



Interoffice Communication

To J. R. Pavo - Houston
From J. A. DeBernardi
Date January 16, 1981
Subject Quarterly Reforecast of Production, Cost Variances, and
Raw Material Requirements - 1981

The subject reforecasts are attached. Explanations of the reforecasted numbers are contained in the notes following each reforecast.

A handwritten signature in cursive script, appearing to read "J. A. DeBernardi".

J. A. DeBernardi

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Enc
CC + enc:
RDG-REL-WCK-WHC-JJL-RJA-JGD-JHB-JWW-JRH

CCR 000080371

REFORECAST OF PLANT PRODUCTION
 Quarter First Year 1981 Plant NCM

Product (MM Lbs.)	Budget				Year	Forecast (Actual) *				Year	Previous F'cast, Yr.
	First	Second	Third	Fourth		First	Second	Third	Fourth		
NCM	159.7	159.8	125.6	63.7	608.8	160.0	175.0	140.0	175.0	650.0	608.8
EDC	258.1	258.2	203.0	264.6	983.9	258.6	282.8	226.3	282.8	1050.5	983.9
HCl From INCINERATORS	2.1	2.4	2.1	2.4	9.0	1.6	2.0	2.1	2.4	8.1	9.0

WC-2-7a Due: Dec. 28, Mar. 28,
June 28, Sept. 28

NC-2-7a Due: Dec. 28, Mar. 28,
 June 28, Sept. 28

CCR 000080372

WC-2-7a

1st Quarter Reforecast

Notes - 1981

- 1) The forecasted productions for EDC and VCM reflect the projected market limitations for 1981.
- 2) The forecasted incinerator HCl production deficit for the first and second quarter reflects 1) the lack of continuous light ends firing, and 2) the fact the concentration unit has not been placed in operation. Routine light ends firing and operation of the concentration unit are projected for mid-second quarter.

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REI CAST OF PLANT VARIABLE COSTS 4)

Quarter FIRST Year 1981 Plant VCM

COLUMN WRITE

	Year		Quarterly (Actual *) Variance			
	Budget	Forecast	First	Second	Third	Fourth
1 Fixed Costs						
2 Payroll	4,586.2	4,509.2	17.9	19.7	19.7	19.7
3 MM&C	2,406.2	2,576.3	275.3	18.2	18.2	18.2
4 Utilities	-	-	-	-	-	-
5 Misc.	1,546.4	1,546.4	0	0	0	0
6 T.I.&D	3,680.6	3,680.6	0	0	0	0
7 Total	12,719.4	12,312.5	273.2	37.9	37.9	37.9
8						
9 V.C. Efficiency (IPA)						
10						
11 VCM	86.5		< 17.1 >	< 16.7 >	29.2	91.1
12						
13 EDC	115.3		107.5	130.1	< 200.5 >	78.2
14						
15 HCL from	< 157.7 >		< 96.2 >	< 61.3 >	< 1.7 >	1.5
16 Incinerator						
17						
18 Refer to Attached Notes						
19						
20						
21						
22 Total	44.1		< 5.8 >	52.1	< 173.0 >	170.8
23						
24 V.C. - Price (IPA)						
25						
26						
27						
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31						
32						
33						
34						
35						
36						
37 Total						
38						

WC-2-7b

1st Quarter Reforecast

Notes

Variable Costs

- 1) The net favorable efficiencies for EDC and VCM reflect the unbudgeted savings that will result from the Recycle EDC By-Pass project which is projected to be brought on line during the first quarter.
- 2) The unfavorable third quarter efficiency variance for EDC reflects the project unfavorable variances resulting from a third quarter 1981 turn-around.
- 3) The net unfavorable efficiency variance for 1981 in the incinerator area (\$157.7M) is due to a projected second quarter start-up of the acid concentration unit (as opposed to the budgeted 1980 start up).

Fixed Costs

Payroll

The favorable variance is based on not using the budgeted casual employees (3) in the incinerator area for the year.

MM&C

The favorable variances are due to eliminating \$290M in discretionary projects from the extraordinary budget and one budgeted painter for the year. The variances also reflect no extraordinary expenditures in the first quarter and the remaining extraordinary expenditures distributed evenly in the last three quarters.

MAJOR RAW MATERIAL REQUIREMENT (1)

Quarter First

Year 1981

Plant VCM

LINE NO.	Raw Material Name	For Product	Units	Budget	Forecast
				Unit/MM Lbs.	Unit/MM L
1					
2	Ethylene	VCM	MM lbs.	0.4751	0.475
3					
4	Chlorine	VCM	MM lbs.	0.6780	0.662
5					
6	Refer to attached notes				
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(1) Data to be used by Purchasing along with forecasted production to determine raw material requirements.

HC-2-7c

Due:

Dec. 28, March 28,
June 28, Sept. 28

CCR 000080376

WC-2-7c

1st Quarter Reforecast

Notes - 1981

- 1) The quarterly reforecast for raw materials is:

	<u>Quarter, 1981</u>			
	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Ethylene (lbs./lb. VCM)	0.4748	0.4727	0.4788	0.4753
Chlorine (lbs./lb. VCM)	0.6421	0.6403	0.6914	0.6788

- 2) The less than budgeted chlorine requirements for the first and second quarters reflects the fact that it will not be necessary to transfer HCl to the Methyl Chloride Unit for VCM production maximization/MeCl stream factor.
- 3) The higher than budgeted chlorine and ethylene requirements for the third quarter result from the projected unfavorable variances resulting from the third quarter 1981 turnaround.

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