

## Announcement

### APS, FERC and NERC Reach Settlement Agreement on September 2011 Southwest Blackout

July 7, 2014

**WASHINGTON, DC** – A settlement agreement was issued between Arizona Public Service Company (APS), the Federal Energy Regulatory Commission and the North American Electric Reliability Corporation on July 7 in the amount of \$3.25 million for violations of NERC Reliability Standards by APS related to a September 8, 2011 system event. The civil penalty of \$3.25 million will be split as follows: \$2 million between the U.S. Treasury and NERC, and \$1.25 million in APS investments for reliability enhancement measures that go beyond the mitigation of the violations that are resolved in the settlement agreement.

On September 8, 2011, a blackout caused by a sequence of events that began with the loss of APS' Hassayampa-North Gila 500 kV transmission line, left 2.7 million customers in southern California, Arizona and Baja California without power. After an eight-month inquiry, a May 2012 FERC-NERC staff report concluded that on the day of the event the system transitioned to an unsecured operating state due to inadequate planning, along with a lack of observability and awareness of system operating conditions, which contributed to the outage.

In the settlement agreement, APS neither admits nor denies violation of the NERC Reliability Standards described. Additional non-public, preliminary investigations related to other entities involved in the September 2011 event are ongoing.



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