003	6,362,964	1,423,559	10,481,526
	MIC-Div. 45	74%	66%	41%	64%
	MIC-Div. 3	24%	30%	52%	32%
	MCI-Div. 2	2%	4%	7%	4%

Projection: At the present there are several people involved in making a decision as to whether burning in the plant or sending out. No valid number available at this time.

Paul Kucera
5/2/77