

SENATE BILL NO. 18—COMMITTEE ON
GROWTH AND INFRASTRUCTURE

(ON BEHALF OF THE PUBLIC UTILITIES
COMMISSION OF NEVADA)

PREFILED NOVEMBER 18, 2020

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions governing penalties for certain violations relating to public utilities. (BDR 58-277)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to public utilities; increasing the maximum amount of administrative fines that the Public Utilities Commission of Nevada is authorized to assess for certain violations relating to public utilities; authorizing the Commission to assess an administrative fine on a person who provides inaccurate or misleading information to the Commission under certain circumstances; revising certain provisions related to determining the amount of certain administrative fines assessed by the Commission; increasing criminal penalties for certain violations relating to public utilities; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Under existing law, a person who violates a regulation adopted by the Public
2 Utilities Commission of Nevada relating to the operation and maintenance of
3 storage facilities and intrastate pipelines used to store and transport natural gas or
4 liquefied petroleum gas is liable for an administrative fine not to exceed \$1,000 per
5 day for each day of the violation, up to a maximum of \$200,000 for any related
6 series of violations. (NRS 703.154) **Section 1** of this bill increases this maximum
7 administrative fine to \$200,000 per day for each day of the violation, up to a
8 maximum of \$2,000,000 for any related series of violations.

9 Under existing law, a person is liable for an administrative fine to be assessed
10 by the Commission if the person: (1) violates certain provisions relating to public
11 utilities; (2) violates any rule or regulation of the Commission; or (3) fails, neglects



12 or refuses to obey an order of the Commission. (NRS 703.380) **Section 2** of this bill
13 increases the maximum administrative fine for such violations that are knowing and
14 willful, or detrimental to public health or safety, from \$1,000 per day to \$200,000
15 per day for each day of the violation and increases the maximum total from
16 \$100,000 to \$5,000,000 for any related series of violations. For any other violation,
17 **section 2** increases the maximum administrative fine to \$100,000 per day, not to
18 exceed \$2,000,000 for any related series of violations. **Section 2** authorizes the
19 Commission to also assess an administrative fine in that increased maximum
20 amount if a person provides to the Commission information which is materially
21 inaccurate or misleading and which the person knew or through the exercise of
22 reasonable care and diligence should have known was materially inaccurate or
23 misleading.

24 Existing law requires the Commission to consider certain factors in determining
25 the amount of an administrative fine. (NRS 703.380) **Section 2** expands these
26 factors to include: (1) the nature and circumstances of the violation, including the
27 actual or potential financial impact and actual or potential impact on public health
28 and safety; (2) whether the violation was willful; (3) the good faith of the person
29 charged in detecting and voluntarily disclosing the violation to the Commission; (4)
30 the good faith of the person charged in attempting to achieve compliance after
31 notification of a violation and to prevent the reoccurrence of similar violations in
32 the future; (5) the history of compliance or noncompliance; (6) the economic
33 benefit of the violation, or lack thereof, to the person charged; (7) the amounts of
34 administrative fines assessed previously by the Commission for similar violations;
35 and (8) such other factors as necessary to determine the reasonableness of the
36 administrative fine.

37 **Section 2** additionally provides that certain limits on administrative fines do not
38 restrict the Commission's authority to require a public utility to restore funding to a
39 program or account as necessary to achieve compliance with an applicable statute
40 or regulation or order of the Commission.

41 **Section 3** of this bill increases the maximum amount of a criminal fine that
42 may be imposed on a person who commits certain violations relating to public
43 utilities from \$500 to \$50,000. (NRS 704.640)

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 703.154 is hereby amended to read as follows:
2 703.154 1. The Commission may adopt such regulations as
3 are necessary to ensure the safe operation and maintenance of all
4 storage facilities and intrastate pipelines in this State which are used
5 to store and transport natural gas, liquefied petroleum gas, in its
6 liquid or vapor form, or any mixture thereof. Regulations adopted
7 pursuant to this subsection do not apply to activities that are subject
8 to the provisions of NRS 590.465 to 590.645, inclusive, or chapter
9 704 of NRS.

10 2. If the Commission and any other governmental entity or
11 agency of the State have coexisting jurisdiction over the regulation
12 of such storage facilities and intrastate pipelines, the Commission
13 has the final authority to regulate those facilities and pipelines and



1 to take such actions as are necessary to carry out the regulations
2 adopted pursuant to subsection 1.

3 3. A person who violates any of the provisions of a regulation
4 adopted by the Commission pursuant to subsection 1 is liable for an
5 administrative fine not to exceed ~~[\$1,000]~~ \$200,000 per day for each
6 day of the violation and not to exceed ~~[\$200,000]~~ \$2,000,000 for
7 any related series of violations. The amount of the administrative
8 fine must be determined in the manner provided in NRS 703.380.

9 **Sec. 2.** NRS 703.380 is hereby amended to read as follows:

10 703.380 1. Unless another administrative fine is specifically
11 provided, a person, including, without limitation, a public utility,
12 alternative seller, provider of discretionary natural gas service,
13 provider of new electric resources or holder of any certificate of
14 registration, license or permit issued by the Commission, or any
15 officer, agent or employee of a public utility, alternative seller,
16 provider of discretionary natural gas service, provider of new
17 electric resources or holder of any certificate of registration, license
18 or permit issued by the Commission who:

19 (a) Violates any applicable provision of this chapter or chapter
20 704, 704B, 705 or 708 of NRS, including, without limitation, the
21 failure to pay any applicable tax, fee or assessment;

22 (b) Violates any rule or regulation of the Commission; ~~[or]~~

23 (c) Fails, neglects or refuses to obey any order of the
24 Commission or any order of a court requiring compliance with an
25 order of the Commission ~~[;]~~; or

26 *(d) Provides to the Commission information which is*
27 *materially inaccurate or misleading and which the person knew or*
28 *through the exercise of reasonable care and diligence should have*
29 *known was materially inaccurate or misleading,*

30 ➤ is liable for an administrative fine, to be assessed by the
31 Commission after notice and the opportunity for a hearing . ~~[, in an~~
32 ~~amount]~~ *If the Commission determines that a violation was willful*
33 *and knowing, or detrimental to public health or safety, the*
34 *administrative fine must not ~~[to]~~ exceed ~~[\$1,000]~~ \$200,000 per day*
35 *for each day of the violation and not ~~[to]~~ exceed ~~[\$100,000]~~*
36 *\$5,000,000 for any related series of violations. For any other*
37 *violation, the administrative fine must not exceed \$100,000 per*
38 *day and not exceed \$2,000,000 for any related series of violations.*

39 2. In determining the amount of the administrative fine, *and to*
40 *ensure that the fine is proportional to the violation,* the
41 Commission shall consider ~~[the]~~ :

42 (a) *The* appropriateness of the fine to the size of the business of
43 the person charged ~~[, the]~~ ;

44 (b) *The nature, circumstances and* gravity of the violation,
45 *including, without limitation, the actual or potential financial*



1 *impact and actual or potential impact on public health and safety*
2 *of the violation;*

3 (c) *Whether the violation was willful;*

4 (d) *The good faith of the person charged in detecting and*
5 *voluntarily disclosing the violation to the Commission;*

6 (e) *The good faith of the person charged in attempting to*
7 *achieve compliance after notification of ~~the~~ the violation and to*
8 *prevent the reoccurrence of similar violations in the future;*

9 (f) *The history of compliance or noncompliance, including,*
10 *without limitation, any repeated violations committed by the person*
11 *charged ~~the~~;*

12 (g) *The economic benefit of the violation, or lack thereof, to*
13 *the person charged;*

14 (h) *The amounts of administrative fines assessed previously by*
15 *the Commission for similar violations, if any; and*

16 (i) *Such other factors as are necessary to determine the*
17 *reasonableness of the administrative fine.*

18 3. *The limitations on the amount of an administrative fine in*
19 *subsection 1 do not restrict the authority of the Commission to*
20 *require a public utility to restore funding to a program or account*
21 *as necessary to achieve compliance with an applicable statute or*
22 *regulation or an order of the Commission.*

23 4. An administrative fine assessed pursuant to this section is
24 not a cost of service of a public utility and may not be included in
25 any new application by a public utility for a rate adjustment or rate
26 increase.

27 ~~4.~~ 5. All money collected by the Commission as an
28 administrative fine pursuant to this section must be deposited in the
29 State General Fund.

30 ~~5.~~ 6. The Commission may bring an appropriate action in its
31 own name for the collection of any administrative fine that is
32 assessed pursuant to this section. A court shall award costs and
33 reasonable attorney's fees to the prevailing party in an action
34 brought pursuant to this subsection.

35 ~~6.~~ 7. The administrative fine prescribed by this section is in
36 addition to any other remedies, other than a monetary fine, provided
37 by law, including, without limitation, the authority of the
38 Commission to revoke a certificate of public convenience and
39 necessity, license or permit pursuant to NRS 703.377.

40 **Sec. 3.** NRS 704.640 is hereby amended to read as follows:

41 704.640 Except as otherwise provided in NRS 704.6881 to
42 704.6884, inclusive, any person who:

43 1. Operates any public utility to which NRS 704.005 to
44 704.754, inclusive, 704.9901 and 704.993 to 704.999, inclusive,



1 apply without first obtaining a certificate of public convenience and
2 necessity or in violation of its terms;

3 2. Fails to make any return or report required by NRS 704.005
4 to 704.754, inclusive, 704.9901 and 704.993 to 704.999, inclusive,
5 or by the Commission pursuant to NRS 704.005 to 704.754,
6 inclusive, 704.9901 and 704.993 to 704.999, inclusive;

7 3. Violates, or procures, aids or abets the violating of any
8 provision of NRS 704.005 to 704.754, inclusive, 704.9901 and
9 704.993 to 704.999, inclusive;

10 4. Fails to obey any order, decision or regulation of the
11 Commission;

12 5. Procures, aids or abets any person in the failure to obey the
13 order, decision or regulation; or

14 6. Advertises, solicits, proffers bids or otherwise holds himself,
15 herself or itself out to perform as a public utility in violation of any
16 of the provisions of NRS 704.005 to 704.754, inclusive, 704.9901
17 and 704.993 to 704.999, inclusive,

18 ↪ shall be fined not more than ~~[\$500.]~~ \$50,000.

19 **Sec. 4.** This act becomes effective on July 1, 2021.

