FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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FERC Approves Settlement, $25 Million Fine for FPL's 2008 Blackout

The Federal Energy Regulatory Commission (FERC) today approved a $25 million civil penalty as part of a settlement with Florida Power & Light Co. (FPL) stemming from a February 2008 blackout that lost power for millions of consumers in South Florida for several hours. FPL also has agreed to a broad program of remedial measures to enhance its system and operations to prevent another such occurrence.

"Today's settlement demonstrates the high priority the Commission places on electric reliability," said Norman Bay, Director of the Commission's Office of Enforcement. "We take very seriously the reliability mission Congress handed to us in Energy Policy Act of 2005 in order to protect consumers. The message to the industry is clear: Compliance with the Standards is critical."

Today's settlement represents FERC's first civil penalty assessment under its Electric Reliability Standards and its first joint enforcement effort with the North American Electric Reliability Corporation (NERC), the FERC-designated Electric Reliability Organization that oversees daily enforcement of the reliability standards. The Energy Policy Act of 2005 provided a framework for enforceable reliability standards. The law also provides for civil penalties of up to $1 million per violation per day, bolstering FERC's enforcement efforts and helping to ensure reliability of the nation's bulk electric power grid.

FERC announced its investigation into the Florida blackout shortly after the February 26, 2008, event in which a large portion of peninsular Florida lost power for several hours. The event was caused by a fault at a substation on the FPL system in west Miami that rapidly cascaded through the system, disabling dozens of transmission lines around the state.

Of the civil penalty, FPL will pay $10 million to NERC to offset the budget charges it assesses industry members. FPL also will pay $10 million to the U.S. Treasury and another $5 million for extra reliability enhancements for its system that go beyond the minimum requirements to which FPL also is dedicating a program of specific compliance improvements.

These additional specific compliance improvements called for by the settlement require FPL to enhance its training procedures and management processes, perform upgrades and add new protections to its system and improve its compliance program and transmission operations. The company must report on these activities to FERC and NERC.

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