

Press Release

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NERC, FERC, FPL Reach Agreement on Reliability Enhancements

PRINCETON, N.J., October 8, 2009 — The North American Electric Reliability Corporation (NERC), the Federal Energy Regulatory Commission (FERC), and Florida Power & Light Company (FPL) have reached a key agreement that will result in important reliability enhancements in Florida. The agreement closes a joint NERC-FERC investigation of the February 26, 2008 outage that resulted in the loss of 22 transmission lines and 4,300 MW of generation and caused nearly one million homes and businesses in the state to lose power.

The agreement includes enhancements to FPL's reliability compliance program, equipment maintenance program, and emergency operating procedures.

The agreement also includes a \$25 million civil penalty, \$10 million of which will be paid to the United States Treasury, \$10 million to NERC, and \$5 million to be reserved for further reliability enhancements proposed by FPL and approved by FERC and NERC.

As the designated Electric Reliability Organization under Section 215 of the Federal Power Act, NERC is charged with developing and enforcing reliability standards for the interconnected bulk power system in North America and has the authority to fine U.S. entities in violation of its standards up to \$1 million per day per violation. Standards became mandatory and enforceable in the U.S. on June 18, 2007. Funds received by NERC will be used to offset its operating expenses, which are otherwise collected through allocations to load-serving entities in the U.S. and Canada.

“Our priority in each of our enforcement actions is to ensure the reliability of the bulk power system in North America,” commented Rick Sergel, president and CEO of NERC. “We believe this agreement is in the best interests of reliability and that the actions taken as a result will reduce the risk of future outages in Florida.”

The agreement can be found at: http://www.nerc.com/files/Order_FPL_Settlement_10082009.pdf

The North American Electric Reliability Corporation (NERC) is an international regulatory authority for the reliability of the bulk power system in North America. NERC develops and enforces reliability standards; assesses adequacy annually via a 10-year forecast and winter and summer forecasts; monitors the bulk power system; and educates, trains, and certifies industry personnel. NERC is a self-regulatory organization, subject to oversight by the U.S. Federal Energy Regulatory Commission and governmental authorities in Canada. Learn more at www.nerc.com.

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