TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
HOUSE OF REPRESENTATIVES
COMMITTEE ON JUDICIARY AND GOVERNMENTAL OPERATIONS AND COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
P.O. BOX 500586 SAIPAN, MP 96950

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Adopted – 3/18/2026 W

JOINT STANDING COMMITTEE REPORT NO. 24-1
DATE: March 12, 2026
RE: House Bill No. 24-87

The Honorable Edmund S. Villagomez
Speaker of the House of Representatives
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Mr. Speaker:

Your Committees on Judiciary and Governmental Operations and Transportation & Infrastructure to which was referred:

House Bill No. 24-87: To require an independent valuation of the Commonwealth Utilities Corporation (CUC), restore constitutional and audit oversight, modernize procurement and review procedures, protect ratepayers, and clarify the economic framework for any privatization transaction; and for other purposes.

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion, your Joint Committee recommends that House Bill No 24-87 be passed by the House in its current form.

II. ANALYSIS:

A. Purpose:

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The purpose of House Bill No. 24-87 is to require an independent valuation of the Commonwealth Utilities Corporation (CUC), restore constitutional and audit oversight, modernize procurement and review procedures, protect ratepayers, and clarify the economic framework for any privatization transaction.

B. Committee Findings:

Your Committee finds that Public Law 16-17, the "CUC Private Sector Partnership Act of 2008," authorized privatization and private-sector participation in Commonwealth Utilities Corporation (CUC) operations, including potential full privatization of its electric power generation functions.

Your Committee finds that Public Law 16-17 established a minimum consideration of two hundred fifty million dollars ($250,000,000) for full privatization of CUC's electric power generation operations without requiring an independent professional valuation of CUC's assets, liabilities, or projected revenues to justify that figure.

Your Committee finds that certain provisions of Public Law 16-17—including procurement law exemptions, restricted use of requests for proposals for complex public-private partnerships, limitations on the Office of the Public Auditor, compressed protest and appeal timelines, and treatment of private partners as wholly private for transparency purposes—have created legal uncertainty and undermined public confidence, and that any future privatization or public-private partnership must be based on a defensible independent valuation, subject to constitutional and statutory audit and oversight, procured through transparent, competitive procedures consistent with best practices, protect ratepayers, and ensure proceeds support long-term infrastructure stability and rate relief.

C. Public Comments/Public Hearing:

The Committee received comments from the following:

- Dr. Jack Angelo, Vice Chairman, Commonwealth Public Utilities Commission (Oral)

Oral testimony and or comments regarding this bill at the meeting, which can be available upon request.

D. Legislative History:

House Bill No. 24-87, the subject of this report, was formally introduced in the House by Representative Vincent R. Aldan on January 16, 2026, and subsequently referred to the House Standing Committees on Judiciary and Governmental Operations, and Transportation and Infrastructure for initial review and disposition.

Your Joint Committee convened on March 12, 2026, and after thorough consideration, concurred with the findings and insights presented. The Committee endorses the intent of the proposed legislation and recommends the passage of House Bill No. 24-87 in its current form.

E. Cost Benefit:

The enactment of House Bill No. 24-87 is designed to lower future CNMI government costs by requiring an independent CUC valuation, strengthening competitive procurement and PUC/OPA oversight, extending review timelines, and governing use/audit of privatization proceeds to reduce legal risk, protect ratepayers, and support fiscal stability.

III. CONCLUSION:

The Joint Committees are in full accord with the intent and purpose of House Bill No. 24-87, and recommends its passage in its current form.

Respectfully submitted,

Rep. Joel C. Camacho, Chairperson (JGO)

Rep. Vincent R. Aldan, Chairperson (T&I) & (JGO)

Rep. Daniel I. Aquino, Member (JGO)

Rep. Blas Jonathan "BJ" T. Attao, Member (JGO) & (PUTC)

Rep. Angelo A. Camacho, Member (JGO)

Rep. Diego F. Camacho, Member (JGO)

Rep. Joseph A. Flores, Member (JGO) & (T&I)

Rep. Marissa R. Flores, Member (JGO)

Rep. Julie A. Ogo, Member (JGO) & (T&I)

Rep. Elias M. Rangamar, Member (T&I)

Rep. John Paul P. Sablan, Member (JGO) & (T&I)

Rep. Patrick H. San Nicolas, Member (T&I)

Rep. Ralph N. Yumul, Member (T&I) & (JGO)

Reviewed by:

House Legal Counsel

Date: 3-13-26

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

_____ Regular Session, 2026 **H. B. 24-87**

A BILL FOR AN ACT

To require an independent valuation of the Commonwealth Utilities Corporation (CUC), restore constitutional and audit oversight, modernize procurement and review procedures, protect ratepayers, and clarify the economic framework for any privatization transaction; and for other purposes.

BE IT ENACTED BY THE 24TH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

Section 1. Short Title. This Act may be cited as the "CUC Independent Valuation, Oversight, and Ratepayer Protection Amendment Act of 2026."

Section 2. Findings and Purpose. The Legislature finds that Public Law 16-17, the "CUC Private Sector Partnership Act of 2008," authorized the privatization and private sector participation in the operations of the Commonwealth Utilities Corporation (CUC), including the potential full privatization of its electric power generation operations.

The Legislature further finds that Public Law 16-17 established a minimum consideration of two hundred fifty million dollars ($250,000,000.00) for full privatization of CUC's electric power generation operations, but did not require any

independent, professional valuation of CUC's assets, liabilities, or projected revenues to justify that amount.

The Legislature further finds that certain provisions of Public Law 16-17, including exemptions from the general procurement law, prohibitions on the use of requests for proposals for complex public-private partnership agreements, restrictions on the role of the Office of the Public Auditor (OPA), compressed protest and appeal timelines, and the treatment of private sector partners as wholly private for purposes of transparency, have created legal uncertainty and undermined public confidence in any potential privatization transaction.

The Legislature further finds that any privatization or public-private partnership involving CUC must be grounded in a defensible independent valuation, subject to constitutional and statutory audit and oversight, procured through transparent and competitive procedures consistent with best practices in public-private partnerships, and structured to protect ratepayers and ensure that any proceeds are used for long-term infrastructure stability and rate relief.

Section 3. Repeal and Re-enactment. Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility Commission Private Sector Partnership, Section 8191 (a) is hereby repealed and enacted to read as follows:

"(a) Competitive process. The Commonwealth Utilities Corporation (CUC) shall not enter into any form of performance management contract, franchise

agreement, public utilities cooperative, build/operate/transfer agreement, independent power producer agreement, or private sector assistance agreement, or full or partial privatization of its services unless the agreement is awarded pursuant to a competitive process using either an invitation to bid (ITB) or a request for proposals (RFP). Any RFP shall specify clear evaluation criteria, including technical capability, financial capacity, tariff and rate impacts, service quality, resilience, renewable energy commitments, and risk allocation. CUC shall conduct such procurements in accordance with its procurement regulations and the applicable provisions of 1 CMC § 7404 et seq., except as expressly modified by this Act."

Section 4. Repeal and Re-enactment. Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility Commission Private Sector Partnership, Section 8191 (d) (7) is hereby repealed and enacted to read as follows:

"(7) Full or partial privatization of CUC's electric power generation operations is authorized, provided that any private entity that acquires or operates such assets under a long-term concession shall:

(a) Provide total consideration, in cash and/or equivalent infrastructure investments, that is not less than the independently appraised fair market value of the assets and rights to be privatized, as determined pursuant to a new Section 4 CMC § 8197 (Independent Valuation Requirement), plus

such additional consideration as the Legislature may require by law. The Legislature may retain or adjust the two hundred fifty million dollars ($250,000,000.00) benchmark as an initial policy target, but shall ensure that final minimum terms reflect the results of the independent valuation and the public interest in reliable, affordable, and sustainable utility services. Any acquisition or concession shall be for a term that balances investment recovery with flexibility for future policy needs and shall not exceed forty (40) years without further legislative authorization.

(b) Commit, through an integrated resource plan approved by the Public Utilities Commission, to a realistic and economically sound renewable energy portfolio standard that targets at least fifty percent (50%) of net electricity sales from renewable resources within a period determined feasible by the Commission, considering system reliability, cost impacts, and available technologies; and

(c) Meet minimum performance, reliability, resiliency, and service quality standards established by the Public Utilities Commission, including penalties for non-performance."

Section 5. Amendment. Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility Commission Private Sector Partnership, Section 8191 (h) (1) is hereby amended to read as follows:

"(1) Any PSAA award shall not be final unless the Public Utilities Commission (herein "PUC") approves it under 4 CMC §§ 8452, 8453, or 8454 within ninety (90) ~~42~~ days."

Section 6. Repeal and Re-enactment. Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility Commission Private Sector Partnership, Section 8191 (i) is hereby repealed and enacted to read as follows:

"(i) Scope of procurement. Procurement under this Act shall be subject to the Commonwealth Procurement Code, 1 CMC § 7404 et seq., and regulations promulgated thereunder. In the event of any conflict between this Act and the Procurement Code, the provision that affords greater transparency, competition, and protection of the public interest shall govern. The Legislature may, by law, authorize specific and limited exemptions for particular projects, which exemptions shall be narrowly construed."

Section 7. Enactment. Notwithstanding any laws or regulations to the contrary and subject to proper codification by the CNMI Law Revision Commission, under Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility Commission Private Sector Partnership, Section 8191, a new subsection 8191 (j) is hereby enacted:

"(j) OPA and PUC Oversight. The Office of the Public Auditor shall retain and may exercise all authority conferred by Article III, Section 12 of the Commonwealth Constitution and by 1 CMC § 7701 et seq. to audit, investigate, and review any procurement, private sector assistance agreement (PSAA), privatization transaction, concession, or related contract involving CUC, including the expenditure or obligation of public funds, the use of public assets, and the effects on ratepayers. Nothing in this Act shall be construed to diminish, restrict, or supersede the constitutional and statutory authority of the Office of the Public Auditor."

Section 8. Enactment. Notwithstanding any laws or regulations to the contrary and subject to proper codification by the CNMI Law Revision Commission, under Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility Commission Private Sector Partnership, Section 8191, new subsections 8191 (k) and (l) is hereby enacted:

"(k) Notwithstanding subsections (a) through (j), any business that is a party to a PSAA, concession, or privatization agreement with CUC shall, with respect to the performance of that agreement and the receipt and use of funds derived from ratepayers or public assets:

(1) Be subject to audit, investigation, and review by the Office of the Public Auditor and the Public Utilities Commission for all revenues, expenditures, assets, and obligations related to the agreement;

(2) Maintain separate books and records for the agreement in accordance with generally accepted accounting principles, and make such records available to the Office of the Public Auditor, the Public Utilities Commission, and CUC upon reasonable notice;

(3) Provide periodic financial, operational, and performance reports as may be required by the agreement, by CUC, or by the Public Utilities Commission, which reports shall be treated as public records to the maximum extent permitted by law; and

(4) Comply with applicable Commonwealth ethics, anti-corruption, and conflict-of-interest laws.

(l) Nothing in this section shall be construed to exempt a PSAA contractor from liability for fraud, waste, abuse, or other misconduct, or from judicial review of its actions in relation to the provision of utility services under a contract with CUC."

Section 9. Enactment. Notwithstanding any laws or regulations to the contrary and subject to proper codification by the CNMI Law Revision Commission, under Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility

Commission Private Sector Partnership, adding a new Section 8197, is hereby enacted:

"§ 8197. Independent Valuation Requirement.

(a) No full or partial privatization of CUC's electric power generation, water, or wastewater operations shall be finalized unless and until an independent, professional valuation of CUC's relevant assets, liabilities, and projected revenues is conducted by a firm with demonstrable expertise in utility sector appraisals. The valuation shall utilize recognized methods including, but not limited to, fair market value, replacement cost, net present value of projected income, and an assessment of asset condition, and shall evaluate potential impacts on ratepayers and long-term public costs.

(b) The final valuation report shall be submitted to the CUC Board of Directors, the Commonwealth Public Utilities Commission (PUC), the Attorney General, and the presiding officers of the Legislature. The report shall be made available to the public at least ninety (90) calendar days prior to the execution of any privatization agreement, public-private partnership agreement, or long-term concession involving CUC's core utility services.

(c) The valuation shall be used to assess the reasonableness of any reference to a minimum aggregate consideration, including the two hundred fifty million dollars ($250,000,000.00) benchmark specified in this Act. If the independent valuation determines that the fair market value of the assets,

operations, and associated rights to be privatized is significantly higher or lower than any such benchmark, the Legislature shall, by subsequent law, revise the minimum terms for any privatization or concession to ensure that the Commonwealth receives fair and reasonable value and that ratepayers are protected.

(d) Any contract, agreement, or instrument purporting to effect a full or partial privatization of CUC's electric power generation, water, or wastewater operations that is executed without substantial compliance with this Independent Valuation Requirement shall be void and unenforceable."

Section 10. Enactment. Notwithstanding any laws or regulations to the contrary and subject to proper codification by the CNMI Law Revision Commission, under Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility Commission Private Sector Partnership, adding a new Section 8198, is hereby enacted:

"**§ 8198. Procurement Review Timelines and Standing.**

(a) Any provision of law or regulation that limits the period for bid or proposal submission to ten (10) days is hereby amended to twenty (20) days.

(b) Any provision of law or regulation that limits the period for review or action to seven (7) days is hereby amended to thirty (30) days.

(c) Standing. The following persons shall have standing to obtain review of a CUC PSAA procurement:

(1) Any bidder or offeror that submitted a responsive bid or proposal;

(2) Any ratepayer of CUC who can demonstrate a material and non-speculative economic interest in the outcome; and

(3) Any non-profit organization whose members are ratepayers of CUC and that asserts a public-interest claim related to the procurement. Standing shall be liberally construed in favor of allowing meaningful review of major long-term contracts affecting core utility services."

Section 11. Enactment. Notwithstanding any laws or regulations to the contrary and subject to proper codification by the CNMI Law Revision Commission, under Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility Commission Private Sector Partnership, adding a new Section 8199, is hereby enacted:

"§ 8199. CUC Bankruptcy Protection.

The Commonwealth Utilities Corporation (CUC) is hereby granted the corporate power under Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 2, Commonwealth Utilities Corporation Established, Section 8123, Commonwealth Utilities Corporation:

Powers, to seek bankruptcy protection consistent with its corporate purposes; provided that:

(a) CUC may not file for relief under any chapter of the United States Bankruptcy Code without prior authorization by joint resolution of the Legislature following submission of:

(1) A detailed financial and operational analysis by CUC;

(2) An impact assessment from the Public Utilities Commission regarding service continuity and ratepayer impacts; and

(3) An advisory opinion from the Office of the Public Auditor regarding fiscal implications for the Commonwealth;

(b) No PSAA, concession, or privatization agreement shall contain any provision requiring CUC to seek bankruptcy protection as a condition precedent or remedy for breach; and

(c) Any bankruptcy plan shall prioritize the continuity of essential utility services, protection of ratepayers, and preservation of critical infrastructure."

Section 12. Enactment. Notwithstanding any laws or regulations to the contrary and subject to proper codification by the CNMI Law Revision Commission, under Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility

Commission Private Sector Partnership, adding a new Section 8200, is hereby enacted:

"§ 8200. Use of Privatization Proceeds.

(a) Net cash proceeds received by the Commonwealth or CUC from any privatization or long-term concession of CUC's core utility services, after payment of transaction costs approved by the Public Utilities Commission and the Office of the Public Auditor, shall be allocated as follows unless otherwise provided by law:

(1) Not less than fifty percent (50%) shall be applied to retire existing CUC debt and other legally binding obligations associated with CUC's utility operations;

(2) Not less than twenty-five percent (25%) shall be deposited into a dedicated CUC Infrastructure and Rate Stabilization Fund, to be used solely for capital replacement, grid resilience and modernization, and temporary rate stabilization in response to extraordinary cost shocks, and not for routine operating expenses; and

(3) The balance may be deposited into the Commonwealth General Fund or other funds as appropriated by law, subject to the requirement that any such appropriations be consistent with sound fiscal policy and long-term infrastructure needs.

(b) The CUC Infrastructure and Rate Stabilization Fund shall be subject to annual audit by the Office of the Public Auditor, and an annual report on its

balance, investments, and uses shall be submitted to the Governor and the Legislature."

Section 13. Enactment. Notwithstanding any laws or regulations to the contrary and subject to proper codification by the CNMI Law Revision Commission, under Title 4, Economic Resources, Division 8, Utilities, Chapter 1, Commonwealth Utilities Corporation, Article 9, Commonwealth Utility Commission Private Sector Partnership, adding a new Section 8201, is hereby enacted:

"§ 8201. Funding for Independent Valuation.

CUC is authorized to use internal funds or apply for technical or financial assistance from the Commonwealth Development Authority, the U.S. Department of the Interior, or other public or private sources to finance the independent valuation required by this Act. CUC shall, to the greatest extent practicable, seek grant funding or cost-sharing arrangements that minimize additional burdens on ratepayers."

Section 14. Severability. If any provisions of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 15. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation, or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of the Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective.

Section 16. Effective Date. This Act shall take effect upon its approval by the Governor, or it becoming law without such approval.

Prefiled: 1/13/2026

Date: _____ Introduced by: _____
Rep. Vincent R. Aldan

Reviewed for legal sufficiency by:
_____
House Legal Counsel

Date: 1/9/26