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April 1, 2016

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 160007-EI; Gulf Power Company's Environmental Compliance
Program Status Report

Dear Ms. Stauffer:

On June 22, 2007, the Office of Public Counsel (OPC), the Florida Industrial Power Users' Group (FIPUG), and Gulf filed a petition for approval of a stipulation regarding the substantive provisions of Gulf's Air Quality Compliance Plan. On August 14, 2007, the Commission voted to approve the stipulation with the proviso that Gulf provides an annual status report regarding cost-effectiveness and prudence of the phases in its plan into which the company is moving. Accordingly, beginning in 2008, Gulf filed annual Environmental Compliance Program Updates that addressed Gulf's ongoing compliance projects.

With the exception of the Plant Daniel Units 1 and 2 SCRs, each of the projects addressed in Gulf's original Compliance Plan (including the updates since 2007) either has been installed or has been eliminated from further consideration for compliance with CSAPR/CAIR, MATS/CAMR, and the CAVR. Gulf's annual ECRC projection filings will address ongoing O&M and capital retrofit cost projections for projects previously placed in-service.

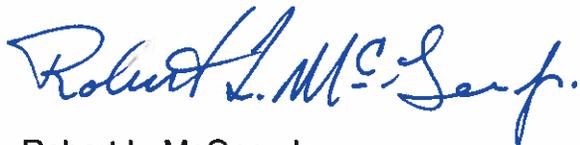
In Gulf's 2015 Compliance Plan update, Gulf proposed to provide a periodic status report regarding the Plant Daniel Units 1 and 2 SCRs up until the point that these projects are ready to move from the planning phase to an execution phase.

The first update is provided below:

The Plant Daniel Units 1 and 2 SCR projects remain in consideration under a long-range planning phase. Since Gulf's 2015 update, the tentative in-service dates for these projects have been delayed one additional year, and the projects are now tentatively scheduled to be in service by 2023 (rather than 2022, as reported in 2015). This adjustment in the projected timeline has been made to allow for compliance with the final 2015 Ozone National Ambient Air Quality Standards (NAAQS) revision, which lowered the standard to 70 parts per billion. This timeline will likely be subject to further change because multiple parties and factors influence it, including the EPA and the state environmental regulatory agency, atmospheric modeling, and ambient air quality. In addition to the NAAQS, the SCR projects are expected to help meet the requirements of CSAPR or other future interstate transport rules and the CAVR. Moreover, the SCR projects, along with the Unit 1 and 2 Flue Gas Desulfurization controls added in 2015, are expected to provide a co-benefit of reducing mercury emissions and assisting in compliance with MATS.

The current budget projection for the Daniel SCR projects does not call for expenditures to begin until 2019. Based on this projection, Gulf plans to provide another status report update in April 2018 and address the Daniel SCR projects in the annual ECRC projection filing in the fall of 2018.

Sincerely,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr." The signature is written in a cursive style.

Robert L. McGee, Jr.
Regulatory and Pricing Manager

md

cc : Beggs & Lane
 Jeffrey A. Stone, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Environmental Cost**)
Recovery Clause)

Docket No.: **160007-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 1st day of April, 2016 to the following:

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