

SENATE BILL NO. 86—COMMITTEE ON
COMMERCE, LABOR AND ENERGY

(ON BEHALF OF THE PUBLIC UTILITIES
COMMISSION OF NEVADA)

PREFILED DECEMBER 20, 2014

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions governing pipeline and subsurface safety. (BDR 58-347)

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

~

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 the civil penalty that may be imposed for violating certain regulations adopted by the Public Utilities Commission of Nevada; defining the term “high consequence subsurface installation”; revising the definition of the term “subsurface installation”; increasing the maximum amount of the civil penalty that may be imposed for certain violations relating to excavation or demolition near a subsurface installation; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides that a person who violates regulations adopted by the
2 Public Utilities Commission of Nevada in conformity with the Natural Gas Pipeline
3 Safety Act of 1968, 49 U.S.C. § 60101 et. seq., is subject to a civil penalty not to
4 exceed \$100,000 for each violation for each day that the violation persists, up to a
5 maximum of \$1,000,000 for any related series of violations. (NRS 704.595)
6 **Section 1** of this bill increases these amounts so that a person may be subject to a
7 civil penalty not to exceed \$200,000 for each violation for each day that the
8 violation persists, with a maximum civil penalty not to exceed \$2,000,000.
9 Existing law provides for civil penalties that may be imposed by the
10 Commission if a person: (1) willfully or repeatedly; or (2) negligently violates the
11 provisions governing excavation or demolition near subsurface installations. (NRS
12 455.170) **Section 5** of this bill increases the maximum civil penalty for a single
13 willful or repeated violation from not more than \$1,000 per day to not more than



14 \$2,500 per day, and increases the maximum civil penalty for any related series of
15 willful or repeated violations within a calendar year from not more than \$100,000
16 to not more than \$250,000. **Section 5** also increases the maximum civil penalty for
17 a single negligent violation from not more than \$200 per day to not more than
18 \$1,000 per day, and increases the maximum civil penalty for any related series of
19 negligent violations from not more than \$1,000 to not more than \$50,000. **Section 5**
20 further provides additional factors for the Commission to consider when
21 determining the amount of the penalty or the amount agreed upon in a settlement or
22 compromise, to include: (1) the willfulness or negligence of the person charged
23 with the violation; (2) the timeliness of the notification of the violation to the
24 Commission by the person charged with the violation; (3) the cooperation of that
25 person in the investigation and repair of any damage caused by the violation; and
26 (4) whether the violation resulted in an interruption of services. **Section 5** also
27 authorizes the Commission to triple the maximum civil penalty that may be
28 imposed for each violation that involves contact with, or occurs less than 24
29 horizontal inches from a high consequence subsurface installation. **Section 2** of this
30 bill defines the term "high consequence subsurface installation."

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

1 **Section 1.** NRS 704.595 is hereby amended to read as follows:

2 704.595 1. Any person who violates any provision of any
3 regulation adopted by the Commission in conformity with the
4 Natural Gas Pipeline Safety Act of 1968, as amended, 49 U.S.C. §§
5 60101 et seq., or with a federal regulation adopted pursuant thereto,
6 ~~shall be~~ *is* subject to a civil penalty not to exceed ~~[\$100,000]~~
7 *\$200,000* for each violation for each day that the violation persists,
8 but the maximum civil penalty must not exceed ~~[\$1,000,000]~~
9 *\$2,000,000* for any related series of violations. Unless
10 compromised, the amount of any such civil penalty must be
11 determined by a court of competent jurisdiction.

12 2. Any civil penalty may be compromised by the Commission.
13 In determining the amount of the penalty, or the amount agreed
14 upon in compromise, the appropriateness of the penalty to the size
15 of the business of the person charged, the gravity of the violation,
16 and the good faith of the person charged in attempting to achieve
17 compliance, after notification of a violation, must be considered.

18 3. The amount of the penalty, when finally determined, or the
19 amount agreed upon in compromise, may be deducted from any sum
20 owing by the State to the person charged or may be recovered in a
21 civil action in any court of competent jurisdiction.

22 **Sec. 2.** Chapter 455 of NRS is hereby amended by adding
23 thereto a new section to read as follows:

24 *"High consequence subsurface installation" means the*
25 *following types of subsurface installations:*



1 *1. A high-pressure natural gas pipeline with a normal*
2 *operating pressure greater than 100 pounds per square inch*
3 *gauge;*

4 *2. A petroleum pipeline;*

5 *3. A pressurized sewage pipeline or force main;*

6 *4. A high-voltage electric supply line, conductor or cable that*
7 *has a phase-to-phase potential of 115 kilovolts or more;*

8 *5. A high-capacity water pipeline that is 18 inches or more in*
9 *diameter;*

10 *6. An optical carrier level communications line and any*
11 *related facility;*

12 *7. A hazardous materials pipeline; or*

13 *8. Any other subsurface installation that if damaged will*
14 *interrupt services provided by any facility or agency that provides*
15 *health or safety services to the public, including, without*
16 *limitation, hospitals, law enforcement agencies, armed forces,*
17 *firefighting agencies, detention centers, air traffic control,*
18 *emergency operation centers, telecommunication towers and water*
19 *or sewer treatment plants.*

20 **Sec. 3.** NRS 455.080 is hereby amended to read as follows:

21 455.080 As used in NRS 455.080 to 455.180, inclusive, *and*
22 *section 2 of this act*, unless the context otherwise requires, the
23 words and terms defined in NRS 455.082 to 455.105, inclusive, *and*
24 *section 2 of this act* have the meanings ascribed to them in those
25 sections.

26 **Sec. 4.** NRS 455.101 is hereby amended to read as follows:

27 455.101 "Subsurface installation" means a pipeline, *force*
28 *main, supply line, conductor*, conduit, cable, duct, wire,
29 *communications line*, sewer line, storm drain, other drain line or
30 other structure that is located underground.

31 **Sec. 5.** NRS 455.170 is hereby amended to read as follows:

32 455.170 1. An action for the enforcement of a civil penalty
33 pursuant to this section may be brought before the Public Utilities
34 Commission of Nevada by the Attorney General, a district attorney,
35 a city attorney, the Regulatory Operations Staff of the Public
36 Utilities Commission of Nevada, the governmental agency that
37 issued the permit to conduct an excavation or demolition, an
38 operator or a person conducting an excavation or demolition.

39 2. ~~Any~~ *Except as otherwise provided in subsection 4, in*
40 *addition to any other penalty provided by law, any* person who
41 willfully or repeatedly violates a provision of NRS 455.080 to
42 455.180, inclusive, *and section 2 of this act* is liable for a civil
43 penalty:

44 (a) Not to exceed ~~[\$1,000]~~ *\$2,500* per day for each violation;
45 and



(b) Not to exceed ~~[\$100,000]~~ \$250,000 for any related series of violations within a calendar year.

3. ~~[Any]~~ *Except as otherwise provided in subsections 2 and 4, any* person who negligently violates any such provision is liable for a civil penalty:

(a) Not to exceed ~~[\$200]~~ \$1,000 per day for each violation; and

(b) Not to exceed ~~[\$1,000]~~ \$50,000 for any related series of violations within a calendar year.

4. *The maximum civil penalty imposed pursuant to this section may be tripled for each violation that involves contact with, or that occurs less than 24 horizontal inches from a high consequence subsurface installation, regardless of the depth of the location of the high consequence subsurface installation.* The amount of any civil penalty imposed pursuant to this section and the propriety of any settlement or compromise concerning a penalty ~~[must]~~ *shall* be determined by the Public Utilities Commission of Nevada . ~~[upon receipt of a complaint by the Attorney General, the Regulatory Operations Staff of the Public Utilities Commission of Nevada, a district attorney, a city attorney, the agency that issued the permit to excavate or the operator or the person responsible for the excavation or demolition.]~~

5. In determining the amount of the penalty or the amount agreed upon in a settlement or compromise, the Public Utilities Commission of Nevada shall consider:

(a) The gravity of the violation;

(b) The good faith of the person charged with the violation in attempting to comply with the provisions of NRS 455.080 to 455.180, inclusive, *and section 2 of this act* before and after ~~[notification of a]~~ *the* violation; ~~[and]~~

(c) Any history of previous violations of ~~[those]~~ *the* provisions *of NRS 455.080 to 455.180, inclusive, and section 2 of this act* by the person charged with the violation ~~[~~

~~—6.— A];~~

(d) *The willfulness or negligence of the person charged with the violation in failing to comply with the provisions of NRS 455.080 to 455.180, inclusive, and section 2 of this act;*

(e) *The timeliness of notification of the violation to the Public Utilities Commission of Nevada by the person charged with the violation;*

(f) *The cooperation of the person charged with the violation in the investigation and repair of any damage caused by the violation; and*

(g) *Whether an interruption of services occurred as a result of the violation.*



1 **6. Except as otherwise provided in this subsection, a** civil
2 penalty recovered pursuant to this section must first be paid to
3 reimburse the person who initiated the action for any cost incurred
4 in prosecuting the matter.

5 ~~[7.]~~ ***If the Regulatory Operations Staff of the Public Utilities***
6 ***Commission of Nevada initiates the action, a civil penalty***
7 ***recovered pursuant to this section must be deposited in the State***
8 ***General Fund.***

9 **7.** Any person aggrieved by a determination of the Public
10 Utilities Commission of Nevada pursuant to this section may seek
11 judicial review of the determination in the manner provided by
12 NRS 703.373.

13 **Sec. 6.** This act becomes effective on July 1, 2015.

