

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: August 9, 2013
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Devlin Higgins, Public Utility Analyst III, Division of Economics
RE: 130151-EI - Petition for approval of 2013 Depreciation Study and Dismantlement Studies by Gulf Power Company.

Would you be so kind as to add the attached data request responses, titled Gulf Power Company's Revisions to Staff's First Data Request Production of Documents, in the above docket file. Thank you very much.

RECEIVED FPSC
13 AUG - 9 AM 8:16
COMMISSION
CLERK

Robert L. McGee, Jr.
Regulatory & Pricing Manager

One Energy Place
Pensacola, Florida 32520-0780

Tei: 850.444.6530
Fax: 850.444.6026
RLMCGEE@southernco.com



July 19, 2013

Mr. Devlin Higgins
Division of Economics
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

RE: Docket No: 130151-EI

Dear Mr. Higgins:

Per your request, enclosed is a revision to Gulf Power Company's Responses to Staff's first data request Production of Documents Item No. 1 in the above referenced docket.

Sincerely,

A handwritten signature in black ink that reads "Robert L. McGee, Jr." in a cursive style.

Robert L. McGee, Jr.
Regulatory and Pricing Manager

md

Enclosures

cc: Beggs & Lane
Jeffrey A. Stone

Request for Documents

1. Please provide a copy of the pricing schedules from metalprices.com (and/or recycle.net if applicable) that were used to determine scrap metal values for Gulf's 2013 Dismantlement Study.

ANSWER:

Scrap values are derived from four types of metals; ferrous steel, copper, aluminum, and stainless steel. Below is the calculation of the net scrap values as of 2013. See Attachment B for scrap pricing values from metalprices.com.

	<u>Metalprices.com</u>	<u>Unit of Measure</u>	<u>Preparation Cost</u>	<u>2012 Net Scrap Value</u>	<u>Escalation Factor</u>	<u>2013 Net Scrap Value</u>	<u>Tonnage % of Total Scrap</u>
<u>Ferrous Metals</u>							
Steel	\$ 387.500	tons	30%	271.250	5.826%	\$ 287.053	94.0%
<u>Non-Ferrous Metals</u>							
Copper	\$ 3.798	pounds	40%	2.279	6.370%	\$ 2.424	5.0%
Aluminum	\$ 0.771	pounds	20%	0.617	3.110%	\$ 0.636	0.6%
Stainless Steel	\$ 1,689.470	tons	30%	1,182.629	5.826%	\$ 1,251.529	0.4%

The majority of scrap is associated with ferrous steel and non-ferrous copper. Prices are reflected on page 27 of the Dismantling Study. The copper price of \$3.798 was transposed as \$3.789 in Gulf's calculation of scrap value yielding the unit price of \$2.418 as shown on page 27.

Lesser quantities of non-ferrous aluminum and stainless steel are also incorporated into the scrap value contained in the study. Since the amounts related to these metals are insignificant the unit prices are not listed on page 27 of the study.

Escalation factors are from PowerAdvocate.com. Historical rates are not maintained on this website. We have included in Attachment B an email at the time the study was prepared reflecting the factors that were published at that point in time.

Attachment B

Revised July 19, 2013

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Plate & Structural Scrap (5 ft) Pittsburgh has been discontinued. Please refer to the Ferrous Scrap Price Index - Pittsburgh P&S, 5ft. Max - prices [click here](#)

Iron in 5' Plate Pittsburgh Ferrous Steel

Start Date End Date Unit Sort Order

Currency Display Monthly Average Only

Plate & Structural Scrap (5 ft) Pittsburgh				
FOB Delivered Mill USD/ GT				
Date	Low	High	Average	
07 Dec 2012	385.00	390.00	387.50	
08 Nov 2012	385.00	390.00	387.50	
08 Oct 2012	330.00	335.00	332.50	
07 Sep 2012	385.00	385.00	390.00	
07 Aug 2012	400.00	410.00	405.00	
10 Jul 2012	325.00	335.00	330.00	
Averages	388.33	375.83	372.08	

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Copper in #1 Wire/Tube Consumer COPPER

Start Date 30 Nov 2012 End Date 31 Dec 2012 Unit MT Sort Order Most Current First

Currency US Dollar Display Monthly Average Only

Copper Scrap USA Consumer #1 Wire / Tube - FOB Delivered USD/MT			
Date	Low	High	Average
Dec 2012	7,541.18	7,635.98	7,588.58
Nov 2012	7,560.74	7,648.93	7,604.84
Averages	7,550.96	7,642.45	7,596.71 / 2000 = \$3.798 lb.

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Fish Scale Cast Aluminum

Start Date 30 Nov 2012 End Date 31 Dec 2012 Unit (MT) Sort Order Most Current First
Currency US Dollar Display Monthly Average Only [SUBMIT](#)

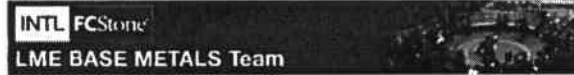
Aluminum Scrap Cast Secondary Aluminum Smelters - USA	
Scrap Metal Buying Prices - Fish Scale Report USD/ MT	
Date	Price
Dec 01 2012	1,541.19

/ 2000 = \$0.771 lb.

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18-8 Scrap - Processor Stainless Steel

Start Date 30 Nov 2012 End Date 31 Dec 2012 Unit: **GT** Sort Order: **Most Current First**
 Currency: **US Dollar** Display Monthly Average Only **SUBMIT**

304 (18-8) Scrap Solids - Processor			
FOB USA East of Mississippi USD/ GT			
Date	Low	High	Average
Dec 2012	1,657.89	1,721.05	1,689.47
Nov 2012	1,550.00	1,625.00	1,587.50
Averages	1,603.95	1,673.03	1,638.49

From: Broadway, Mike
To: Van Norman, Jarvis A.
Subject: FW: Escalation Values
Date: Thursday, July 18, 2013 2:02:27 PM

From: Broadway, Mike
Sent: Tuesday, April 30, 2013 5:04 PM
To: Cornelius, Richard
Subject: Escalation Values

Rick,

Escalation values for the Gulf 2013 Dismantlement Study.

Values from Power Advocate for Coal Construction, Construction Labor:

Labor: 4Q08 to 4Q13 is 7.603%

Labor: 4Q11 to 4Q13 is 3.304%

Labor: 4Q12 to 4Q13 is 1.677%

STEEL = SPM: Scrap, ferrous, No. 1 heavy melt - Consumers (Chicago)

4Q12 to 4Q13 is 5.826%

COPPER = PPI: Copper Base Scrap

4Q12 to 4Q13 is 6.37%

ALUMINUM = Based on Conduit since could not locate aluminum scrap

4Q12 to 4Q13 is 3.11%

Thanks,

Mike Broadway
Estimating Team Leader
PP&S Project Controls

205-992-7259