

PUCN Connection

A MONTHLY NEWSLETTER FROM the PUBLIC UTILITIES COMMISSION OF NEVADA

Produced by the PUCN's Public Information & Outreach Offices

August 2019 Edition

Fraud is everywhere

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Fraud is defined by Black's Law Dictionary as: *a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment.*

Consequently, fraud includes any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means and it affects everyone, individuals, corporations, and governments.

I recently attended the *30th Annual ACFE Global Fraud Conference* (www.fraudconference.com), hosted by the Association of Certified Fraud Examiners, the world's largest anti-fraud organization and premier provider of anti-fraud training and education. More than 3,000 professionals from around the world attended to learn about the latest fraud trends and ways to prevent and detect fraud.

During the conference, I attended various sessions that focused on types of fraud that could directly impact public utilities, their customers and government agencies. One such session focused on capital projects, something we at the PUCN spend a significant amount of time reviewing during general rate case and integrated resource planning dockets. Capital projects are long-term, large-scale new construction, expansion, renovation or replacement projects. Examples of utility-related capital projects include new or renovated power plants, or the installation of natural gas pipeline.

The session, "Fraud Implications in Large-Scale Capital Projects," was led by Michael J. Fucilli, who is the chief audit executive for the largest public-sector transit authority in North America. According to Fucilli, there are almost unlimited ways in which companies can be defrauded in the construction industry. Fraud happens in owner-contractor and contractor-subcontractor relationships, and it's committed by employees

of any type or size of contracting firm. Last year's Kroll Annual Global Fraud and Risk Report showed that 70% of construction companies experienced at least one incident of fraud.

The following key points were discussed:

- **Common Failures:**
 - Inadequate executive oversight of the project.
 - Failure to control the expansion of the scope and cost of the project.
 - Failure to hold contractors accountable for their inability to provide deliverables on schedule and within budget.
 - Failure to properly vet contractors and subcontractors for conflicts of interest and potential fraud.
 - Failure to plan for future control over management and maintenance of the completed projects.
- **Solutions:**
 - Identify fraud indicators in construction projects.
 - Identify material costs that seem inflated compared to their market value.
 - Ascertain best practices on project controls, as well "trust through verification."

FRAUD

Fraud hurts all Nevadans. Whether you are the victim of a crime, looking out for those you love, or seeking to be an informed consumer, the Department of Business and Industry is working to provide Nevadans with important information and tools you need to join the fight against fraud! And remember, if it sounds too good to be true, it probably is!

www.FightFraud.nv.gov

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YouTube

Get to Know Us: Neil Pascual, Senior Gas Pipeline Safety Engineer



Describe your current job responsibilities and areas of focus:

I'm part of the Gas Pipeline Safety Division, where we directly monitor and inspect gas pipeline facilities (including natural gas, liquid propane gas, and even chlorine gas). We are also responsible for ensuring safe excavation practices through One-Call regulations ([Nevada Revised Statute Chapter 455 - Excavations](#)

[& High-Voltage Lines](#) and [Nevada Administrative Code 455 - Excavations & Demolitions](#)).

What aspects of your job do you enjoy most: I enjoy having a direct, positive impact on pipeline safety in Nevada. Every time I hear of devastating gas pipeline incidents in other states, I think of what they could have done better and what we can do in Nevada to prevent such occurrences. These incidents give us the opportunity to be proactive and ensure that we never adopt the "it couldn't happen here" attitude.

How long have you been at the PUCN: I've been with the PUCN for seven years now (time flies). My original position was

gas pipeline engineer. I was promoted to senior gas pipeline safety engineer in 2016.

Prior professional experience: I was in compliance with Southwest Gas prior to the PUCN and did much of the same tasks on a smaller scale. Prior to that, I ran HR, Accounting and IT for a small (200 employees) business services firm. Before that I spent about 12 years in the hotel industry (Mirage Resorts). If we jump way back (30 years or so), my very first job was at KFC and I still can't eat there.

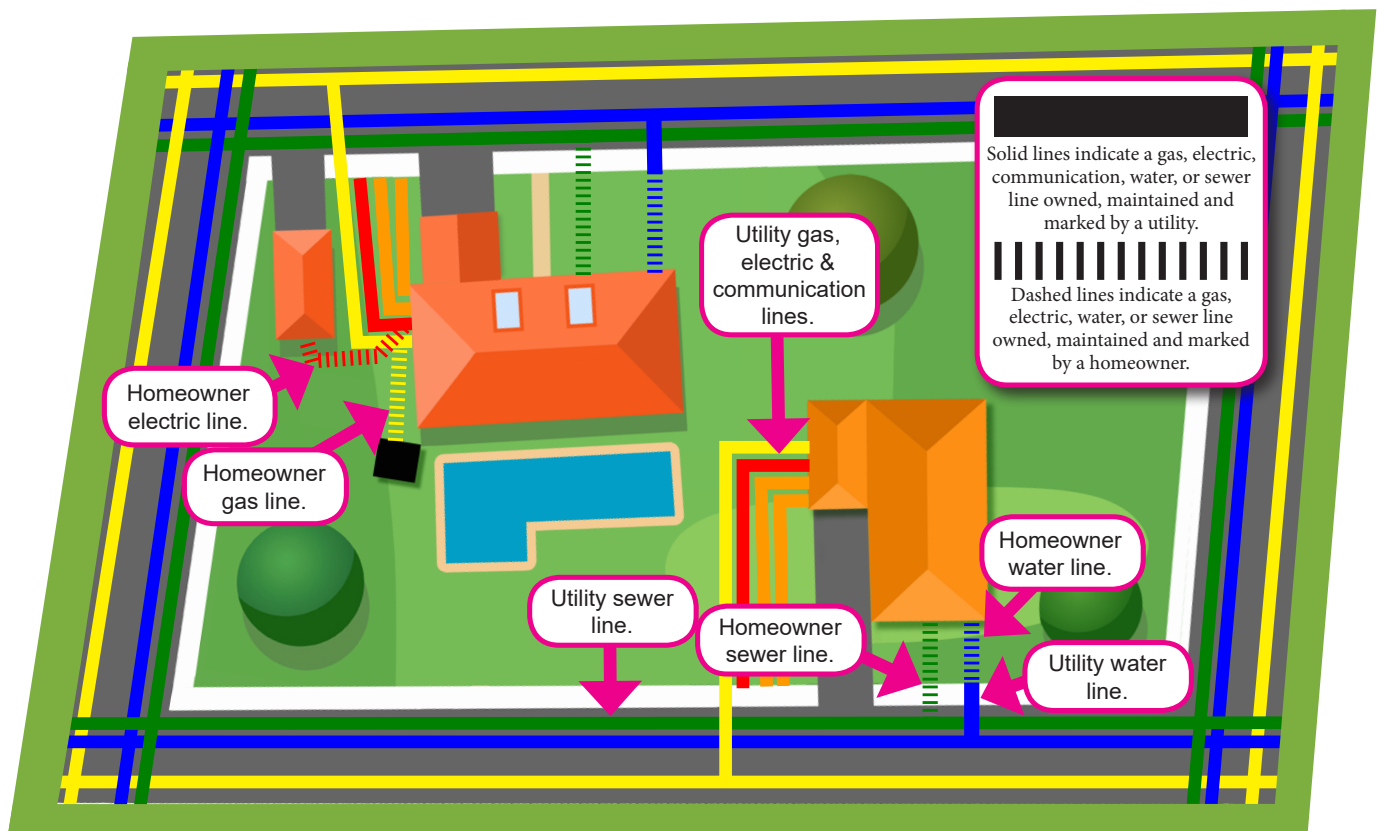
Educational background (high school/colleges attended; degrees obtained): I went to high school in Las Vegas (Valley High School) and graduated at the University of Nevada, Las Vegas with a degree in biology and a minor in chemistry.

Hometown (current and where you grew up): I claim a dual hometown as I've lived in Las Vegas since the 1980s, but lived in Chicago for 10 years prior to that (go Cubbies!)

Find out more about the PUCN's pipeline safety responsibilities at <http://puc.nv.gov/Safety/Pipeline/>.

SAFE DIGGING 101: Always Call 811 Before Digging!

Hitting an underground utility line while digging can cause environmental damage, serious personal injury and disrupt service to an entire neighborhood. If you don't call 811 prior to digging and hit an underground utility line owned and maintained by a utility, you could potentially incur fines and be responsible for repair costs!



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- **Fraud Considerations:**

- Contract fraud, such as bid rigging.
- Contractor fraud, such as using inferior material at a higher cost.
- People risks, such as falsified CVs (resumes), expenses fraud.
- Conflicts of interest, such as collusion between suppliers and staff.
- Accounting/financial fraud, such as payment mandate fraud (bank transfers) and duplicate invoicing.
- Fraud can be perpetrated by anyone connected with a project: project staff, suppliers or subcontractors who can identify an opportunity to make easy money on the back of a project.
- The project may even be the target of organized fraud, which can significantly add to project costs and undermine the project objectives. Indeed, many assessments indicate that a project can lose approximately 5% of its funding to fraud.
- Fraud is an ever-present risk to all organizations and that these risks also apply to major projects and construction projects.

At the PUCN we review capital projects proposed by various utilities and, following the completion of a project, costs of the projects which are to be passed on to the consumer, for prudence and reasonableness. Although we don't usually have the opportunity to consider all the factors of a project that may involve fraud, it is important to remember that with capital projects it is not just about the monetary costs of fraud that could be passed on to the consumer. There are also possible

significant risks to the public in the areas of infrastructure reliability and safety.

The majority of fraud is uncovered through tips, otherwise known as "whistleblowing." Nevada's public employee whistleblower statute (NRS 281.611 through 671) is designed to protect state and local government employees from retaliation for reporting "improper governmental action."

In addition to Nevada's general whistleblowing statute, other state and federal laws include:

- Section 250 of the Nevada False Claims Act protects employees and contractors who report fraud in government contracts.
- State common law recognizes that an employer's retaliation against a whistleblowing employee violates public policy that favors disclosure of wrongdoing.
- The federal Occupational Safety and Health Administration (OSHA) enforces whistleblowing protections under a wide range of federal laws.

Here are a few recent articles about a few very public fraud cases:

- [Green Energy Fraud](#)
- [When 'fair value' isn't so fair](#)
- [Small town, huge fraud, insightful documentary](#)
- [5 most scandalous fraud cases of 2018](#)
- [Former Microsoft exec gets 28 months for embezzling \\$775,000, stealing dozens of Super Bowl tickets](#)

Dockets Opened at the PUCN in July 2019

Visit <http://puc.nv.gov/Dockets/Dockets/> to view documents filed in the dockets listed below.

Docket #	Date Filed	Description
19-07001	7/1/2019	Public Utilities Commission of Nevada-sponsored Consumer Session to be held in Washoe County, Nevada, pursuant to NRS 704.069(2).
19-07002	7/1/2019	Public Utilities Commission of Nevada-sponsored Consumer Session to be held in Clark County, Nevada, pursuant to NRS 704.069(2).
19-07003	7/1/2019	Public Utilities Commission of Nevada-sponsored Consumer Session to be held in Elko County, Nevada.
19-07004	7/1/2019	Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for approval of their 2019 Combined Annual Electric Demand Side Management Update Report as it relates to the Action Plan of their 2019-2038 Joint Integrated Resource Plan.
19-07005	7/1/2019	Application of Sierra Pacific Power Company d/b/a NV Energy for approval of its 2019 Natural Gas Conservation and Energy Efficiency Plan Annual Report.
19-07006	7/1/2019	Application of Oregon-Idaho Utilities, Inc. d/b/a Humboldt Telephone Company for authority to establish its annual revenue requirement for telephone service rates, set a new rate design, modify draws from the Nevada Universal Service Fund, reflect changes in the cost of capital, modify depreciation rates, and for other relief properly related thereto.

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July Dockets: *continued from page 3*

Docket #	Date Filed	Description
19-07007	7/8/2019	Informational Report of Prospector Pipeline Company concerning its natural gas resource planning activities.
19-07008	7/8/2019	Application of Citizens Telecommunications Company of Nevada d/b/a Frontier Communications of Nevada, filed under Advice Letter No. NV-19-07, for the Tonopah Division to revise Tariff No. 1-B to introduce Vacation Get Away Service for residential customers.
19-07009	7/8/2019	Application of Citizens Telecommunications Company of Nevada d/b/a Frontier Communications of Nevada, filed under Advice Letter No. NV-19-06, for the Elko Division to revise Tariff No. 1-B to introduce Vacation Get Away Service for residential customers.
19-07010	7/10/2019	Rulemaking to amend, adopt, and/or repeal regulations in accordance with Assembly Bill 163 (2019).
19-07011	7/10/2019	Application of Integration Technologies, LLC d/b/a INTECH for authority to operate as a competitive supplier of telecommunication service within the State of Nevada.
19-07012	7/15/2019	Joint Petition of the Regulatory Operations Staff and The Fishel Company ("Team Fishel") requesting the Commission accept a stipulation regarding violations of Nevada's One Call Law by Team Fishel.
19-07013	7/15/2019	Joint Petition of the Regulatory Operations Staff and V.T. Construction, Inc. ("V.T.") requesting the Commission accept a stipulation regarding violations of Nevada's One Call Law by V.T.
19-07014	7/17/2019	Joint Petition of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy to establish a regulatory asset and to defer costs associated with the expense and capital spending to implement Senate Bill 329 (2019).
19-07015	7/18/2019	Application of Southwest Gas Corporation for approval of its Solar Thermal Systems Demonstration Program Annual Plan for Program Year 2020.
19-07016	7/22/2019	Lee Canyon Ski Lifts, Inc. vs. CenturyTel of the Gem State, Inc. d/b/a CenturyLink ("CenturyLink"). Complaint regarding CenturyLink's failure to provide reasonably continuous and adequate service as the Provider of Last Resort and prolonged outages.
19-07017	7/22/2019	Investigation and rulemaking to consider amending certain regulations contained in Chapter 704 of the Nevada Administrative Code relating to alternative sellers of discretionary natural gas service.
19-07018	7/25/2019	Notice by GridLiance West LLC, under the provisions of the Utility Environmental Protection Act, of an application to a federal agency for approval to construct the Trout Canyon Substation consisting of a new 230 kV substation, appurtenant 230 kV transmission line, and associated facilities to be located approximately 10 miles southwest of Pahrump in Clark County, Nevada.
19-07019	7/24/2019	Notice by Frontier Communications of the Southwest Inc. of Service Catalog updates to introduce Vacation Get Away Service for residential customers.
19-07020	7/25/2019	Notice by Solar Partners XI, LLC, under the provisions of the Utility Environmental Protection Act, of an application to a federal agency for approval to construct four temporary meteorological stations and associated access roads for the Gemini Solar Project, to be located approximately 25 miles northeast of Las Vegas in Clark County, Nevada.
19-07021	7/25/2019	Joint Petition of Nevada Bell Telephone Company d/b/a AT&T Nevada and AT&T Wholesale and CSC Wireless, LLC d/b/a Altice Mobile and Altice USA Wireless for approval of a Two-Way CMRS Interconnection Agreement pursuant to Section 252 of the Telecommunications Act of 1996.
19-07022	7/30/2019	Application of Legent Comm LLC d/b/a Long Distance America d/b/a Long Distance Services to voluntarily discontinue telecommunication service conducted under Certificate of Public Convenience and Necessity ("CPC") 2944 Sub 1.

Prior editions of this newsletter are available on the PUCN's website at puc.nv.gov/About/Media_Outreach/PUCN_Connection/. For questions or comments about this newsletter, contact Public Information Officer Peter Kostes at pkostes@puc.nv.gov or Consumer Outreach Director Dawn Rivard at drivard@puc.nv.gov.

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