MONSANTO INDUSTRIAL CHEMICALS COMPANY

APPROPRIATION REQUEST

To: L. A. Miller November 16, 1976

SPECIALTY CHEMICALS DIVISION

FUNCTIONAL PRODUCTS BUSINESS GROUP

W. G. KRUMMRICH PLANT

Request No. 21-705

TITLE: PURCHASE NINE TANK CARS USED FOR POLYCHLORINATED BIPHENYL SERVICE

NEW FIXED CAPITAL REQUESTED:	$73,800
Transferred Capital	0
Total Capital Requested	$73,800

Signed _____

H. W. Tippee
Manager, Distribution

APPROVED:

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R. A. Pohl
Manager, Manufacturing

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R. G. Potter
Business Director

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L. A. Miller
General Manager

MONS 053636

FINANCIAL SUMMARY ($M)

New Fixed Capital	$73,800
Gross Investment	$73,800
Expenses:	
Start-up	$ 0
Dismantling	0
Retirement Loss	0
Modifications	0
Repairs	0
Total Expenses	0
After-tax Income	Non-Earnings
Return on:	
New Fixed Capital	-
Gross Investment	-

I. DESCRIPTION OF PROJECT

This request provides for the purchase of nine rail cars currently used for the transportation of Polychlorinated Biphenyls. Cost for upgrading six of these cars in compliance with the American Association of Railroad Interchange Rules has been included.

II. BACKGROUND AND NEED FOR PROJECT

Because Polychlorinated Biphenyls have a tendency to persist and accumulate in the environment, Monsanto plans to discontinue production in 1977. A total of 48 rail cars are assigned to Polychlorinated Biphenyl service. Monsanto owns 39 of these. Nine are under lease.

Since transport containers can be a source of contamination, it is imperative that the future utilization of the 48 cars remain under the control of Monsanto. To accomplish this, it will be necessary to purchase the nine leased cars.

When these cars are no longer required for Polychlorinated Biphenyl service they will be cleaned and placed in controlled petroleum product service within Monsanto. After all detectable traces of Polychlorinated Biphenyls have been removed, the cars will be placed in internal non-food product service.

III. PROFITABILITY

No direct profitability is claimed by this request.

IV. ALTERNATE COURSES

It is possible that we can buy out of our leases, at cost less than the purchase price, with an agreement that the cars will be restricted to non-food services. Control of service by the Lessors is so limited that this alternate is not recommended.

V. CAPITAL ESTIMATE

Corporate Distribution furnished the following cost for the purchase of nine cars and the upgrading of six cars:

Purchase Price (nine cars)	$41,700	
Sales Tax	2,500	
Freight	2,700	
Contingencies	3,100	
		$50,000
ARR Compliance (six cars)		23,800
TOTAL		$73,800

Corporate Distribution has requested that three of these cars be purchased prior to January 1, 1976, and the remaining six cars be purchased in a timely fashion through late 1978. The total cost will be $50,000.

The American Association of Railroads Interchange Rules require that rail cars over 20 years old must meet certain mechanical standards before they can be sold for use in interchange (transportation) service. Six of the nine cars covered by this request fall in this category. To cover this cost $23,800 has been included.

VI. PERSONNEL

No personnel changes will be included as a result of this request.

VII. POLLUTION AND TOXICITY PROBLEMS

This project will avoid potential secondary liability associated with contaminating transported materials with PCB by placing all PCB tank cars under direct Monsanto control. Further use in Monsanto service will be conducted under strict Product Acceptability Procedures. Initial use will be restricted to non-food grade materials, primarily fuel oils.

At present there are no regulary requirements on the disposition of PCB contaminated equipment.

VIII. PRODUCTION RISKS & HAZARDS

No new production risks and hazards will result.

IX. PATENT PROBLEMS

No patents will be involved.

X. CORPORATE DISTRIBUTION REVIEW

Comments furnished by Corporate Distribution are attached.

XI. SUPPORTING SCHEDULE

A summary of the cars covered by this request is as follows:

Car No.	Size	Monthly Lease Cost	Lease Expires	Date Constructed
General American Transportation Company - Lessor/Owner				
GATX 95669	10,000 gal.	$135	6/30/77	11/47
GATX 32454	8,000 gal.	$165	11/30/78	10/53
GATX 32455	8,000 gal.	$165	11/30/78	10/53
GATX 32456	8,000 gal.	$165	11/30/78	10/53
GATX 32457	8,000 gal.	$165	11/30/78	10/53
GATX 74836	4,000 gal.	$190	2/28/78	2/55
American Car & Foundry - Lessor/Owner				
ACFX 4590	4,000 gal.	$150	3/31/77	2/57
ACFX 23874	8,000 gal.	$165	4/30/79	4/57
North American Car Corporation - Lessor/Owner				
NATX 6507	4,000 gal.	$190	7/31/77	6/57