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Chapter Title: APPENDIX D METHOD USED TO COMPILE DATA SHOWING RELATION OF DAYS WORKED TO PRODUCTION COSTS

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APPENDIX D

METHOD USED TO COMPILE DATA SHOWING RELATION OF DAYS WORKED TO PRODUCTION COSTS[1]

TO THE labor and supply costs incurred on working days ($1.3115 per net ton) are added the charges "usually on a per ton basis" ($.1654) to obtain the figure of $1.4769 which measures the altitude of the rectangle in the chart.

The computation of the other producing costs may be illustrated by assuming that 10 days are worked by the mines in May 1934, that 7,504,000 tons of coal are produced, and that the mines are idle for 16 days (excluding Sundays and holidays). The following idle-day expenses were reported: labor, $57,765 per idle day; supplies, $25,633; total, $83,398. In 16 days these expenses would amount to $1,334,368 or—dividing by 7,504,000 tons—$.178 per ton.

In May 1934 the following expenses were reported, per diem, for Sundays and holidays: labor, $25,236; supplies, $16,788; total, $42,024. Multiplying the total by the 4.5 Sundays and holidays in that month gives an estimated expense of $189,108. To this should be added $1,899,237 representing charges "usually on a fixed lump sum basis" ($.1463 per ton multiplied by 12,981,799 tons actually produced in May) to obtain a total of $2,088,345. Dividing by the 7,504,000 tons that would be produced in 10 working days, we get an expense of $.278 per ton.

The total producing cost (the top curve in the chart) is the sum of these three classes of cost. At 10 working days the addition of $1.477, $.178, and $.278 gives a producing cost of $1.933. Similar projections were made for other assumed rates of operation, and the results were charted.

[1] Explanation is applicable to data shown on Chart 14.