

Gulf Power to retire two coal units at Plant Smith

• **News**

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Gulf Power has announced plans to retire two of its coal-fired electric generating units located near Panama City, Fla. by March 31, 2016.

The company said stricter regulations imposed by the Environmental Protection Agency have forced the retirement of Coal Units 1 & 2 at Plant Smith – units that have operated since the mid-60s. When Gulf Power evaluated the cost to meet EPA regulations, the utility decided it would be in their customers' best interest to retire the units.

Plant Smith will continue to operate and produce electricity with its state-of-the-art combined-cycle natural gas unit, which went into service in 2002. Through careful planning, plant employees assigned to the coal units will be transitioned to other jobs within the company.

Plant Smith's reliable coal units can produce a total of 375 megawatts.

"Employees at Plant Smith have ensured Units 1 & 2 have been workhorses for our system for nearly 50 years," said Stan Connally, Gulf Power president and CEO. "And this plant will continue to provide affordable, reliable electricity for our customers well into the future with our natural gas unit."

Even with the retirement of the coal units, Gulf Power will still be able to supply enough electricity to supply its customers in Northwest Florida – that includes electricity from flagship coal facility Plant Crist, which added a \$650 million scrubber in 2009. In addition, the utility is

part of Southern Company and interconnected with sister companies Georgia Power, Mississippi Power and Alabama Power.

“To the employees who worked the coal units at Plant Smith we say ‘thank you’ for the outstanding job you’ve done to serve our customers,” said Connally. “And looking toward the future we’ll continue to ensure a diverse, affordable generation mix that serves our customers for years to come.”



In 2013, Gulf Power

announced that Plant Scholz, a coal-fired generating plant in Sneads, Fla. would be forced to close because of new EPA regulations. The plant is scheduled to close in April 2015 after more than 60 years of service to Gulf Power customers.

At one time, Plant Scholz was Gulf Power’s flagship plant. Its two generating units can produce a total of 100 megawatts. Scholz employees who are not planning to retire also will be transitioned to other jobs within the company.

Gulf Power continually evaluates its generation needs, looking at many variables including forecasted demand, cost-effective generation technologies and upcoming regulations.

Gulf Power Company is an investor-owned electric utility with all of its common stock owned by Atlanta-based Southern Company. Gulf Power serves more than 436,000 customers in eight counties throughout Northwest Florida. The company’s mission is to safely provide exceptional customer value by delivering reliable, affordable and environmentally responsible electric service while strengthening our communities. Visit MyGulfPower.com or on the company’s Facebook page, “Gulf Power Company.” News information can be found at GulfPowerNews.com.

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this release is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning the retirement of certain electric generating units, retirement or employment of personnel, and Gulf Power's future generation. Gulf Power cautions that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Gulf Power; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Gulf Power's Annual Report on Form 10-K for the year ended December 31, 2013, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of environmental laws; current and future litigation, regulatory investigations, proceedings, or inquiries; variations in demand for electricity; advances in technology; state and federal rate regulations and the impact of pending and future rate cases and negotiations; the ability of Gulf Power to obtain additional generating capacity at competitive prices; catastrophic events; and the direct or indirect effects on Gulf Power's business resulting from incidents affecting the U.S. electric grid or operation of generating resources. Gulf Power expressly disclaims any obligation to update any forward-looking information.