Monsanto

FROM ANNISTON, ALABAMA

DATE August 2, 1967

SUBJECT Aroclor Expansion - CEA 1430

REFERENCE

TO R. P. Stevens

cc: H. C. Carder
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As per your request production cost standards and some background for project justification have been assembled and are attached. The cost estimates have been given a cursory review by the manufacturing personnel and have produced no violent objections since they are truly estimates.

J. MacPherson

DSW 376798

IN-10 REV. 6-64

Project Justification

1. Customer service - new facilities will give Monsanto the ability to store minimum bulk inventory as defined by production planning.

2. Quality - new facilities will have the materials of construction and quality promotion system (i.e. nitrogen blanketing) necessary to maintain the high quality Aroclors produced in the refining units.

3. Solid Aroclor Debottlenecking - the solid Aroclor system will be debottlenecked to 12.0 M lbs/yr by the installation of the new flaker. New earnings of $130,000 may be claimed by the project.

4. Tank car savings - 20 tank cars are required for the liquid Aroclor fleet as of now unless adequate storage facilities are provided, an additional 8 cars will be necessary to prevent bottlenecking of the liquid production. This would represent a capital expenditure of $153,000 ($19,135/car).

5. Labor savings - YTD laborer effort required by the Aroclor/Biphenyl/HB-40 complex is 14 men with 7% overtime, this represents a projected laborer hour expenditure of 31,000 hours. Based on the production estimates shown in Anniston TSD report 370-720 (1) the laborer hours through 1971 required for the existing installation are:

	Laborers hours	Laborers (Aroclor/BiO/HB-40)
1967	31,200	14
1968	37,200	17
1969	40,600	19
1970	42,200	19
1971	44,859	21

CED preliminary design estimates indicate the following labor requirements:

Biphenyl - 1 man bagging / flaking

Solid Aroclor - 1 man bagging / flaking

BiO/Aroclor - 1 man to handle conveyor system for bags

Liquid Aroclor - 2 men drumming / palletizing

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These activities represent 65% of the total effort for the Aroclor/Biphenyl/HB-40 complex. Laborer breakdown may be presented as follows with the criteria that 92.5% of the laborer effort is in Aroclor/Biphenyl:

	Aroclor/Biphenyl Laborer (existing system)	CED Facilities	+	Other Activites	=	(Aroclor/Biphenyl) Total Laborers
1968	16	5	+	6	=	11
1969	18	5	+	7	=	12
1970	18	5	+	7	=	12
1971	20	5	+	7	=	12

therefore the labor not required for the Aroclor/Biphenyl areas will be:

	Laborers (existing system)	Laborers (CED Complex)	Diff.
1968	16	11	5
1969	18	12	6
1970	18	12	6
1971	20	12	8

Using $10,000/man, the CED project could claim up to $80,000 labor savings.

The laborer split is assumed to be the following:

	Liquid Aroclor	Solid Aroclor	Biphenyl
1968	4	4	3
1969	4	4	4
1970	4	4	4
1971	4	4	4

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Production Cost Estimates - the following data was estimated, assumed, or projected on developing the standards:

		Liquid Aroclor	Solid Aroclor
Capital		$1,660,000	$490,000
FIE		6,050	3,375
Depreciation	1968	30,100	8,910
	1969	27,200	8,020
	1970	24,100	7,120
	1971	21,100	6,240
Salaries	1968	1,528	800
	1969	1,635	880
	1970	1,749	970
	1971	1,871	1,000
Medical Expense		$12,000	$10,000
Technical Service	1968	2,000	955
	1969	2,140	1,045
	1970	2,290	1,135
	1971	2,450	1,230

Labor	Packing	Production
1968	3.2703	3.916
1969	3.3703	4.016
1970	3.4703	4.116
1971	3.5703	4.216

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