FILED WITH THE PUBLIC UTILITIES COMMISSION OF NEVADA - 11/5/2026

Agenda 21-26; Item No. 3B Draft Order for discussion at agenda

THIS ORDER IS NOT A FINAL ORDER AND MAY BE SUBSTANTIALLY REVISED PRIOR TO ENTRY OF A FINAL ORDER BY THE PUBLIC UTILITIES COMMISSION OF NEVADA

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Show Cause Proceeding to determine why South Drilling, Inc. should not be civilly penalized for repeated and high consequence violations of Nevada's One Call Law.	)))))	Docket No. 26-06011

At a general session of the Public Utilities Commission of Nevada, held at its offices on November 10, 2026.

PRESENT: Chair Hayley Williamson
Commissioner Tammy Cordova
Commissioner Randy J. Brown
Business Process Services Supervisor Sabrena Jones

[PROPOSED] ORDER

The Public Utilities Commission of Nevada ("Commission") makes the following findings of fact and conclusions of law:

I. INTRODUCTION

Consistent with ordering paragraph 2 of its July 31, 2026, Order in Docket No. 26-06011, the Commission opened this docket for the purpose of requiring South Drilling, Inc. ("South Drilling"), to appear and show cause why it should not be administratively fined, pursuant to Nevada Revised Statute ("NRS") 455.170 for repeatedly and willfully violating the requirements of NRS and Nevada Administrative Code ("NAC") Chapters 455. This matter has been designated as Docket No. 26-06011.

On October 6, 2026, South Drilling and the Regulatory Operations Staff ("Staff" and together with South Drilling "the Parties") of the Commission filed a stipulation, attached hereto as Attachment A, resolving all issues in the docket.

II. SUMMARY

The Commission accepts the stipulation and issues an administrative fine to South Drilling as outlined in the stipulation.

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III. PROCEDURAL HISTORY

• On June 12, 2026, Staff filed a petition alleging violations of Chapter 455 of the NRS and NAC ("Nevada's One Call Law") by South Drilling.

• On June 18, 2026, the Commission issued a Notice of Petition for an Order to Show Cause.

• On July 20, 2026, the Commission's Office of General Counsel filed a briefing memorandum recommending that the Commission grant Staff's petition and issue the appropriate order for South Drilling to appear and show cause.

• On July 31, 2026, the Commission issued an order granting Staff's petition and requiring South Drilling to appear and show cause as to why South Drilling should not be assessed penalties for violating Nevada's One Call law.

• On August 3, 2026, the Commission issued a notice of show cause proceeding and notice of prehearing conference.

• On September 2, 2026, the presiding officer held a prehearing conference wherein Staff requested a continued prehearing conference to present a stipulation.

• On October 6, 2026, the presiding officer held a continued prehearing conference wherein Staff requested an additional continued prehearing conference to present a stipulation, and the Parties filed the stipulation.

• On October 21, 2026, the presiding officer held a prehearing conference wherein the stipulation was discussed. At the conclusion of the prehearing conference, the presiding officer granted an oral motion to accept Exhibit Nos. 1 and 2 into the evidentiary record pursuant to NAC 703.730.

IV. STIPULATION

Parties' Position

1. The Parties agree that South Drilling violated various provisions of Nevada's One Call Law, including, but not limited to, NRS 455.110 and 455.137, and NAC 455.125, 455.135, 455.145, 455.150, and 455.160. (Attachment A at 1-3, 5.)

2. The Parties recommend that the Commission assess a civil penalty in the amount of forty-five thousand dollars ($45,000), pursuant to NRS 455.170 for the above noted violations. (*Id.* at 6.)

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3. As a compliance item, the Parties agree that South Drilling will submit a civil penalty in the amount of $25,000 to the Commission for deposit in the State General Fund within 30 days of the Commission's issuance of an Order accepting this Stipulation, while the remainder of the civil penalty, $20,000, will be held in abeyance for a period of twelve (12) months from the issuance of the Commission's Order accepting this Stipulation ("Abeyance Period"). (*Id.*)

4. The Parties agree that the $20,000 in civil penalties held in abeyance will be forgiven at the conclusion of the Abeyance Period if South Drilling does not violate any requirement in NRS or NAC Chapter 455 during that period. If South Drilling violates any requirement in NRS or NAC Chapter 455 during the Abeyance Period, that violation would trigger the civil penalty amount held in abeyance to be brought to the Commission through a separate action filed by Staff. In order for the civil penalty held in abeyance to come due, unless otherwise agreed to by the Parties, the Commission would have to determine that South Drilling violated a requirement in NRS or NAC Chapter 455. If the Commission makes such a finding, then any other associated civil penalties with noncompliance would also be assessed and come due in addition to the civil penalty held in abeyance. (*Id.*)

Commission Discussion and Findings

5. The Commission accepts the stipulation and assesses the civil penalty as outlined by the stipulation.

6. The Commission finds that the stipulation complies with the requirements of NAC 703.845, in that it settles only issues relating to the instant proceeding and does not seek relief the Commission is not otherwise empowered to grant. The stipulation is a consensus

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resolution of the issues pursuant to the Parties' negotiations and is a reasonable recommendation and resolution of the issues in this proceeding.

7. All arguments of the Parties raised in this proceeding not expressly addressed herein have been considered and either rejected or found to be non-essential for further discussion in this order. Any agreements and recommendations contained in the stipulation but not expressly addressed herein are either agreements by the Parties regarding matters nonessential to the disposition of this docket or are recommendations for specific findings that do not require delineation given the Commission's acceptance of the stipulation and corresponding approval of the application as outlined in the stipulation.

Therefore, it is ordered:

1. The stipulation filed by South Drilling, Inc. and the Regulatory Operations Staff of the Commission, attached hereto as Attachment A, is accepted.

2. The Commission finds that South Drilling, Inc. violated Nevada Revised Statutes 455.110 and 455.137, and Nevada Administrative Code 455.125, 455.135, 455.145, 455.150, and 455.160.

3. The Commission assesses a civil penalty, pursuant to Nevada Revised Statutes 455.170, in the amount of $45,000.00 against South Drilling, Inc., for violations of Nevada Revised Statutes 455.110 and 455.137, and Nevada Administrative Code 455.125, 455.135, 455.145, 455.150, and 455.160. $25,000.00 shall be due within thirty (30) days of the effective date of this order, and the remaining $20,000.00 shall be held in abeyance for a period of one year.

4. The Public Utilities Commission of Nevada's acceptance of the stipulation does not constitute precedent regarding any legal or factual issue.

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Compliances:

5. South Drilling, Inc. shall pay $25,000.00 to the Commission for deposit into the State General Fund within thirty (30) days from the effective date of this order.

6. The $20,000 in civil penalties held in abeyance will be forgiven if, during the Abeyance Period, South Drilling, Inc. does not violate any requirement in Nevada Revised Statutes Chapter 455 or Nevada Administrative Code Chapter 455 during that period.

By the Commission,

HAYLEY WILLIAMSON, Chair

TAMMY CORDOVA, Commissioner

RANDY J. BROWN, Commissioner

Attest:
TRISHA OSBORNE,
Assistant Commission Secretary

Dated: Carson City, Nevada

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ATTACHMENT A

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Joint Petition of the Regulatory Operations Staff and South Drilling, Inc., requesting the Commission accept a stipulation regarding violations of Chapter 455 of the Nevada Revised Statutes and Nevada Administrative Code by South Drilling, Inc. /	Docket No. 26-06011

STIPULATION

The Regulatory Operations Staff ("Staff") of the Public Utilities Commission of Nevada ("Commission") and South Drilling, Inc. ("South Drilling") (collectively, the "Parties"), pursuant to Nevada Revised Statutes ("NRS") 455.170, submit this Stipulation to the Commission in full settlement of the matters at issue.

I. RECITALS

1. On April 17, 2026, South Drilling excavation activities in Southern Nevada struck a duct run damaging a cable supporting a Nevada Power 1000 MCM electric line—12.4 KV phase to phase and 7.2 KV phase to ground. South Drilling failed to identify all marked underground facilities and instead blind bored and struck the duct run and damaged the cable. Despite its machine alerting the user to the energy strike, South Drilling failed to notify Nevada Power. The strike caused over 300 customer outages, including for a fire agency facility.

2. The post-strike investigation revealed that South Drilling failed to perform an electronic positive response review. Specifically, two operators failed to provide responses on the ticket revisions following the original ticket. And, despite the lack of those responses, South Drilling continued excavation operations. The investigation also showed that South Drilling failed to follow its standard operating procedures by removing the bore from the damaged location after the strike occurred.[1]

3. NRS 455.110(1) prohibits excavations in areas that are known to or reasonably should be known to contain a subsurface installation, unless the excavator properly notifies the association for operators per NRS 455.120 and "cooperates with the operator in locating and identifying its subsurface

[1] On July 15, 2026, South Drilling damaged a properly identified and marked underground eight-inch water line in the City of North Las Vegas. South Drilling's crew failed to properly verify line locations before excavating. Part of this stipulation includes Staff not pursuing this separate violation.

installation."[2] The Commission has implemented related regulations providing that, absent an emergency, an excavator "[s]hall not commence [work] until each operator of a subsurface installation within the affected area of the proposed [work] has marked the location or has provided the approximate location" pursuant to NAC 455.125.[3] Further, under NAC 455.145(2)(e), an excavator may not proceed with the work until the excavator has completed review of the electronic notification sent by the association of operators pursuant to NAC 455.120. South Drilling improperly started its excavations before properly reviewing the electronic notifications or obtaining necessary information from two operators.

4. After completing review of the electronic notifications, and pursuant to NRS 455.137 and Nevada Administrative Code ("NAC") 455.150(1)-(2), an excavator shall determine the exact location of subsurface facilities in the excavation area using hand tools (i.e., potholing) before using mechanical excavation equipment and shall proceed in all respects in a careful and prudent manner. South Drilling failed to determine the exact location of the subsurface conduits and duct run before it used mechanical equipment to blind bore approximately two feet below the company's pothole.

5. Additionally, "[i]f, during the course of an excavation or demolition, an excavator is unable to determine the exact location of a subsurface installation within 24 horizontal inches of a mark placed by an operator, the excavator shall notify immediately the association for operators and the operator who placed the mark."[4] South Drilling did not identify all of Nevada Power's marked conduits or the duct run. When this happened, South Drilling did not notify either the association of operators or the relevant operator (Nevada Power) to pinpoint the locations before continuing.

6. If the "excavator has concerns regarding the accuracy and meaning of the operator's marks before or during an excavation or demolition, the excavator: [s]hall not begin the [work]," or if the work has already begun, the excavator "shall cease" the work "in the portion of the affected area of the proposed" work.[5] In either of these situations, the excavator must also mark "the affected area of the proposed" work "and resubmit a notification to the association for operations" to mark, confirm

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[2] NRS 455.110(1).
[3] NAC 455.145(1).
[4] NAC 455.150(3) (emphasis added).
[5] NAC 455.135(2)(a).

marks, or replace marks.[6] South Drilling did not identify all conduits or the duct run. A reasonable excavator in this circumstance would have had concerns about the accuracy or meaning of the operator's marks, requiring the excavator to cease all work in the relevant area and resubmit notification to the association of operators. South Drilling did not cease excavation. Instead, South Drilling chose to proceed by blind boring beneath its pothole. This conduct was not reasonable or prudent

7. Upon causing or observing any damage "to a subsurface installation during an excavation or demolition," the excavator must "cease work…in the area around the damaged subsurface installation" and inform the operator of that damage.[7] When South Drilling struck Nevada Power's subsurface installation at 4:04 p.m. on April 17, 2026, South Drilling did not inform Nevada Power. Nevada Power learned about the outage caused by the strike over two hours later from customer outage calls.

Excavators are required to operate in a reasonable and prudent manner when excavating, which necessarily includes following the excavator's own standard operating procedures.[8] South Drilling violated this requirement by failing to follow the company's standard operating procedures by removing the bore head from the damaged location once the energy strike alarm was set off.

8. Each of South Drilling's April 17, 2026, violations addressed above contributed to customer outages, including a fire agency facility, which made the strike one that impacted a high consequence subsurface installation as defined under NRS 455.093(8).

9. Pursuant to NRS 455.170(5), in determining the amount of the penalty or the amount agreed upon in a settlement or compromise, the Commission 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, before and after the violation;

c. Any history of previous violations of the provisions of NRS 455.080 to 455.180, inclusive, by the person charged with the violation;

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[6] NAC 455.135(2)(b).
[7] NAC 455.160(1).
[8] NAC 455.150(1).

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;

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.

10. In reaching a settlement, the Parties considered the following:

a. Gravity of violations. Each of the above-referenced violations reflects a pattern of reckless behavior by South Drilling when it comes to complying with Nevada law and ensuring the public's safe and reliable utility services are not disrupted. All of South Drilling's violations related to high-consequence subsurface installations, and the strike cut off power to a firefighting facility and approximately 300 other customers.

b. Good faith in attempting to comply before/after the violation. South Drilling had valid USA North 811 Dig Tickets. As explained above, South Drilling engaged in a series of violations both in preparation for excavating, actual excavating, and its post-strike response. South Drilling knew it had not discovered all the conduits and chose to move forward with blind boring. South Drilling also knew it struck a subsurface installation but failed to report that strike to the operator or Commission. Nevada Power discovered the issue two hours later based on customer calls about interrupted services.

c. History of violations. South Drilling violated NRS and NAC Chapters 455 during three separate incidents within approximately 6 months of the date of these additional violations on April 17, 2026. Additionally, the Commission has already issued South Drilling a civil penalty for violations of NRS and NAC Chapters 455 as part of Docket No. 26-02024.

d. Willfulness or negligence in failing to comply. South Drilling had three repeated violations before the ones subject to this stipulation. Despite these previous violations South Drilling continued to blind bore without first locating all subsurface installations. These repeated violations demonstrate willful conduct.[9]

e. Timeliness of notification to Staff of violation. South Drilling did not notify Nevada Power of the line strike when it occurred. Nevada Power learned about the line strike via the subsequent customer outages that occurred. Staff was informed of the strike by Nevada Power.

f. Cooperation in the investigation and repair of any damage. South Drilling did not appear to notify Nevada Power of the strike on April 17, 2026, when it first occurred. South Drilling employees did, however, speak to Staff and Nevada Power when they arrived on-site.

g. Interruption of services. South Drilling's April 17, 2026 violations interrupted service to approximately 300 Nevada Power customers, including a firefighting facility, thereby resulting in this damage impacting a high consequence facility as defined in NRS 455.093.[10]

11. Under NRS 455.170, Staff estimates that South Drilling could be subject to civil penalties of at least $45,000 for the violations discussed above.

12. The Parties negotiated a mutually acceptable settlement of this matter, which includes a civil penalty.

II. AGREEMENT

Considering the foregoing recitals and mutual agreement reflected in this Stipulation, the Parties agree and recommend that the Commission accept the following:

1. The Parties agree that South Drilling violated the above-specified NRS and NAC Chapter 455 provisions.

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[9] *Cf. Century Steel, Inc. v. State, Div. of Indus. Rels., Occupational Safety & Health Section*, 122 Nev. 584, 593, 137 P.3d 1155, 1161 (2006) ("A willful violation exists in a place of employment if an employer acts in an intentional, deliberate, knowing, and voluntary manner, and if the action is taken with either intentional disregard of or plain indifference to the relevant safety requirements.").

[10] The firefighting facility is the Henderson Fire Training Center located at 401 Parkson Road, Henderson, Nevada.

2. The Parties agree that pursuant to NRS 455.170, South Drilling will pay a civil penalty for the violations listed in Paragraph 1 above. The Parties agree that a settlement consisting of a civil penalty for twenty-five thousand dollars ($25,000) is appropriate.

3. As compliance items, South Drilling agrees:

a. To submit payment of the Civil Penalty in the amount of twenty-five thousand dollars ($25,000) to the Commission for deposit in the State General Fund within thirty (30) days from the date of issuance of the Commission's Order accepting this Stipulation.

b. That $20,000 in additional civil penalties will be held in abeyance for a period of twelve (12) months from the issuance of the Commission's Order accepting this Stipulation ("Abeyance Period"). This additional penalty amount will be forgiven at the conclusion of the Abeyance Period if South Drilling does not violate any requirement in NRS or NAC Chapter 455 during that period. If South Drilling violates any requirement in NRS or NAC Chapter 455 during the Abeyance Period,[11] that violation would trigger the civil penalty amount held in abeyance to be brought to the Commission through a separate action filed by Staff. In order for the civil penalty held in abeyance to come due, unless otherwise agreed to by the Parties, the Commission would have to determine that South Drilling violated a requirement in NRS or NAC Chapter 455. If the Commission makes such a finding, then any other associated civil penalties with noncompliance would also be assessed and come due in addition to the civil penalty held in abeyance.

4. Neither this Stipulation, nor its terms, nor the Commission's acceptance of the recommendations contained in this Stipulation, shall have any precedential effect in any other proceeding before the Commission, a court of law, or any other state government regulatory body; nor shall it be admissible or otherwise described or used in any proceeding hereafter for any purpose.

5. This Stipulation is made upon the express understanding that it constitutes a negotiated settlement. The provisions of this Stipulation are not severable. In the event this Stipulation is not accepted by the Commission without change, it shall be deemed withdrawn without prejudice to any claims or contentions which may have been made by any Party.

[11] The relevant date of the violation is the date it occurs, not the date the Commission issues an order finding that the violation occurred.

6. In accordance with NAC 703.845, this Stipulation settles only issues relating to the present proceeding and seeks relief that the Commission is empowered to grant.

7. This Stipulation may be executed in one or more counterparts, all of which together shall constitute the original executed document. This Stipulation may be executed by electronic transmission, which signatures shall be as binding and effective as original signatures.

This Stipulation is entered into by each Party as of the date entered below.

REGULATORY OPERATIONS STAFF OF THE PUBLIC UTILITIES COMMISSION OF NEVADA

By: */s/ Jared Wigginton* Dated: 10/6/2026
Jared R. Wigginton
Assistant Staff Counsel

South Drilling, Inc.

By: */s/ William Bowen* Dated: 10/6/2026
William Bowen
President