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DATE: 1959 June 3

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DOCUMENT DESCRIPTION: Memo RE Asbestosis - Hogansville with
Inspection Results & Data

C. Link

information and file. JES

TPM - Winnsboro



cc:

Mr. J. E. Sullivan - Building

June 3, 1959

CONFIDENTIAL

Mr. J. E. Clark
Textile Division
New York

Subject: Asbestosis - Hogansville
(Reference your letter of May 28th)

After receiving your letter of May 28th, I have reviewed this matter with Eggle Sullivan who, in turn, has discussed with Hogansville management. The estimates of cost that you questioned were arrived at by discussion with Hogansville management and Messrs. Sands and Graff of Central Industrial Relations. At the time these estimates were prepared, it was realized that a certain amount of money had been spent in the past on some of these items. The estimates were based on future projection of costs without any offset from previous expenditures in that it was felt previous expenditures in the last few years were not a major item. However, after going back at your suggestion and examining this situation again, we find that some of these estimated expenditures can be reduced.

The medical expense, Item "F", will be approximately \$9,000 this year, however, over the last two years we have averaged approximately \$3,000 so we are reducing this item to \$6,000 for additional cost over previous experience. Expenditures on installation and improvement of dust control program, Item "G", have been reduced from \$10,000 to \$7,500. This was based on our average expenditure of approximately \$2,600 per year for the last three years, however, the work in the last three years has been mostly of an experimental nature. In arriving at the cost of installing equipment, we feel we will have to install automatic blending line enclosed with exhausted air similar to that now being used by Johns-Manville Corporation. We feel that our spinning frames will have to be enclosed and air exhausted from them, a new method of wetting warps in order to eliminate water on the floor and do a better job on dust control, vacuum cleaning equipment to be purchased in the use of cleaning of

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.. W. E. Clark
June 3, 1959
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machinery, walls, windows and floors, etc. Based on equipment costs and installation, it is estimated that over the next five years this will average, with miscellaneous items, approximately \$10,000 per year. In that we have been spending approximately \$2,500 per year in the past, we are now estimating \$7,500 per year additional will be spent on this item.

Improvement in housekeeping and dust control maintenance, Item "J", has been reduced from \$10,000 to \$7,500. This was originally estimated on the basis of three additional men, one man on mechanical and maintenance work and two additional men on housekeeping and machine cleaning with vacuum equipment. This item is one that is of particular interest to Messrs. Sands and Graff. Hogenesville recommends, and we agree, that considering the number of manhours being used at present, that addition of two men instead of three will be adequate; therefore, this expenditure has been reduced from \$10,000 to \$7,500 per year. The other items on the estimated additional cost I believe to be self-evident and are ones that will occur, in our opinion, as we develop more cases of Asbestosis and we do not believe these estimates should be reduced.

In summary, we have reduced the cost estimate for additional costs by offsetting our expenditures that have been made in the past by \$8,000 per year. This reduces the total from \$44,900 to \$36,900 and the cost per pound from 5.3¢ to 4.3¢.

Eddie Sullivan has been in touch with Wes Graff, of Central Industrial Relations, and explained to him our reasons for changing these estimates and Central Industrial Relations will support this revision.

We are attaching hereto twelve copies of revised last two pages of material sent to you and they should be substituted for the last two pages of the original material. We are still very interested in expediting this material and will appreciate your handling it accordingly.

R. C. Harrington
mh

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ESTIMATE OF COST EXPOSURE DUE TO OCCUPATIONAL
DISEASE AT ASBESTON PLANT

A.	Estimated maximum number of people on Workman's Compensation will be an average of five for the next few years.	
B.	The maximum payment to individual under the Georgia Law is \$30.00 per week x 52 weeks = \$1,560.00	
C.	Therefore, assuming 5 cases x \$1,560.00 = per year.	\$ 7,800.00
D.	Estimated legal expenses in connection with Workman's Compensation Cases per year	1,500.00
E.	Medical Control Program Expenses, including doctor and related costs	6,000.00
F.	Medical expenses connected with Workman's Compensation	1,500.00
G.	Expenditures on installation and improvement of dust control equipment.	7,500.00
H.	Estimated expenses for Termination Allowance above normal Termination Allowance cost, 2 employees per year at \$750.00 each	1,500.00
I.	Estimated extra Disability Allowance Retirement Cost. Average of five people at any one time at \$720.00 per year each	3,600.00
J.	Improvement in housekeeping and dust control equipment maintenance	7,500.00
Total Estimated Cost Exposure or use \$37,000 for Estimate		\$36,900.00

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Estimate of Cost Exposure Due To Occupational
Disease at Asbeston Plant -
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Listed below, you will find information pertaining to production, cost of production and profits at Asbeston Plant for historical prospective in order to evaluate the effect of the estimated \$37,000 per year cost due to occupational disease hazard:

<u>Year</u>	<u>Pounds Produced</u>	<u>Factory Cost Per Pound</u>	<u>Selling Price Per Pound</u>	<u>Selling & Administrative Cost Per Pound</u>	<u>Gross Profit Before Taxes Per Pound</u>
1954	793,000	\$1.28	1.52	19.11	5.22¢
1955	898,000	1.32	1.56	9.91	14.09¢
1956	900,000	1.22	1.47	10.48	14.45
1957	847,000	1.29	1.51	10.41	11.67
1958	821,000	1.35	1.50	13.71	.81

Based on average year 850,000 pounds
\$37,000 extra cost = 4.3¢

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ESTIMATE OF COST EXPOSURE DUE TO OCCUPATIONAL
DISEASE AT ASBESTON PLANT



1. Workman's Compensation

(a) Estimated that maximum number of people on Workman's Compensation will be five, average at any one time for the next eight to ten years.	
(b) The maximum payment to individual under the Georgia Law is \$30.00 per week x 52 weeks =	\$ 1,560.00
(c) Therefore, 5 x \$1560.00 = \$7,800 for Workman's Compensation payments.	7,800.00
(d) Estimated legal expenses in connection with Workman's Compensation Cases per year	1,500.00
(e) Medical Control Program Expenses, including doctor and related costs	9,000.00
(f) Medical expense connected with Workman's Compensation Cases	1,500.00
(g) Expenditures on installation and improvement of dust control equipment	10,000.00
(h) Estimated expenses for termination allowances above normal termination allowance cost, 2 employees per year at \$750.00 each	1,500.00
(i) Estimated extra disability allowance retirement cost, average of 5 people drawing at any one time at \$720 per year per person annual cost	3,600.00
(j) Improvement in Housekeeping & Dust Control Equipment Maintenance	10,000.00
Total Estimated Cost Exposure or use \$45,000.00 for Estimate	\$44,900.00

Listed below, you will find information pertaining to production, cost of production and profits at Asbeston Plant for historical perspective in order to evaluate the effect of the estimated \$45,000.00 per year cost due to occupational disease hazard:

<u>Year</u>	<u>Pounds Produced</u>	<u>Factory Cost Per Pound</u>	<u>Selling Price Per Pound</u>	<u>Selling & Administ. Cost Per Pound</u>	<u>Gross Profit Before Taxes Per Pound</u>
1954	793,000	11.28	1.52	19.11	5.224
1955	898,000	1.32	1.56	9.91	14.094
1956	900,000	1.22	1.47	10.48	14.45
1957	847,000	1.29	1.51	10.41	11.67
1958	821,000	1.35	1.50	13.71	.81

Based on average year 850,000 pounds
\$45,000 extra cost @ 5.34 per pound.

Estimate of Cost Exposure Due to Occupational Disease
at Asbeston Plant

1. Workman's Compensation

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|--|-------------|
| (a) Estimated that maximum number of people on Workman's Compensation will be five, average at any one time for the next eight to ten years. | |
| (b) The maximum payment to individual under the Georgia Law is \$30.00 per week x 52 weeks = | \$ 1,560.00 |
| (c) Therefore, 5 x \$1560.00 = \$7,800 for Workman's Compensation payments. | 7,800.00 |
| (d) Estimated legal expenses in connection with Workman's Compensation Cases per year | 1,500.00 |
| (e) Medical Control Program Expenses, including doctor and related costs | 9,000.00 |
| (f) Medical expense connected with Workman's Compensation Cases | 1,500.00 |
| (g) Expenditures on installation and improvement of dust control equipment | 5,000.00 |
| (h) Estimated expenses for termination allowances above normal termination allowance cost, 2 employees per year at \$750.00 each | 1,500.00 |
| (i) Estimated extra disability allowance retirement cost, average of 5 people drawing at any one time at \$720 per year per person annual cost | 3,600.00 |

Total Estimated Cost Exposure or use \$30,000.00 for Estimate	\$29,900.00
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Listed below, you will find information pertaining to production, cost of production and profits at Asbeston Plant for historical prospective in order to evaluate the effect of the estimated \$30,000.00 per year cost due to occupational disease hazards:



<u>Year</u>	<u>Pounds Produced</u>	<u>Factory Cost Per Pound</u>	<u>Selling Price Per Pound</u>	<u>Selling & Administ. Cost Per Pound</u>	<u>Gross Profit Before Taxes Per Pound</u>
1954	793,000	\$1.28	1.52	19.11	5.22¢
1955	898,000	1.32	1.56	9.91	14.09¢
1956	900,000	1.22	1.47	10.48	14.45
1957	847,000	1.29	1.51	10.41	11.67
1958	821,000	1.35	1.50	13.71	.81

Based on average year 850,000 pounds

\$30,000 extra cost = 3.5¢ per pound