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ISSUE OF CONCERN
AUDIT AND INSPECTION SUMMARY LETTER
SENT VIA E-MAIL

September 9, 2026

Nick Aboumrad PE, Vice President Gas Delivery
NV Energy
PO Box 10100
Reno, NV 89520-0024
Nicholas.Aboumrad@nvenergy.com

Re: **NV Energy 2026-Q3 Damage Prevention Program Audit and Inspection**
August 6-7, 2026

Dear Mr. Aboumrad:

Enclosed for your consideration and action is the Public Utilities Commission of Nevada ("Commission") Regulatory Operations Staff's ("Staff") summary pertaining to the above-referenced audit and inspection. This audit and inspection, which covered NV Energy's transmission and distribution facilities was performed by Dennis Bott (co-lead), Mike Evans, Carson Alexander, and Daniel Adesina pursuant to the Federal Pipeline Safety Law (49 USC 60101 *et seq.*).

The primary purpose of this audit and inspection was to determine compliance with the Pipeline Safety Regulations. The Pipeline Safety Regulations are contained and incorporated in Title 49 of the Code of Federal Regulations, Parts 191, 192, and 199 ("49 CFR 191, 192, and 199") and have been adopted by the Commission under the provisions of the Nevada Administrative Code ("NAC") Chapter 704.460.

This audit and inspection focused on the following areas associated with NVE's transmission and distribution facilities:

- Damage prevention program (using Staff's Damage Prevention Program Inspection Checklist)
- Damage prevention and line locating procedures
- Damage prevention and line locating records
- Field inspection of a damage prevention/line locating and bore standby activity

When reviewing the above items, the inspectors utilized the following Pipeline and Hazardous Materials Safety Administration ("PHMSA") inspection forms:

- Staff's internal developed Damage Prevention Program Form
- PHMSA Form 15 Field OQ inspection checklist for the following tasks:
  - Line locating

During the audit and inspection, Staff identified two (2) Issues of Concern ("IOC"). These items were discussed during the audit and inspection and addressed in the audit closure meeting. The IOCs are outlined below:

Issues of Concern:

IOC #1 – 49 CFR 192.614 Damage prevention program. Applicability of Line Locating Verification Procedures to NV Energy Personnel.

During the review of the NV Energy Gas Operations and Maintenance Manual, Part D, Section 7 – Locating and Excavating, it was observed that Section 7.2.1 establishes qualification and procedural requirements for personnel performing underground facility locates. The procedure requires personnel performing locates for excavation activities to be operator qualified. The procedure further establishes a minimum verification standard specifically for contractor personnel, requiring the use of at least two methods of confirmation when performing a locate: mapping documentation and line locating equipment. The same section assigns NV Energy Damage Prevention personnel responsibility for investigating problem locates and provides for NV Energy personnel to perform locating and marking activities, utilize specialized locating equipment, coordinate potholing, conduct standbys during excavation activities, and employ other methods necessary to achieve a proper locate. However, the procedure does not expressly state that the minimum two-method confirmation requirement established for contract locating personnel is also applicable to NV Energy employees when those employees directly perform facility locating activities.

IOC #2 – 49 CFR 192.614 Damage prevention program. Electronic Positive Response for Required Standby. During the field observation of Ticket No. 2026080400493, NV Energy determined that additional controls were necessary because the location of a facility stub could not be definitively established. NV Energy personnel communicated directly with the excavator and instructed the excavator to contact NV Energy and arrange for an NV Energy employee to be present during excavation within the identified area.

The Nevada Electronic Positive Response system provides a specific response code for this circumstance. EPR Code 031 – Requires Stand By At Time Of Excavation – Contact Facility Owner. This code communicates to the excavator that excavation is subject to additional coordination with the facility owner and that a standby is required.

The electronic positive response ultimately submitted for Ticket No. 2026080400493 was Code 010 – Locate Area Marked. Code 010 does not communicate the additional standby requirement that NV Energy provided verbally to the excavator in the field. As a result, the electronic positive response available through the One Call system did not fully reflect the conditions NV Energy had established for excavation in the applicable area.

Please respond in writing to the IOCs within 30 days following NV Energy's receipt of this letter. In the written response, please outline whether NV E agrees with the IOCs that have been identified. If NV ENERGY does not agree with the IOCs outlined, NV ENERGY should provide the basis for its disagreement as well as documentation supporting its position. Otherwise, in the response letter, please indicate what actions NV ENERGY will take (including responding to the corrective actions Staff has outlined), to ensure that the areas of the IOCs have been remedied and that there will not be a reoccurrence. After the information has been received and reviewed, Staff will determine whether further action is necessary and will arrange a compliance follow-up conference call with NV ENERGY if necessary. Under the provisions of NRS 704.595, NV ENERGY is subject to a civil penalty not to exceed $272,926 for each violation for each day a violation persists up to a maximum of $2,729,245 for any related series of violations. As outlined above, Staff did not find any items that it believed rose to the level of a Probable Violation.

Should you have any questions, please do not hesitate to contact Neil Pascual at (702) 305-9519, or me at (775) 684-6143. Please be aware that audit summaries regarding compliance with the Federal Pipeline Safety Regulations, such as this letter, are public documents, are filed with the Commission, and are publicly available through the Commission's website's dockets portal. This letter will be filed in Docket No. 26-01007.

Sincerely,

/s/ Paul Maguire

Paul Maguire, P.E.
Manager, Engineering Division

cc: Susan Burnette Director Gas Compliance Operations, Susan.Burnette@nvenergy.com
Neil Pascual, Senior Gas Pipeline Engineer
Pipeline Safety Personnel
File/database

Regulatory Operations Staff
of the
Public Utilities Commission of Nevada

2026-Q3
Damage Prevention Program Audit and Inspection

NV Energy
1 Ohm Place,
Reno, Nevada
August 6 and 7, 2026

/s/ Dennis Bott

Dennis Bott, Co-Lead Auditor

/s/ Daniel Adesina

Daniel Adesina, Auditor

/s/ Carson Alexander

Carson Alexander, Auditor

/s/ Mike Evans

Mike Evans, Auditor

Public Utilities Commission of Nevada
1150 East William Street
Carson City, Nevada 89701-3109

AUDIT AND INSPECTION SUMMARY

NV Energy 2026-Q3 Damage Prevention Program Audit and Inspection.

This audit and inspection, which covered NV Energy's ("NVE") transmission and distribution facilities was performed by Dennis Bott (co-lead), Mike Evans, Carson Alexander, and Daniel Adesina pursuant to the Federal Pipeline Safety Law (49 USC 60101 *et seq.*).

During the audit and inspection, Staff identified two (2) Issues of Concern ("IOC"). These items were discussed during the audit and inspection and addressed in the audit closure meeting. The IOCs are outlined below:

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Corrective Actions:
NV Energy needs to review and possibly revise its written locating procedures to clearly establish the applicable locating and verification requirements for all personnel performing locates on behalf of NV Energy, including both contract locating personnel and NV Energy employees.

At a minimum, NV Energy should consider extending the established verification methodology, including the use of mapping documentation and appropriate line locating equipment to NV Energy employees performing locating activities unless an alternate verification procedure is specifically established and documented. Establishing consistent and clearly documented requirements would promote uniform locating practices, reduce ambiguity regarding procedural expectations, and provide assurance that comparable verification standards are applied regardless of whether the locate is performed by an NV Energy employee or its contracted locating representative.

Regulation and OPS Manual References
49 CFR 192.614 Damage prevention program.
(a) Except as provided in paragraphs (d) and (e) of this section, each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities. For the purposes of this section, the term "excavation activities" includes excavation, blasting, boring, tunneling, backfilling, the removal of aboveground structures by either explosive or mechanical means, and other earthmoving operations.

(b) An operator may comply with any of the requirements of paragraph (c) of this section through participation in a public service program, such as a one-call system, but such participation does not relieve the operator of responsibility for compliance with this section. However, an operator must perform the duties of paragraph (c)(3) of this section through participation in a one-call system, if that one-call system is a qualified one-call system. In areas that are covered by more than one qualified one-call system, an operator need only join one of the qualified one-call systems if there is a central telephone number for excavators to call for excavation activities, or if the one-call systems in those areas communicate with one another. An operator's pipeline system must be covered by a qualified one-call system where there is one in place. For the purpose of this section, a one-call system is considered a "qualified one-call system" if it meets the requirements of section (b)(1) or (b)(2) of this section.
(1) The state has adopted a one-call damage prevention program under § 198.37 of this chapter; or
(2) The one-call system:
(i) Is operated in accordance with § 198.39 of this chapter;
(ii) Provides a pipeline operator an opportunity similar to a voluntary participant to have a part in management responsibilities; and
(iii) Assesses a participating pipeline operator a fee that is proportionate to the costs of the one-call system's coverage of the operator's pipeline.
(c) The damage prevention program required by paragraph (a) of this section must, at a minimum:
(1) Include the identity, on a current basis, of persons who normally engage in excavation activities in the area in which the pipeline is located.
(2) Provides for notification of the public in the vicinity of the pipeline and actual notification of the persons identified in paragraph (c)(1) of this section of the following as often as needed to make them aware of the damage prevention program:
(i) The program's existence and purpose; and
(ii) How to learn the location of underground pipelines before excavation activities are begun.
(3) Provide a means of receiving and recording notification of planned excavation activities.
(4) If the operator has buried pipelines in the area of excavation activity, provide for actual notification of persons who give notice of their intent to excavate of the type of temporary marking to be provided and how to identify the markings.
(5) Provide for temporary marking of buried pipelines in the area of excavation activity before, as far as practical, the activity begins.
(6) Provide as follows for inspection of pipelines that an operator has reason to believe could be damaged by excavation activities:
(i) The inspection must be done as frequently as necessary during and after the activities to verify the integrity of the pipeline; and
(ii) In the case of blasting, any inspection must include leakage surveys.
(d) A damage prevention program under this section is not required for the following pipelines:
(1) Pipelines located offshore.
(2) Pipelines, other than those located offshore, in Class 1 or 2 locations until September 20, 1995.
(3) Pipelines to which access is physically controlled by the operator.
(e) Pipelines operated by persons other than municipalities (including operators of master meters) whose primary activity does not include the transportation of gas need not comply with the following:
(1) The requirement of paragraph (a) of this section that the damage prevention program be written; and
(2) The requirements of paragraphs (c)(1) and (c)(2) of this section..

7.2. Procedure

7.2.1. Locating NV Energy Facilities

Locating NV Energy gas facilities requires training from Damage Prevention Department, Gas Compliance Operations Department, or through the contract locating company. Personnel performing locates for excavation activities must be Operator Qualified.

The use of locating equipment is unique to each manufacturer. Follow the manufactures instructions on the proper use and operation of their equipment.

NOTE: Locating high priority (6" and larger or greater than 100 psig distribution mains) and Transmission pipeline facilities requires special procedures available from the Damage Prevention Department.

Contractor personnel must use a minimum of two methods of confirmation for performing locates: mapping documentation and line locating equipment. The following issues would initiate a "problem locate":

- Evidence of facilities without mapping information
- Discrepancy between map and locating signal
- Inability to achieve an adequate locating signal
- Any other issue that affects a proper line locate

IOC #2 – 49 CFR 192.614 Damage prevention program. Electronic Positive Response for Required Standby. During the field observation of Ticket No. 2026080400493, NV Energy determined that additional controls were necessary because the location of a facility stub could not be definitively established. NV Energy personnel communicated directly with the excavator and instructed the excavator to contact NV Energy and arrange for an NV Energy employee to be present during excavation within the identified area.

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The electronic positive response ultimately submitted for Ticket No. 2026080400493 was Code 010 – Locate Area Marked. Code 010 does not communicate the additional standby requirement that NV Energy provided verbally to the excavator in the field. As a result, the electronic positive response available through the One Call system did not fully reflect the conditions NV Energy had established for excavation in the applicable area.

Corrective Actions:
NV Energy needs to utilize the applicable Electronic Positive Response code whenever conditions or restrictions are placed on excavation activities. Specifically, when NV Energy determines that an excavator must contact NV Energy and schedule an NV Energy representative to be present during excavation, the electronic positive response should reflect that requirement through the use of Code 031 – Requires Stand By At Time Of Excavation – Contact Facility Owner, or any subsequently adopted response code specifically designated for that circumstance.

The electronic positive response should accurately and consistently communicate the status of the locate and any conditions imposed by the facility operator. Verbal communication with an excavator should not be used in place of an electronic positive response that accurately reflects the requirements associated with the ticket. Consistent use of the appropriate EPR code is necessary to ensure that the electronic ticket record accurately communicates required excavation controls, provides the excavator with clear notice of the operator's requirements, and maintains consistency between field instructions and the information available through USA North 811.

NV Energy should review its internal procedures and personnel guidance regarding Electronic Positive Response selection to ensure that Code 031 is utilized whenever NV Energy requires a standby during excavation.

Regulation and OPS Manual References
See above.