



## FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

BOB MARTINEZ CENTER  
2600 BLAIRSTONE ROAD  
TALLAHASSEE, FLORIDA 32399-2400

RICK SCOTT  
GOVERNOR

HERSCHEL T. VINYARD JR.  
SECRETARY

*Sent by Electronic Mail*

June 28, 2013

Mr. Braulio Baez  
Executive Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Gulf Power Company  
Compliance Strategy, Mercury and Air Toxics Rule  
Docket No. 130007-EI

Dear Mr. Baez,

The Florida Department of Environmental Protection's Division of Air Resource Management recently met with representatives of Gulf Power Company to discuss Gulf's compliance strategy in relation to the U.S. Environmental Protection Agency's recent Mercury and Air Toxics Rule ("MATS"). Gulf described its evaluation to determine the most reasonable and prudent options to comply with this rule, while ensuring that it continues to meet its reliability obligations. I understand that the Public Service Commission currently is reviewing Gulf's updated environmental compliance plan, which includes the Plant Crist and Plant Smith Transmission Upgrades Projects for MATS compliance. I am sending this letter to confirm that, from the Department's perspective, installing or upgrading transmission lines is a valid option to comply with and meet the regulatory requirements of MATS.

In the preamble to the final MATS rule, EPA discussed the possibility that some companies might need to install or upgrade transmission to allow specific units to comply with the rule. 77 Fed. Reg. 9,409-11 (Feb. 16, 2012). EPA discussed this transmission-compliance option in the context of maintaining system/grid reliability while specific units installed controls or retired, in order to comply with the April 16, 2015 compliance deadline. EPA specifically concluded that transmission upgrades fall within the scope of "installation of controls" for purposes of seeking an extension to this deadline where there are reliability concerns. The Department appropriately will defer to the Commission regarding reliability assessments associated with Gulf's plans, but, as the permit authority, is comfortable with Gulf's plans at this state to achieve compliance with MATS.

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The Department would view an order from the Commission approving Gulf's updated environmental compliance program to be sufficient indication that Gulf's MATS-related plan for transmission system upgrades in regards to Plant Crist and Plant Smith are necessary and appropriate in terms of the continuing functionality of the electric grid. The current timetable for a Commission decision, which I understand is scheduled for July 30, 2013, would meet our needs.

If you have any questions regarding this information, please contact me at (850) 717-9000.

Sincerely,



Brian Accardo, Director  
Division of Air Resource Management  
Department of Environmental Protection

BA/vg

cc: Ann Cole, PSC Clerk  
James ●. Vick, Gulf Power Company  
Jeff Littlejohn, FDEP