



HOUSE OF REPRESENTATIVES
TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE

Vice Speaker Jesus P. Mafnas Memorial Building
Capitol Hill
Saipan, MP 96950
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HOUSE
FILE

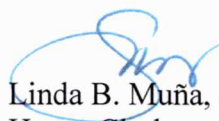
July 18, 2026

The Honorable Karl R. King-Nabors
President
The Senate
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Senate President King-Nabors:

I have the honor of transmitting herewith for Senate *action* **H. B. No. 24-107, HD1**, entitled, “**To authorize the Commonwealth Utilities Corporation to obtain emergency financing for utility restoration, stabilization, and fuel procurement in response to Super Typhoons Sinlaku and Bavi and related fuel supply disruptions; and for other purposes.**,” which was passed by the House of Representatives on First and Final Reading by the unanimous affirmative vote of all twenty (20) members of the House, thereby satisfying the required affirmative vote of two-thirds of the members of the House, during its First Day, Fourth Special Session, on July 18, 2026.

Sincerely yours,


Linda B. Muña, MPA
House Clerk

Attachment

TRANSMITTAL TO THE SENATE

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TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

JULY 18, 2026

Fourth Special Session, 2026

H. B. 24-107, HD1

A BILL FOR AN ACT

To authorize the Commonwealth Utilities Corporation to obtain emergency financing for utility restoration, stabilization, and fuel procurement in response to Super Typhoons Sinlaku and Bavi and related fuel supply disruptions; and for other purposes.

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

1 **Section 1. Findings and Purpose.** The Legislature finds that Section
2 8123(e) of Title 4 of the Commonwealth Code authorizes the Commonwealth
3 Utilities Corporation (CUC) to borrow money and give security therefor, and
4 requires legislative approval by law for borrowing in excess of five hundred
5 thousand dollars.

6 The Legislature further finds that Super Typhoon Sinlaku and Super
7 Typhoon Bavi caused widespread damage to electric generation facilities,
8 transmission and distribution lines, transformers and poles, as well as water wells,
9 pumps, booster stations, tanks, treatment systems, wastewater lift stations,
10 collection systems, and related utility infrastructure throughout the
11 Commonwealth.

1 The resulting outages and infrastructure damage have threatened public
2 health and safety, disrupted emergency services and communications, halted most
3 economic activity, closed schools and childcare facilities, and compromised
4 potable water and wastewater treatment to the point that boil-water notices and
5 emergency water stations are necessary.

6 After taking into account expected insurance proceeds, Federal Emergency
7 Management Agency (FEMA) assistance, federal grants, and other recovery
8 resources, CUC requires access to emergency financing not to exceed forty million
9 dollars (\$40,000,000) to finance urgent restoration, stabilization, repair,
10 replacement, and fuel procurement necessary to maintain reliable electric, water,
11 and wastewater services.

12 It is the purpose of this Act to authorize such borrowing on a temporary,
13 targeted basis; to establish safeguards, reporting, and oversight to protect ratepayers
14 and the public; to require that reimbursements from FEMA, insurance, federal
15 grants, or other recovery sources be applied to reduce outstanding principal where
16 permitted; and to allow recovery of reasonable financing costs through rates, fees,
17 charges, or surcharges, subject to regulatory review and limited to the period
18 necessary to repay the borrowing.

19 **Section 2. Amendment.** Notwithstanding any law, statute, rules, or
20 regulations, Title 4, Division 8, Chapter 1, is hereby amended by adding a new
21 Article 12 to read as follows:

1 **“Article 12. Financing Authority.**

2 **§ 82103. Definitions.**

3 For purposes of this Act, the following definitions shall apply:

4 (a) “Financing authority” means a loan or line of credit or other
5 short-term financing arrangement (including multiple facilities in the
6 aggregate) providing ready access to funds, and does not by itself create a
7 permanent rate base obligation.

8 (b) “Authorized uses” means the purposes listed in Section 82104(a).

9 **§ 82104. Financing Authority Authorization.**

10 (a) Pursuant to this Act and 4 CMC § 8123(e), the Commonwealth
11 Utilities Corporation may obtain one or more financing options from
12 public or private lenders within the Commonwealth or the United States,
13 and, upon legislative notice as provided in Section 82106(c), from other
14 jurisdictions, in an aggregate principal amount not to exceed forty million
15 dollars (\$40,000,000).

16 (b) CUC shall draw on any financing options authorized by this Act
17 only to the extent reasonably necessary to fund the authorized uses set forth
18 in Section 82105(a), taking into account available insurance proceeds,
19 FEMA assistance, federal grants, disaster relief, mutual aid
20 reimbursements, and other recovery funds.

21 **§ 82105. Authorized Uses; Prohibited Uses.**

1 (a) Authorized Uses. Funds borrowed pursuant to this Act shall be used
2 only for costs directly related to the restoration, stabilization, repair,
3 replacement, or continued operation of electric, water, and wastewater
4 utility services affected by Super Typhoon Sinlaku and Super Typhoon
5 Bavi, and for procurement of fuel necessary for utility operations,
6 reasonable financing costs associated with the financing authorized by this
7 Act (including origination and closing fees), and reasonable administrative
8 and project management costs directly attributable to implementing such
9 measures. Authorized uses may include, but are not limited to:

10 (1) Purchase of fuel necessary for power generation;

11 (2) Repair, replacement, or restoration of damaged power generation
12 facilities, transmission lines, distribution lines, transformers, poles,
13 substations, control systems, and related equipment;

14 (3) Repair, replacement, or restoration of water wells, pumps, booster
15 stations, tanks, treatment systems, and distribution infrastructure;

16 (4) Repair, replacement, or restoration of wastewater lift stations,
17 collection systems, treatment facilities, and related equipment;

18 (5) Procurement of emergency equipment, materials, supplies,
19 professional services, and contractor services necessary to restore or
20 maintain utility service;

1 (6) Temporary generation, temporary utility infrastructure, and
2 emergency operational measures necessary to protect public health and
3 safety; and

4 (7) Reasonable financing of credit origination costs, closing costs, and
5 other financing costs directly related to the financing authorized by this
6 Act.

7 **§ 82106. Legislative Notice; Oversight; Reporting; Public Availability;**
8 **Coordination.**

9 (a) Legislative Notice. Not less than ten calendar days prior to closing
10 on any financing option authorized by this Act, CUC shall transmit to the
11 presiding officers of both houses of the Legislature, the chairpersons of the
12 legislative committees with jurisdiction over public utilities and fiscal
13 affairs, and the Legislative Bureau a written notice identifying:

14 (1) The lender or financing source and whether the lender is located
15 outside the Commonwealth or the United States and any special
16 conditions or risks associated with such financing;

17 (2) The principal amount of indebtedness to be accessed (and whether
18 this is part of an aggregate facility);

19 (3) The interest rate or method for calculating interest and any
20 applicable floor or cap;

21 (4) The repayment term and amortization schedule;

22 (5) All origination fees, closing costs, and other financing charges;

1 (6) Whether any Commonwealth guarantee, pledge, or other public
2 obligation is being requested or implied;

3 (7) The anticipated source of repayment; and

4 (8) A summary of the intended uses of the approved financing
5 agreement.

6 (b) Quarterly Reports to the Legislature. Beginning thirty (30) days
7 after the first draw or disbursement of proceeds, and quarterly thereafter
8 until the indebtedness is fully repaid, CUC shall submit a written report to
9 the presiding officers of both houses of the Legislature, the chairpersons of
10 the legislative committees with jurisdiction over public utilities and fiscal
11 affairs, and the Legislative Bureau. Each report shall include:

12 (1) The total amount received to date;

13 (2) The total amount expended to date;

14 (3) The amount of principal interest paid during the reporting period;

15 (4) The current outstanding principal balance;

16 (5) A list of expenditures made with the financial proceeds during the
17 reporting period, including vendor names, payment amounts,
18 payment dates, and general description of goods or services
19 provided; such lists may be submitted in an electronic spreadsheet
20 or other standardized format;

21 (6) A description of the utility restoration, stabilization, or fuel-related
22 purpose served by each major expenditure;

- 1 (7) The status of any pledged collateral or security;
- 2 (8) The amount of any rate, fee, charge, surcharge, or other customer
3 recovery mechanism used to repay the indebtedness;
- 4 (9) The amount collected from customers for the indebtedness
5 repayment during the reporting period;
- 6 (10) The status of any FEMA, insurance, federal, or other
7 reimbursement; and
- 8 (11) Any material change in repayment terms, collateral, lender
9 requirements, or anticipated total cost of using the financing.
- 10 (c) Public Availability. Reports required under this section shall be
11 public records and shall be posted on CUC's website not later than five
12 business days after submission to the Legislature, except that confidential
13 banking information, account numbers, protected customer information,
14 and security-sensitive infrastructure information may be redacted. CUC
15 shall also provide plain-language explanations of any temporary financing
16 surcharges on customer bills and on its website, including the purpose of
17 the surcharge and its anticipated duration.
- 18 (d) FEMA, Insurance, and Reimbursement Offset. To the extent that
19 expenditures paid from the financing are later reimbursed by FEMA,
20 insurance proceeds, federal grants, disaster assistance, mutual aid
21 reimbursements, or other recovery funds, such reimbursements shall be
22 applied first to reduce the outstanding principal balance of the loan or line

1 of credit, unless otherwise prohibited by federal law, grant condition,
2 insurance requirement, or the terms of the financing agreement.

3 (e) Federal and Other Recovery Funds. CUC shall make reasonable
4 efforts to seek and secure FEMA assistance, insurance proceeds, federal
5 grants, disaster assistance, mutual aid reimbursements, and other recovery
6 funds to minimize reliance on the financing authorized by this Act, and
7 shall report on such efforts and receipts in its quarterly reports under
8 subsection (b).

9 (f) Independent Audit. Expenditure of financing proceeds authorized
10 by this Act shall be subject to independent audit. CUC shall include the use
11 of financing proceeds, repayment activity, and customer recovery amounts
12 in its annual independent audit. The Legislature or the Public Auditor may
13 request a separate audit or review by an independent certified public
14 accountant if necessary to verify compliance with this Act.

15 **§ 82107. Rate Recovery; Regulatory Review.**

16 (a) CUC may include reasonable financing costs (including origination
17 and other fees, principal, and interest) in rates, fees, charges, or temporary
18 surcharges billed to customers until such costs are fully recouped; provided
19 that such recovery shall be temporary, shall sunset upon full repayment of
20 the obligation, and shall remain subject to applicable law and regulatory
21 review by the Commonwealth Public Utilities Commission unless the

1 Legislature expressly establishes an alternative temporary recovery
2 mechanism.

3 (b) Any surcharge, rate change, or recovery mechanism implemented to
4 repay financed amounts shall be presented in clear, plain language on
5 customer bills and on CUC's website, including an explanation of purpose
6 and anticipated duration.

7 **§ 82108. Material Modificaitons.**

8 Any material modification to the loan or line of credit principal amount,
9 repayment term, interest rate structure, collateral, security, or repayment source
10 after closing, including any refinancing or restructuring that extends the repayment
11 term by more than three years or increases the anticipated total interest cost by more
12 than ten percent, shall be reported to the Legislature not later than five business
13 days after such modification.

14 **§ 82109. Expiration of Borrowing Authority.**

15 The authority to enter into any new line of credit or to increase the principal
16 amount of an existing line of credit under this Act shall expire thirty-six (36)
17 months after the effective date of this Act. The expiration of the borrowing
18 authority shall not affect the validity of any obligation lawfully executed before that
19 date or CUC's obligation to repay such loan according to its terms.

20 **§ 82110. No Commonwealth General Obligation.**

21 Nothing in this Act shall be construed to pledge the full faith and credit,
22 taxing power, or general revenues of the Commonwealth for repayment of any

1 borrowing authorized by this Act, unless expressly authorized by a separate Act of
2 the Legislature.

3 **§ 82111. No Waiver of Regulatory Authority.**

4 Nothing in this Act shall be construed to waive, repeal, or limit the lawful
5 authority of the Commonwealth Public Utilities Commission, except to the extent
6 expressly provided in this Act.”

7 **Section 3. Severability.** If any provisions of this Act or the application of
8 any such provision to any person or circumstance should be held invalid by a court
9 of competent jurisdiction, the remainder of this Act or the application of its
10 provisions to persons or circumstances other than those to which it is held invalid
11 shall not be affected thereby.

12 **Section 4. Savings Clause.** This Act and any repealer contained herein
13 shall not be construed as affecting any existing right acquired under contract or
14 acquired under statutes repealed or under any rule, regulation, or order adopted
15 under the statutes. Repealers contained in this Act shall not affect any proceeding
16 instituted under or pursuant to prior law. The enactment of the Act shall not have
17 the effect of terminating, or in any way modifying, any liability, civil or criminal,
18 which shall already be in existence on the date this Act becomes effective.

19 **Section 5. Effective Date.** This Act shall take effect upon its approval by
20 the Governor, or it becoming law without such approval.

Prefiled: 7/17/2026

HOUSE BILL 24-107, HD1

Date: 7/17/2026

Introduced by: /s/ Rep. Ralph N. Yumul
/s/ Rep. Blas Jonathan "BJ" T. Attao
/s/ Rep. Marissa R. Flores
/s/ Rep. Edmund S. Villagomez
/s/ Rep. Roy C.A. Ada
/s/ Rep. Vincent R. Aldan
/s/ Rep. Daniel I. Aquino Jr.
/s/ Rep. Roman C. Benavente
/s/ Rep. Angelo A. Camacho
/s/ Rep. Diego V. F. Camacho
/s/ Rep. Joel C. Camacho
/s/ Rep. Joseph A. Flores
/s/ Rep. Thomas J. DLC. Manglona
/s/ Rep. Julie M. A. Ogo
/s/ Rep. Malcolm J. Omar
/s/ Rep. Raymond U. Palacios
/s/ Rep. Elias J.M. Rangamar
/s/ Rep. John Paul P. Sablan
/s/ Rep. Patrick H. San Nicolas
/s/ Rep. Denita Kaipat Yangetmai

Reviewed for legal sufficiency by:

/s/ Karie Comstock
House Legal Counsel

Date: 7/17/2026