

To: W. C. Kolar

From: P. E. Markey  
Date: November 21, 1984

Interoffice  
Communication

Subject: VCM PLANT BUDGETED VARIABLE COSTS

VISTA

As you are aware the plant is experiencing some difficulties with the recent reduction of budgeted chlorine price in the current fiscal 1985 variable cost budget. The problem stems from the fact that the revised budgeted chlorine pricing failed to reflect an appropriate price change in the "chlorine equivalent" HCl price. As a consequence budgeted HCl pricing remained disproportionately high. The final result of these changes is distorted variable costs and variances.

Attached for your review are two versions of IPA's; the revised budget version and the plant preferred version which reflects an HCl "chlorine equivalent" price as tied to the recently reduced budgeted chlorine price. Also attached is a comparison table of 1985 budgeted variable costs which detail the impact of HCl pricing based on the original chlorine price and HCl pricing based on the revised chlorine price. The differences are substantial.

We would like to meet with you at the plant at your convenience to review the situation and attempt to resolve the differences. The objective would be to develop a method which will provide accurate variable costs and variances which reflect actual plant operation.

If you have any questions or comments on the attached information, please give me a call at ext. 5065.



P. E. Markey  
Plant Superintendent

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cc: RAC-JHB-MLA-MCM-JRP

CWH 000005649

REVISED BUDGET VERSION

CWH 000005650

LAKE CHARLES VCM PLANT  
EDC DEPT. NO. 386  
PROD. FORECAST - 1107.8MM LBS.  
RAW MATERIALS AND BY-PRODUCTS

INDIVIDUAL PRODUCT ANALYSIS  
ETHYLENE DICHLORIDE  
OCTOBER, 1984

| PROD. FORECAST - 1107.8MM LBS.<br>RAW MATERIALS AND BY-PRODUCTS |         | FIRST QUARTER STANDARDS<br>PER POUND PROD. |            |         |            | ACTUAL  |          |            |          | VARIANCE        |                  | DUE TO    |         |
|-----------------------------------------------------------------|---------|--------------------------------------------|------------|---------|------------|---------|----------|------------|----------|-----------------|------------------|-----------|---------|
|                                                                 | UNITS   | CTS/UNIT                                   | UNIT/LB    | CTS/LB  | QUANTITY   | DOLLARS | CTS/UNIT | UNIT/LB    | CTS/LB   | CENTS/<br>POUND | TOTAL<br>DOLLARS | PRICE     | EFF.    |
| CHLORINE                                                        | LBS.    | 6.0000                                     | 0.4070     | 2.4420  | 32031700   | 1764944 | 5.5100   | 0.350600   | 1.9318   | 0.5102          | 466128           | 156955    | 309173  |
| ETHYLENE                                                        | LBS.    | 19.5000                                    | 0.2860     | 5.5770  | 26497710   | 4902076 | 18.5000  | 0.290000   | 5.3656   | 0.2114          | 193139           | 264977 (  | 71838)  |
| OXYGEN                                                          | LBS.    | 1.7560                                     | 0.0747     | 0.1312  | 7947860    | 125643  | 1.5808   | 0.087000   | 0.1375 ( | 0.0063) (       | 5756)            | 13925 (   | 19681)  |
| HCL FROM VCM SECTION                                            | LBS.    | 7.9267                                     | 0.3248     | 2.5746  | 34231262   | 1834453 | 5.3590   | 0.374700   | 2.0079   | 0.5667          | 517749           | 878956 (  | 361207) |
| HYDROGEN                                                        | LBS.    | 14.6807                                    | 0.0001     | 0.0015  | 4375       | 642     | 14.6743  | 0.0        | 0.0007   | 0.0008          | 731              | 0         | 731     |
| LESS: BY-PRODUCTS                                               |         |                                            |            |         |            |         |          |            |          |                 |                  |           |         |
| LIGHT ENDS                                                      | LBS.    | 0.0                                        | ( 0.0020)  | 0.0     | ( 17675)   | 0       | 0.0      | (0.000200) | 0.0      | 0.0             | 0                | 0         | 0       |
| HEAVY ENDS                                                      | LBS.    | 0.0                                        | ( 0.0075)  | 0.0     | ( 642372)  | 0       | 0.0      | (0.007000) | 0.0      | 0.0             | 0                | 0         | 0       |
| PROCESSING (LOSS) GAIN                                          | LBS.    |                                            | ( 0.0831)  |         | ( 8690968) |         |          | (0.095100) |          |                 |                  |           |         |
| SUBTOTAL                                                        |         |                                            | 1.0000     | 10.7263 | 91361892   | 8627758 |          | 1.000000   | 9.4435   | 1.2828          | 1171991          | 1314813 ( | 142822) |
| PROCESSING SUPPLIES                                             |         |                                            |            |         |            |         |          |            |          |                 |                  |           |         |
| OXYCHLORINATION CATALYST                                        | LBS.    | 739.9786                                   | 0.000039   | 0.0289  | 2519       | 17329   | 687.9317 | 0.000028   | 0.0190   | 0.0099          | 9045             | 1311      | 7734    |
| OXYCHLORINATION DILUENT                                         | LBS.    | 129.6824                                   | 0.000052   | 0.0067  | 2847       | 2973    | 104.4257 | 0.000031   | 0.0033   | 0.0034          | 3106             | 719       | 2387    |
| HYDROGENATION CATALYST                                          | LBS.    | 1258.3870                                  | 0.0        | 0.0     | 0          | 0       | 0.0      | 0.0        | 0.0      | 0.0             | 0                | 0         | 0       |
| SULPHURIC ACID                                                  | LBS.    | 3.8504                                     | 0.000109   | 0.0004  | 13571      | 689     | 5.0770   | 0.000149   | 0.0008 ( | 0.0004) (       | 365) (           | 166) (    | 199)    |
| CAUSTIC SOLUTION                                                | LBS.    | 7.6806                                     | 0.003910   | 0.0300  | 322208     | 21685   | 6.7301   | 0.003527   | 0.0237   | 0.0063          | 5756             | 3063      | 2693    |
| NITROGEN-GASEOUS                                                | MSCF    | 83.6694                                    | 0.000355   | 0.0297  | 29208      | 35679   | 122.1549 | 0.000320   | 0.0391 ( | 0.0094) (       | 8588) (          | 11241)    | 2653    |
| AMINE                                                           | LBS.    | 116.5173                                   | 0.000029   | 0.0034  | 1768       | 2126    | 120.2489 | 0.000019   | 0.0023   | 0.0011          | 1005 (           | 66)       | 1071    |
| COOLING WATER CHEMICALS                                         | LBS.    | 121.3929                                   | 0.000066   | 0.0080  | 7922       | 7060    | 89.1189  | 0.000087   | 0.0077   | 0.0003          | 274              | 2557 (    | 2283)   |
| MOLECULAR SIEVES                                                | LBS.    | 214.1200                                   | 0.000007   | 0.0015  | 0          | 0       | 0.0      | 0.0        | 0.0      | 0.0015          | 1370             | 0         | 1370    |
| LIMESTONE                                                       | LBS.    | 0.9838                                     | 0.006309   | 0.0062  | 535700     | 3781    | 0.7058   | 0.005863   | 0.0041   | 0.0021          | 1919             | 1489      | 430     |
| ANTIFOULANT CHEMICALS                                           | LBS.    | 87.9376                                    | 0.000027   | 0.0024  | 1220       | 1160    | 95.0820  | 0.000013   | 0.0013   | 0.0011          | 1005 (           | 87)       | 1092    |
| OTHER                                                           |         | 152.3833                                   | 0.000021   | 0.0032  | 2144       | 3409    | 159.0019 | 0.000023   | 0.0037 ( | 0.0005) (       | 457) (           | 142) (    | 315)    |
| SUBTOTAL                                                        |         |                                            |            | 0.1204  |            | 95891   |          |            | 0.1050   | 0.0154          | 14070 (          | 2563)     | 16633   |
| UTILITIES                                                       |         |                                            |            |         |            |         |          |            |          |                 |                  |           |         |
| ELECTRICITY                                                     | KWH     | 5.3372                                     | 0.033990   | 0.1814  | 3463728    | 125101  | 3.6117   | 0.037912   | 0.1369   | 0.0445          | 40656            | 59767 (   | 19111)  |
| WATER                                                           | M/GALS. | 28.4000                                    | 0.000343   | 0.0097  | 35174      | 9989    | 28.3988  | 0.000385   | 0.0109 ( | 0.0012) (       | 1096)            | 0 (       | 1096)   |
| STEAM                                                           | M/LBS.  | 550.4932                                   | 0.000384   | 0.2114  | 30355      | 171570  | 565.2117 | 0.000332   | 0.1878   | 0.0236          | 21561 (          | 4468)     | 26029   |
| NATURAL GAS                                                     | MSCF.   | 344.0800                                   | 0.000050   | 0.0172  | 4992       | 17447   | 349.4992 | 0.000055   | 0.0191 ( | 0.0019) (       | 1736) (          | 271) (    | 1460)   |
| SUBTOTAL                                                        |         |                                            |            | 0.4197  |            | 324107  |          |            | 0.3547   | 0.0650          | 59385            | 55028     | 4357    |
| HEAVY ENDS DISPOSAL COST                                        | LBS.    | 4.4202                                     | 0.007500   | 0.0332  | 671565     | 27809   | 4.1409   | 0.007351   | 0.0304   | 0.0028          | 2558             | 1876      | 682     |
| LIGHT ENDS TO SALES                                             | LBS.    | -5.5000                                    | 0.002000 ( | 0.0110) | 0          | 0       | 0.0      | 0.0        | 0.0      | ( 0.0110) (     | 10050)           | 0 (       | 10050)  |
| LIGHT ENDS TO INCINERATOR                                       | LBS.    | -5.5000                                    | 0.0        | 0.0     | 0          | 0       | 0.0      | 0.0        | 0.0      | 0.0             | 0                | 0         | 0       |
| TOTAL                                                           |         |                                            | 11.2886    |         |            | 9075565 |          | 9.9336     | 1.3550   | 1237954         | 1369154 (        | 131200)   |         |

| PROD. DISTRIBUTION ETHYLENE DICHLORIDE |          |          |         |
|----------------------------------------|----------|----------|---------|
|                                        | POUNDS   | DOLLARS  | C/LB    |
| PRODUCTION                             | 91361892 | 9075565  | 9.9336  |
| VARIANCE                               |          | 1237954  | 1.3550  |
| SUBTOTAL                               | 91361892 | 10313519 | 11.2886 |
| TO-SALES                               | 882200   | 99508    | 11.2886 |
| TO-VCM SECTION                         | 89867131 | 10144741 | 11.2886 |
| TO-INTERPLANT                          | 0        | 0        | 11.2886 |
| TO-EXCHANGE                            | 0        | 0        | 11.2886 |
| TO-PROCESSOR                           | 0        | 0        | 11.2886 |
| TO OR (FROM) INV                       | 412541   | 42100    | 11.2886 |

REVIEWED BUDGET VERSION

INDIVIDUAL PRODUCT ANALYSIS  
VINYL CHLORIDE MONOMER  
OCTOBER, 1984

| PROD. FORECAST - 670MM LBS    |         |           |                 |                         |             |            |                 |              |           |           |            |           |
|-------------------------------|---------|-----------|-----------------|-------------------------|-------------|------------|-----------------|--------------|-----------|-----------|------------|-----------|
| RAW MATERIALS AND BY-PRODUCTS |         |           |                 | FIRST QUARTER STANDARDS |             |            |                 | ACTUAL       |           |           |            |           |
|                               | UNITS   | CTS/UNIT  | PER POUND PROD. | QUANTITY                | COSTS       | CTS/UNIT   | PER POUND PROD. | VARIANCE     | TOTAL     | PRICE     | TOE        | TOE       |
|                               |         | UNIT/LB   | CTS/LB          |                         | DOLLARS     | UNIT/LB    | CTS/LB          | CENTS/ POUND | DOLLARS   |           | EFF.       | EFF.      |
| END-PURCHASED                 | LBS.    | 11.2886   | 1.6161          | 18.2435                 | 89867131    | 8927041    | 9.9336          | 1.459800     | 14.5016   | 3.7419    | 2303490    | 1217700   |
| END-PURCHASED                 | LBS.    | 11.2886   | 0.0             | 0.0                     | 9618949     | 1017444    | 10.5775         | 0.156300     | 1.6528    | ( 1.6528) | ( 1017453) | 68400     |
| LESS: BY-PRODUCTS             |         |           |                 |                         |             |            |                 |              |           |           |            |           |
| HEAVY ENDS                    | LBS.    | 0.0       | ( 0.0035)       | 0.0                     | ( 190148)   | 0          | 0.0             | ( 0.003100)  | 0.0       | 0.0       | 0          | 0         |
| HCL TO EDC SECTION            | LBS.    | 7.9267    | ( 0.5370)       | 4.2566                  | ( 34259886) | ( 1835987) | 5.3590          | ( 0.556500)  | ( 2.9825) | ( 1.2741) | ( 784328)  | ( 879691) |
| HCL TO METHYL CHLORIDE        | LBS.    | 7.9267    | ( 0.0465)       | 0.3686                  | ( 1660000)  | ( 88959)   | 5.3590          | ( 0.027000)  | ( 0.1445) | ( 0.2241) | ( 137955)  | ( 42624)  |
| HCL TO INCINERATOR            | LBS.    | 7.9267    | 0.0             | 0.0                     | 0           | 0          | 0.0             | 0.0          | 0.0       | 0.0       | 0          | 0         |
| PROCESSING (LOSS) GAIN        | LBS.    | ( 0.0291) | ( 1816687)      | ( 0.029500)             |             |            |                 |              |           |           |            |           |
| SUBTOTAL                      |         | 1.0000    | 13.6183         | 61559359                | 8019539     | 1.000000   | 13.0274         | 0.5909       | 363754    | 363785    | 31         | 31        |
| PROCESSING SUPPLIES           |         |           |                 |                         |             |            |                 |              |           |           |            |           |
| CAUSTIC FLAKE                 | LBS.    | 25.2871   | 0.001289        | 0.0326                  | 62400       | 15315      | 24.5433         | 0.001014     | 0.0249    | 0.0077    | 4760       | 464       |
| CALCIUM CHLORIDE              | LBS.    | 19.7860   | 0.000036        | 0.0007                  | 0           | 0          | 0.0             | 0.0007       | 0.0007    | 431       | 0          | 4.1       |
| SULFURIC ACID                 | LBS.    | 3.8504    | 0.000120        | 0.0005                  | 9048        | 459        | 5.0729          | 0.000147     | 0.0007    | ( 0.0002) | ( 123)     | ( 111)    |
| HYDROQUINONE                  | LBS.    | 244.0268  | 0.000001        | 0.0002                  | 0           | 0          | 0.0             | 0.0          | 0.0002    | 123       | 0          | 1.23      |
| COOLING WATER CHEMICALS       | LBS.    | 121.3929  | 0.000072        | 0.0087                  | 5282        | 4707       | 89.1140         | 0.000086     | 0.0076    | 0.0011    | 677        | 1705      |
| BAUXITE                       | LBS.    | 55.7736   | 0.000192        | 0.0107                  | 0           | 0          | 0.0             | 0.0          | 0.0107    | 6587      | 0          | 6587      |
| CARBON TETRACHLORIDE          | LBS.    | 29.6898   | 0.000239        | 0.0071                  | 5300        | 1419       | 26.7736         | 0.000086     | 0.0023    | 0.0048    | 2955       | 155       |
| SUBTOTAL                      |         |           | 0.0605          | 21900                   |             |            |                 | 0.0355       | 0.0250    | 15390     | 2213       | 13177     |
| UTILITIES                     |         |           |                 |                         |             |            |                 |              |           |           |            |           |
| ELECTRICITY                   | KWH     | 5.3372    | 0.008398        | 0.0448                  | 517568      | 18694      | 3.6119          | 0.008408     | 0.0304    | 0.0144    | 8865       | 8930      |
| WATER                         | M/GALS. | 28.4000   | 0.000315        | 0.0089                  | 19786       | 5619       | 28.3989         | 0.000321     | 0.0091    | ( 0.0002) | ( 123)     | 0         |
| STEAM                         | M/LBS.  | 550.4932  | 0.000499        | 0.2747                  | 23851       | 134805     | 565.1964        | 0.000387     | 0.2190    | 0.0557    | 34289      | ( 3507)   |
| NATURAL GAS                   | MSCF.   | 344.0800  | 0.001302        | 0.4480                  | 78210       | 273344     | 349.5001        | 0.001270     | 0.4440    | 0.0040    | 2462       | ( 4239)   |
| SUBTOTAL                      |         |           | 0.7764          | 432462                  |             |            |                 | 0.7025       | 0.0739    | 45493     | 1184       | 44309     |
| HEAVY ENDS DISPOSAL COST      | LBS.    | 4.4202    | 0.003500        | 0.0155                  | 198789      | 8232       | 4.1411          | 0.003229     | 0.0134    | 0.0021    | 1293       | 555       |
| INCINERATOR COST              |         | 8.0674    | 0.010149        | 0.0819                  | 0           | 53697      | 0.0             | 0.0          | 0.0872    | ( 0.0053) | ( 3263)    | 0         |
| TOTAL                         |         |           | 14.5526         | 8535830                 |             |            |                 | 13.8660      | 0.6866    | 422667    | 367737     | 54370     |

| PROD. DISTRIBUTION VINYL CHLORIDE MONOMER |             |            |         |
|-------------------------------------------|-------------|------------|---------|
| UNITS                                     | CTS/UNIT    | UNIT/LB    | CTS/LB  |
| PRODUCTION                                | 61559359    | 8535830    | 13.8660 |
| VARIANCE                                  | 422667      | 0.6866     |         |
| SUBTOTAL                                  | 61559359    | 8958497    | 14.5526 |
| TO-SALES                                  | 3459238     | 503409     | 14.5526 |
| TO-EXPORT                                 | 30876353    | 4493312    | 14.5526 |
| TO-EXCHANGE                               | 13644020    | 1985560    | 14.5526 |
| TO-INTERPLANT                             | 30143050    | 4386597    | 14.5526 |
| TO-PROCESSOR                              | 0           | 0          | 14.5526 |
| TO DR (FROM) INV                          | ( 16563302) | ( 2410381) | 14.5526 |

INDIVIDUAL PRODUCT ANALYSIS  
ETHYLENE DICHLORIDE  
OCTOBER, 1984

PLANT PREFERENCE VERSION

1000 LBS. VCM PLANT  
THE DEPT. NO. 386  
1000 LBS. FORECAST - 1107.88M LBS.  
1000 LBS. MATERIALS AND BY-PRODUCTS

FIRST QUARTER STANDARDS  
PER FOUND PROD.

ACTUAL  
COSTS  
CIS/UNIT

PER FOUND PROD.  
CIS/LB

VARIANCE  
TOTAL  
DOLLARS

PERCENT  
DOLLARS  
DUE TO  
E/F

1000 LBS. VCM SECTION  
1000 LBS. HYDROGEN  
1000 LBS. ETHYLENE  
1000 LBS. VCM  
1000 LBS. VCM SECTION

1000 LBS. BY-PRODUCTS

1000 LBS. LIGHT ENDS

1000 LBS. HEAVY ENDS

1000 LBS. PROCESSING (LOSS) GAIN

1000 LBS. PROCESSING SUPPLIES

1000 LBS. OXYCHLORINATION CATALYST

1000 LBS. OXYCHLORINATION DILUENT

1000 LBS. HYDROGENATION CATALYST

1000 LBS. SULFURIC ACID

1000 LBS. CAUSTIC SOLUTION

1000 LBS. HYDROGEN-GASEOUS

1000 LBS. COOLING WATER CHEMICALS

1000 LBS. MOLECULAR SIEVES

1000 LBS. LIMESTONE

1000 LBS. ANTI-FOULANT CHEMICALS

1000 LBS. OTHER

1000 LBS. UTILITIES

1000 LBS. ELECTRICITY

1000 LBS. WATER

1000 LBS. STEAM

1000 LBS. NATURAL GAS

1000 LBS. HEAVY ENDS DISPOSAL COST

1000 LBS. LIGHT ENDS TO SALES

1000 LBS. LIGHT ENDS TO INCINERATOR

1000 LBS. SUBTOTAL

1000 LBS. HCl Adjustment

1000 LBS. TOTAL

65950000 HM

ALL CHARLES VCH PLANT  
 1st DEPT. NO. 387  
 100% FORECAST - 670MM LBS  
 AD MATERIALS AND BY-PRODUCTS

INDIVIDUAL PRODUCT ANALYSIS  
 VINYL CHLORIDE MONOMER  
 OCTOBER, 1984

|                          | UNITS   | FIRST QUARTER STANDARDS<br>PER POUND PROD. |           |           | QUANTITY    | COSTS      |          | ACTUAL     |           | PER POUND PROD. |                  | VARIANCE  |            | DUE TO |  |
|--------------------------|---------|--------------------------------------------|-----------|-----------|-------------|------------|----------|------------|-----------|-----------------|------------------|-----------|------------|--------|--|
|                          |         | CTS/UNIT                                   | UNIT/LB   | CTS/LB    |             | DOLLARS    | CTS/UNIT | UNIT/LB    | CTS/LB    | CENTS/<br>POUND | TOTAL<br>DOLLARS | PRICE     | EFF.       |        |  |
| EDC-PURE PRODUCED        | LBS.    | 10.6094                                    | 1.6161    | 17.1459   | 89867131    | 8927041    | 9.9336   | 1.459800   | 14.5016   | 2.6443          | 1627814          | 607322    | 1620492    |        |  |
| EDC-PURCHASED            | LBS.    | 10.6094                                    | 0.0       | 0.0       | 9618949     | 1017444    | 10.5775  | 0.156300   | 1.6528    | ( 1.6528)       | ( 1017453)       | 3060      | ( 1620501) |        |  |
| LOSS: BY-PRODUCTS        |         |                                            |           |           |             |            |          |            |           |                 |                  |           |            |        |  |
| HEAVY ENDS               | LBS.    | 0.0                                        | ( 0.0035) | 0.0       | ( 190148)   | 0          | 0.0      | (0.003100) | 0.0       | 0.0             | 0                | 0         | 0          |        |  |
| HCL TO EDC SECTION       | LBS.    | 5.8356                                     | ( 0.5370) | ( 3.1337) | ( 34259886) | ( 1835987) | 5.3590   | (0.556500) | ( 2.9825) | ( 0.1512)       | ( 93078)         | ( 163283) | ( 70205)   |        |  |
| HCL TO METHYL CHLORIDE   | LBS.    | 5.8356                                     | ( 0.0465) | ( 0.2714) | ( 1660000)  | ( 88959)   | 5.3590   | (0.027000) | ( 0.1445) | ( 0.1269)       | ( 78119)         | ( 7912)   | ( 70207)   |        |  |
| HCL TO INCINERATOR       | LBS.    | 5.8356                                     | 0.0       | 0.0       | 0           | 0          | 0.0      | 0.0        | 0.0       | 0.0             | 0                | 0         | 0          |        |  |
| PROCESSING (LOSS) GAIN   | LBS.    |                                            | ( 0.0291) |           | ( 1816687)  |            |          |            |           |                 | (0.029500)       |           |            |        |  |
| SUBTOTAL                 |         |                                            | 1.0000    | 13.7408   | 61559359    | 8019539    |          | 1.000000   | 13.0274   | 0.7134          | 439164           | 419195    | ( 31)      |        |  |
| PROCESSING SUPPLIES      |         |                                            |           |           |             |            |          |            |           |                 |                  |           |            |        |  |
| CAUSTIC FLAKE            | LBS.    | 25.2871                                    | 0.001289  | 0.0326    | 62400       | 15315      | 24.5433  | 0.001014   | 0.0249    | 0.0077          | 4740             | 464       | 4274       |        |  |
| CALCIUM CHLORIDE         | LBS.    | 19.7860                                    | 0.000034  | 0.0007    | 0           | 0          | 0.0      | 0.0        | 0.0       | 0.0007          | 431              | 0         | 431        |        |  |
| SULPHURIC ACID           | LBS.    | 3.8504                                     | 0.000120  | 0.0005    | 9048        | 459        | 5.0729   | 0.000147   | 0.0007    | ( 0.0002)       | ( 123)           | ( 111)    | ( 12)      |        |  |
| HYDROQUINONE             | LBS.    | 244.0268                                   | 0.000001  | 0.0002    | 0           | 0          | 0.0      | 0.0        | 0.0       | 0.0002          | 123              | 0         | 123        |        |  |
| COOLING WATER CHEMICALS  | LBS.    | 121.3929                                   | 0.000072  | 0.0087    | 5282        | 4707       | 89.1140  | 0.000086   | 0.0076    | 0.0011          | 677              | 1705      | ( 1028)    |        |  |
| PAUXITE                  | LBS.    | 55.7736                                    | 0.000192  | 0.0107    | 0           | 0          | 0.0      | 0.0        | 0.0       | 0.0107          | 6587             | 0         | 6587       |        |  |
| CARBON TETRACHLORIDE     | LBS.    | 29.6898                                    | 0.000239  | 0.0071    | 5300        | 1419       | 26.7736  | 0.000086   | 0.0023    | 0.0048          | 2955             | 155       | 2800       |        |  |
| SUBTOTAL                 |         |                                            |           | 0.0605    |             | 21900      |          |            | 0.0355    | 0.0250          | 15390            | 2213      | 13177      |        |  |
| UTILITIES                |         |                                            |           |           |             |            |          |            |           |                 |                  |           |            |        |  |
| ELECTRICITY              | KWH     | 5.3372                                     | 0.008398  | 0.0448    | 517568      | 18694      | 3.6119   | 0.008408   | 0.0304    | 0.0144          | 8865             | 8930      | ( 45)      |        |  |
| WATER                    | M/GALS. | 28.4000                                    | 0.000315  | 0.0089    | 19786       | 5619       | 28.3989  | 0.000321   | 0.0091    | ( 0.0002)       | ( 123)           | 0         | ( 123)     |        |  |
| STEAM                    | M/LBS.  | 550.4932                                   | 0.000499  | 0.2747    | 23851       | 134005     | 565.1964 | 0.000387   | 0.2190    | 0.0557          | 34289            | ( 3507)   | 37796      |        |  |
| NATURAL GAS              | MSCF.   | 344.0800                                   | 0.001302  | 0.4480    | 78210       | 273344     | 349.5001 | 0.001270   | 0.4440    | 0.0040          | 2462             | ( 4239)   | 6701       |        |  |
| SUBTOTAL                 |         |                                            |           | 0.7764    |             | 432462     |          |            | 0.7025    | 0.0739          | 45493            | 1104      | 44309      |        |  |
| HEAVY ENDS DISPOSAL COST | LBS.    | 4.4202                                     | 0.003500  | 0.0155    | 198789      | 8232       | 4.1411   | 0.003229   | 0.0134    | 0.0021          | 1793             | 550       | 748        |        |  |
| INCINERATOR COST         |         | 8.0674                                     | 0.010149  | 0.0819    | 0           | 47239      | 0.0      | 0.0        |           |                 |                  | 0         | 47239      |        |  |
| SUBTOTAL                 |         |                                            |           | 14.6751   | ✓ ncr       | 8529372    |          |            |           |                 |                  |           |            |        |  |
| EDC Purch Adj.           |         | 0.6792                                     | 0         | 0         | 0           | 0          | 0        | 0          | 0         | 0               | 0                | 0         | 0          |        |  |
| EDC Transfer Adj.        |         | 0.6792                                     | 1.6161    | 1.0976    | 0           | 0          | 0        | 0          | 0         | 1.0976          | 675,676          | 610,378   | 65,298     |        |  |
| HCl to EDC Adj.          |         | 2.0911                                     | (0.5370)  | (1.1229)  | 0           | 0          | 0        | 0          | 0         | (1.1229)        | (571,250)        | (716,408) | 25,158     |        |  |
| HCl to MC Adj.           |         | 2.0911                                     | (0.0465)  | (0.0972)  | 0           | 0          | 0        | 0          | 0         | (0.0972)        | (57,836)         | (34,712)  | 25,124     |        |  |
| TOTAL                    |         |                                            |           | 14.5526   | wck         | 8529372    |          |            |           | 13.8660         | 0.6866           | 422,667   | 367,737    | 54,925 |  |

#-820M

1985 VCM PLANT BUDGETED VARIABLE COSTS  
COMPARISON TABLE

CUH 00000565A

| EDC                   | Original |                  | REVISED IPA's |                  |          |                  |          |                  |          |                  |
|-----------------------|----------|------------------|---------------|------------------|----------|------------------|----------|------------------|----------|------------------|
|                       | ¢/Unit   | ¢/Lb.            | 1st Qtr.      |                  | 2nd Qtr. |                  | 3rd Qtr. |                  | 4th Qtr. |                  |
|                       |          |                  | ¢/Unit        | ¢/Lb.            | ¢/Unit   | ¢/Lb.            | ¢/Unit   | ¢/Lb.            | ¢/Unit   | ¢/Lb.            |
| Chlorine              | 8.1500   | 3.3170           | 6.000         | 2.4420           | 6.000    | 2.4420           | 7.500    | 3.0525           | 7.900    | 3.2153           |
| Ethylene              | 21.7500  | 6.2205           | 19.500        | 5.5770           | 20.000   | 5.7200           | 20.000   | 5.7200           | 20.500   | 5.8630           |
| All Other             |          | <u>3.2696</u>    |               | <u>3.2696</u>    |          | <u>3.2696</u>    |          | <u>3.2696</u>    |          | <u>3.2696</u>    |
| Total EDC (Method A)* |          | 12.8071          |               | 11.2886          |          | 11.4316          |          | 12.0421          |          | 12.3479          |
| Total EDC (Method B)* |          |                  |               | 10.6094          |          | 10.7524          |          | 11.8370          |          | 12.2689          |
| <u>VCM</u>            |          |                  |               |                  |          |                  |          |                  |          |                  |
| EDC                   | 12.8071  | 20.6976          | 11.2886       | 18.2435          | 11.4316  | 18.4746          | 12.0421  | 19.4612          | 12.3479  | 19.9554          |
| All Other             |          | <u>( 3.6909)</u> |               | <u>( 3.6909)</u> |          | <u>( 3.6909)</u> |          | <u>( 3.6909)</u> |          | <u>( 3.6909)</u> |
| Total VCM (Method A)* |          | 17.0067          |               | 14.5526          |          | 14.7837          |          | 15.7703          |          | 16.2645          |
| Total VCM (Method B)* |          |                  |               | 14.6751          |          | 14.9062          |          | 15.8078          |          | 16.2787          |

Incinerator

----- No Change-----

NOTES  
Method A reflects the current budget with originally budgeted HCl price and revised chlorine price.  
Method B reflects the current budget with HCl pricing revised to a "chlorine equivalent" price basis.