



Twenty-Fourth

NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

Honorable Jesus P. Mafnas Memorial Building

P.O. BOX 500586

SAIPAN, MP 96950

Adopted - 9/25/2026 (17-0)

CONFERENCE COMMITTEE REPORT NO. 24-6

Date: September 15, 2026

RE: House Bill No. 24-107, HD1, SD1

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

and

Honorable Karl R. King-Nabors
President of the Senate
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mister Speaker and Mister President:

The Conference Committee to which House Bill No. 24-107, HD1, SD1 was referred, 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,”

begs leave to report as follows:

I. LEGISLATIVE HISTORY:

- A. House Bill No. 24-107, “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.” was introduced by Representative Ralph N. Yumul on July 17, 2026.

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DATE *9/18/2026* TIME *3:20pm*

- B. The House of Representatives adopted House Bill No. 24-107 in the form of House Draft 1 and passed House Bill No. 24-107, HD1 on first and final reading, by the unanimous vote of the members present, a quorum being present, during its First Day, Fourth Special Session on July 18, 2026.
- C. The House of Representatives transmitted House Bill No. 24-107, HD1 to the Senate on July 18, 2026.
- D. House Bill No. 24-107, HD1 appeared on the agenda of the scheduled Senate First Day, Seventh Special Session on July 30, 2026. During the Senate Session, a floor amendment was offered by Senator Manny Gregory T. Castro, which was adopted by the unanimous vote of the members present. House Bill No. 24-107, HD1, SD1 was passed on final reading by the majority vote of the members, a quorum being present.
- E. The Senate transmitted House Bill No. 24-107, HD1, SD1 to the House of Representatives on July 30, 2026.
- F. The House of Representatives rejected the Senate's amendments to House Bill No. 24-107, HD1, SD1 by the majority vote of the members, a quorum being present, during its First Day, Fourth Regular Session on August 20, 2026. In accordance with the House action, the Speaker of the House of Representatives appointed its conferees.
- G. The Senate was informed of the rejection by the House of Representatives on August 20, 2026. The Senate President appointed its conferees on September 01, 2026.
- H. On September 10, 2026, a Conference Committee Meeting was held in the House Chamber of the Vice Speaker Jesus P. Mafnas Memorial Building, Capitol Hill, Saipan. The Conference Committee Meeting was recessed and reconvened on September 11, 2026 and on September 15, 2026. The Conference Committee Meeting was officially adjourned on September 15, 2026.

The Conferees present deliberated and spoke to issues as reflected in this Conference Committee Report.

II. RECOMMENDATION:

In accordance with Rule 9(a) of the adopted Conference Committee Ground Rules, only amendments reflected in House Bill No. 24-107, HD1, SD1 shall be considered by the Conferees, specifically the proposed amendments adopted by the Senate, as follows:

- A. Section 1. **Findings and Purpose.** The Senate version amended this section by adding an entirely new concluding paragraph. This addition explicitly identifies additional conditions required by potential lenders, such as cash-equivalent collateral and full faith and credit guarantees, and outlines authorizing CUC to use commercial security deposits, Public Auditor fee withholdings, CEDA dividends, and government utility surcharges as security, as follows:

“Page 1, line 1 through Page 2, line 18 [Unchanged.]

The Legislature finds that additional conditions are required to satisfy potential lenders’ risk assessments. The potential terms include the following: substantial additional cash or cash-equivalent collateral, and full repayment guaranteed by the full faith and credit of the CNMI Government, tax exempt interest.

To that end, this legislation authorizes additional sources to be used as collateral for financing, which will enable CUC to pursue the loan, reduce the required interest on the debt, and therefore reduce costs to ratepayers. CUC will be authorized to use all security deposits other than residential security deposits, one percent of its budget which would otherwise be withheld for the Office of the Public Auditor, dividends paid by CUC to the Commonwealth Economic Development Authority, and a surcharge on utility services provided to the government. The purpose of this legislation is to give CUC the resources and tools necessary to secure power, water, and sewer services for the Commonwealth.”

- B. Section 2. **Amendment.** The Senate version amended multiple provisions of this section to include new sections and inserted language to the proposed legislation’s intent to amend Title 4, Division 8, Chapter 1 of the Commonwealth Code by adding a new Article 12, as follows:

- **§ 82103. Definitions.** [Unchanged.]
- **§ 82104. Financing Authority Authorization.** The Senate version inserts a new section (c) authorizing CUC to pledge any of its assets or receivables as security for financing. Permitting 100% of government and commercial security deposits to be pledged while explicitly excluding residential security deposits, to read as follows:

“(c) CUC is authorized to pledge as security for any financing agreement entered into pursuant to this Act any asset of the

Corporation, including but not limited to any receivable owed to CUC from any private or public account or source. Furthermore, one hundred percent of government and commercial security deposits, but none of residential security deposits, may be pledged as security.”

- **§ 82105. Authorized Uses; Prohibited Uses.** [Unchanged.]
- **§ 82106. Legislative Notice; Oversight; Reporting; Public Availability; Coordination.** In subsection (a) regarding Legislative Notice, the Senate version alters the notification window to five business days after, in comparison to the House version’s ten calendar days prior, to read as follows:

“(a) Legislative Notice. Not less than ~~ten calendar days prior to~~ five business days after closing on any financing option authorized by this Act, CUC shall transmit to the presiding officers of both houses of the Legislature, the chairpersons of the legislative committees with jurisdiction over public utilities and fiscal affairs, and the Legislative Bureau a written notice identifying: [...]”
- **§ 82107. Rate Recovery; Regulatory Review.** [Unchanged.]
- **§ 82108. Material Modifications.** [Unchanged.]
- **§ 82109. Expiration of Borrowing Authority.** [Unchanged.]
- **§ 82110. No Commonwealth Obligation.** The Senate version modifies the heading of this section from “*No Commonwealth General Obligation*” to “*Guarantee Pledge: Full Faith and Credit*”. The House version strictly prohibits pledging the full faith and credit of the Commonwealth without a separate legislative act. The Senate version inserts an introductory text establishing that the Commonwealth Government fully and unconditionally guarantees all payments as a general obligation backed by its full faith and credit, to read as follows:

“§ 82110. ~~No Commonwealth General Obligation.~~ Guarantee Pledged: Full Faith and Credit.”

The Commonwealth Government hereby fully, absolutely and unconditionally guarantees, underwrites and secures all payments due to the lenders under the terms and conditions of the financing agreements entered into pursuant to this Act. Such financing agreements are accepted as a general obligation of the Commonwealth government and its full repayment is hereby guaranteed by the full faith and credit of the Commonwealth government. Nothing in this Act shall be construed to pledge the full faith and credit, taxing power, or general revenues of the Commonwealth for repayment of any borrowing authorized by this Act, unless expressly authorized by a separate Act of the Legislature.”

- **§ 82111. No Waiver of Regulatory Authority.** [Unchanged.]
- **NEW § 82112. Interest Earned Tax Free.** The Senate version inserts this new section detailing that all interest earned pursuant to the financing article from all Commonwealth and local taxation shall be exempted, to read as follows:

“§ 82112. Interest Earned Tax Free.

(a) All interest earned pursuant to this article and the income therefrom shall be exempt from all taxation by the Commonwealth or any political subdivision thereof.”

- **NEW § 82113. Waiver of Sovereign Immunity.** The Senate version inserts this section expressly waiving Commonwealth sovereign immunity for contract actions arising from the loan and guaranty, while retaining immunity for personal liability of officials, to read as follows:

“§ 82113. Waiver of Sovereign Immunity.

Notwithstanding any substantive or procedural provision of law to the contrary, the Commonwealth of the Northern Mariana Islands hereby waives immunity from any suit or action in contract upon the loan and guaranty, but does not waive sovereign immunity as to the personal liability of elected or appointed officials and employees of the Commonwealth government or CUC.”

- **NEW § 82114. Attorney General Opinion.** The Senate version inserts this new section authorizing the Attorney General to issue an official legal opinion on the lawfulness of any financing agreement upon request by CUC, to read as follows:

“§ 82114. Attorney General Opinion.

The Attorney General is authorized to issue an Opinion determining the legality under Commonwealth law of any financing agreement entered into pursuant to this act if requested by CUC.”

- **NEW § 82115. Public Auditor Fee.** The Senate version inserted this new section exempting CUC from the 1% Public Auditor fee under 1 CMC § 7831, and redirects those funds to a dedicated "Generators Purchase Account" to serve as a loan collateral, and forgives all past claimed Public Auditor fee arrears, to read as follows:

“§ 82115. Public Auditor Fee.

The Commonwealth Utilities Corporation (CUC) shall be exempt from the withholding and payment requirements of subsections (a) and (b) of 1 CMC § 7831; provided that one percent of the budget appropriated to CUC shall be used exclusively for the purchase of new power generators for the First, Second, and Third Senatorial Districts and shall not be reprogrammed for any other purpose. CUC shall establish or maintain a Generators Purchase Account into which funds realized by operation of this section shall be deposited. These funds shall not be commingled with other CUC accounts, unless such funds are specifically earmarked for purchase of generators. Funds in the Generators Purchase Account shall be used solely for the purposes of this section and shall be available to serve as collateral for any loan necessary for typhoon recovery. The Executive Director of CUC shall be the expenditure authority for funds deposited into the Generators Purchase Account and such funds shall be available without fiscal year limitation or further appropriation. All claimed arrears of any kind whatsoever owed by the Commonwealth Utilities Corporation (CUC) for any claimed violation of the withholding and payment requirements of subsections (a) and (b) of 1 CMC § 7831, as of the effective date of this Act, are hereby deemed satisfied in full. The Department of Finance and Office of the Public Auditor shall immediately remove the above-referenced obligations from their respective receivables ledger and financial statements in a manner consistent with applicable audit standards.”

- **NEW § 82116. CEDA Dividends.** The Senate version inserted this new section appropriating 100% of annual dividends collected by the Commonwealth Economic Development Authority from CUC over a 15-year period directly into the Generators Purchase Account to serve as loan collateral, to read as follows:

“§ 82116. CEDA Dividends.

(a) Notwithstanding any provision(s) of law, statutes, rules or regulations to the contrary and pursuant to the authority to appropriate dividends collected by the Commonwealth Economic Development Authority (CEDA) from CUC, the Legislature hereby appropriates 100% of the dividends collected by CEDA from CUC each year for the duration of the Dividend Appropriation Period for the purchase of new power generation equipment in the First, Second, and Third Senatorial Districts.

(b) Use of appropriated funds. The money appropriated to CUC pursuant to this Act will be used by CUC exclusively for the purchase of new power generation equipment for the First, Second and Third Senatorial Districts and shall not be reprogrammed for any other purpose, but shall be available to serve as collateral for any loan necessary for typhoon recovery. CUC shall deposit funds into a Generators Purchase Account established or maintained for the purposes of this section. These funds shall not be commingled with other CUC accounts, unless such funds are specifically earmarked for the purchase of generators. The Executive Director of CUC shall be the expenditure authority for funds deposited into the Generators Purchase Account and such funds shall be available without fiscal year limitations or further appropriation.

(c) Dividend Appropriation Period Defined. The Dividend Loan Period shall commence seven (7) days after the Effective Date of this Act and shall end fifteen (15) years from the date of commencement of the Dividend Loan Period.”

- **NEW § 82117. Establishment of Government Surcharge.** The Senate version inserted this new section establishing a dedicated surcharge on utility services provided to government accounts to pay non-principal loan costs and explicitly divesting the Commonwealth Public Utilities Commission (CPUC) of authority to amend or terminate the surcharge, to read as follows:

“§ 82117. Establishment of Government Surcharge.

There is hereby established a surcharge on the services provided to the government by CUC, to be paid to CUC in addition to any other fee, rate, tariff of any other kind. This surcharge shall be used to pay the interest, loan origination costs, closing costs, and any other non-principal cost arising from any loan or line of credit entered into pursuant to this Act. This surcharge shall immediately cease when the loans and lines of credit have been repaid. The CUC Board of Directors shall set and amend the amount of the surcharge when the loans or lines of credit have been established. The Board may amend the surcharge as necessary to avoid overcollections or undercollections. The surcharge established or amended by the Board pursuant to this Act may not be amended in any way or terminated by the Commonwealth Public Utilities Commission.”

The Conferees met jointly on September 10, 2026 in the House Chamber. The Conference Committee deliberated on major differences between House Bill No. 24-107, HD1, the House version, and House Bill No. 24-107, HD1, SD1, the Senate version.

The primary difference between House Bill No. 24-107, HD1 and House Bill No. 24-107, HD1, SD1 concerns the extent of Commonwealth backing and financial authorization provided to the Commonwealth Utilities Corporation (CUC) to secure emergency financing. The House version authorizes CUC to borrow up to \$40 million, subject to standard Commonwealth Public Utilities Commission (CPUC) oversight, while explicitly prohibiting the pledge of the full faith and credit of the CNMI government without separate legislation. In contrast, the Senate version provides enhanced lender protections by establishing an unconditional full faith and credit government guarantee of the Commonwealth government and waiving sovereign immunity for contract actions. The Senate version also expands the collateral available to CUC by authorizing the pledge of commercial and government security deposits, diverting the 1% Public Auditor Fee withholdings and CEDA (Commonwealth Economic Development Authority) dividends for 15 years into a dedicated Generators Purchase Account to serve as loan security, and establishing a mandatory government utility surcharge that is strictly exempt from regulatory modification by the CPUC.

During the discussion, it became evident that both the House and Senate had separately met with CUC, and that those respective discussions resulted in the development of each chamber's version of the proposed legislation. The House Conferees expressed their disagreement with portions of the Senate version, particularly § 82104, which proposes the pledge of commercial and government security deposits as collateral. The House argued that these funds do not belong to CUC and therefore should not be pledged as security for CUC's obligations. Further

concerns were raised that the proposed amendment may violate the “one-subject rule”. It was noted that the Commonwealth Code expressly requires security deposits to be placed in an interest-bearing trust fund and does not authorize those funds to be used for other purposes.

House Legal Counsel Jose A. Bermudes, also raised legal concerns regarding several amendments contained in the Senate version that may also violate the “one-subject rule” under Article II, Section 5(b) of the Commonwealth Constitution, specifically § 82113 and § 82116. Counsel Bermudes further noted that separate legislation appropriating CEDA dividends, which was amended by the Senate, but was also rejected by the House, and that the matter would be addressed through a separate conference committee meeting.

Following extensive discussion, both the House and Senate Conferees agreed that further deliberation would require clarification and additional information from CUC. The Conference Committee Meeting went on recess at approximately 11:44 a.m. and was scheduled to reconvene on Friday, September 11, 2026, at 10:00 a.m., with representatives of CUC participating in the discussion.

Due to a scheduling conflict with CUC Executive Director Kevin Watson and the illness of CUC Chief Financial Officer Betty Terlaje, the members of the Conference Committee Meeting were requested to reschedule the meeting with CUC for the following Tuesday. With the concurrence of all House and Senate Conferees present, the Conference Committee Meeting went on recess at approximately 10:17 a.m. and was scheduled to reconvene on Tuesday, September 15, 2026, at 10:00 a.m.

The Conference Committee reconvened on September 15, 2026, and dissolved into a Committee of the Whole to allow members to inquire into several matters and obtain clarification from CUC. Participating in the deliberation were Executive Director Kevin Watson, Chief Financial Officer Betty Terlaje, Board of Directors Chairman Allen Perez, and Legal Counsel Micheal Ernest.

CUC stated that they were prepared to accept any version agreeable to the Conferees that would authorize the Corporation to enter the market and determine whether a lender would be willing to establish emergency financing to support the ongoing recovery. CUC emphasized that the proposed loan authorization should not be characterized as a bailout, with the source of funds intended to finance recovery efforts and obligations.

CUC reported that the total damage assessments were estimated at approximately \$75 million. CUC explained that it had initially remained hopeful that the Federal Emergency Management Administration (FEMA) would assist in covering approximately one-half of the recovery costs. CUC subsequently received notification that its request for assistance had been denied in full. CUC emphasized that the recovery effort is not solely an agency matter, but a

Commonwealth-wide matter, and expressly requested the continued partnership and support of the Legislature by granting CUC the authority to seek a line of credit, if available, to finance the ongoing recovery efforts across all three islands of the Commonwealth. CUC also clarified that the approximate \$75 million in total assessed damages served as the basis for their request for authorization to secure up to \$40 million in emergency financing.

CUC acknowledged that it had worked with the House on the initial version of the proposed legislation. Following passage of the House version, CUC sought to determine whether the proposed legislation provided sufficient authority for the Corporation to approach potential lenders and enter into a line of credit. Based on information obtained from potential lenders, and prior to legislative action by the Senate, CUC requested that the Senate consider additional amendments providing for cash-equivalent collateral and full faith and credit guarantees. CUC explained that these provisions were requested to strengthen its position and increase the likelihood of securing financing from a potential lender. These amendments comprise a significant portion of the Senate version currently before the Conference Committee.

CUC further informed the Conferees that, absent legislative approval authorizing CUC to obtain a loan, it had submitted a separate petition to CPUC seeking a rate increase, separate from the Fuel Adjustment Charge (FAC), specifically to assist with recovery costs. CUC clarified that the petition was submitted as an effort to address the recovery needs in the absence of other available financial sources. CUC also emphasized the need to maintain sufficient cash flow to purchase fuel.

When asked about provisions being contested by the Conferees, CUC stated that they would defer to the Legislature to make that final determination as to whether those provisions should remain in the legislation. The Conferees were also reminded that enactment of the loan authorization would not guarantee that CUC would ultimately secure a loan agreement with a lender. CUC would still be required to evaluate the financing options available, including potential financing through either the public or private market.

CUC further emphasized that, if successful in securing financing, their objective would be to enter into a loan agreement that would not impose an additional burden on ratepayers, while allowing the Corporation to continue meeting the financial obligations associated with the recovery efforts.

After thoughtful consideration of the information and testimony provided by CUC, together with the legal guidance offered by both the House and Senate Legal Counsels, the Conference Committee agreed to delete several provisions that violate the one-subject rule, allow for legislative notice prior to the closing on any financing option, delete the waiver of sovereign immunity, and delete the establishment of a government surcharge acknowledging the Commonwealth government as CUC's greatest debtor. Accordingly, the Conference

Committee adopted the following amendments, as reflected in House Bill No. 24-107, HD1, SD1:

1. Deleted § 82104 (c) in its entirety, on page 4, lines 14-19, that read:

“(c) CUC is authorized to pledge as security for any financing agreement entered into pursuant to this Act any asset of the Corporation, including but not limited to any receivable owed to CUC from any private or public account or source. Furthermore, one hundred percent of government and commercial security deposits, but none of residential security deposits, may be pledged as security.”

2. Deleted the Senate amendment, “five business days after”, and reverted to the House language under Section 82106(a), that read "ten calendar days prior to", on page 6, line 9, that now reads:

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

3. Deleted § 82115. Public Auditor Fee in its entirety, on page 12, line 14 through page 13, line 13, that read:

“§ 82115. Public Auditor Fee.

The Commonwealth Utilities Corporation (CUC) shall be exempt from the withholding and payment requirements of subsections (a) and (b) of 1 CMC § 7831; provided that one percent of the budget appropriated to CUC shall be used exclusively for the purchase of new power generators for the First, Second, and Third Senatorial Districts and shall not be reprogrammed for any other purpose. CUC shall establish or maintain a Generators Purchase Account into which funds realized by operation of this section shall be deposited. These funds shall not be commingled with other CUC accounts, unless such funds are specifically earmarked for purchase of generators. Funds in the Generators Purchase Account shall be used solely for the purposes of this section and shall be available to serve

as collateral for any loan necessary for typhoon recovery. The Executive Director of CUC shall be the expenditure authority for funds deposited into the Generators Purchase Account and such funds shall be available without fiscal year limitation or further appropriation. All claimed arrears of any kind whatsoever owed by the Commonwealth Utilities Corporation (CUC) for any claimed violation of the withholding and payment requirements of subsections (a) and (b) of 1 CMC § 7831, as of the effective date of this Act, are hereby deemed satisfied in full. The Department of Finance and Office of the Public Auditor shall immediately remove the above-referenced obligations from their respective receivables ledger and financial statements in a manner consistent with applicable audit standards.”

4. Deleted § 82113. Waiver of Sovereign Immunity in its entirety, on page 12, lines 4-9, that read:

“§ 82113. Waiver of Sovereign Immunity.

Notwithstanding any substantive or procedural provision of law to the contrary, the Commonwealth of the Northern Mariana Islands hereby waives immunity from any suit or action in contract upon the loan and guaranty, but does not waive sovereign immunity as to the personal liability of elected or appointed officials and employees of the Commonwealth government or CUC.”

5. Deleted § 82116. CEDA Dividends in its entirety, on page 13, line 14 through page 14, line 16, that read:

“§ 82116. CEDA Dividends.

(a) Notwithstanding any provision(s) of law, statutes, rules or regulations to the contrary and pursuant to the authority to appropriate dividends collected by the Commonwealth Economic Development Authority (CEDA) from CUC, the Legislature hereby appropriates 100% of the dividends collected by CEDA from CUC each year for the duration of the Dividend Appropriation Period for the purchase of new power generation equipment in the First, Second, and Third Senatorial Districts.

(b) Use of appropriated funds. The money appropriated to CUC pursuant to this Act will be used by CUC exclusively for the purchase of new power generation equipment for the First, Second and Third Senatorial Districts and shall not be reprogrammed for any other purpose, but shall be available to serve as collateral for any loan necessary for typhoon recovery. CUC shall deposit funds into a Generators Purchase Account established or maintained for the purposes of this section. These funds shall not be commingled with other CUC accounts, unless such funds are specifically earmarked for the purchase of generators. The Executive Director of CUC shall be the expenditure authority for funds deposited into the Generators Purchase Account and such funds shall be available without fiscal year limitations or further appropriation.

(c) Dividend Appropriation Period Defined. The Dividend Loan Period shall commence seven (7) days after the Effective Date of this Act and shall end fifteen (15) years from the date of commencement of the Dividend Loan Period.”

6. Deleted § 82117. Establishment of government surcharge in its entirety, on page 14, line 17 through page 15, line 7, that read:

“§ 82117. Establishment of government surcharge.

There is hereby established a surcharge on the services provided to the government by CUC, to be paid to CUC in addition to any other fee, rate, tariff of any other kind. This surcharge shall be used to pay the interest, loan origination costs, closing costs, and any other non-principal cost arising from any loan or line of credit entered into pursuant to this Act. This surcharge shall immediately cease when the loans and lines of credit have been repaid. The CUC Board of Directors shall set and amend the amount of the surcharge when the loans or lines of credit have been established. The Board may amend the surcharge as necessary to avoid overcollections or undercollections. The surcharge established or amended by the Board pursuant to this Act may not be amended in any way or terminated by the Commonwealth Public Utilities Commission.”

7. For consistency purposes, language under Section 1. Findings and Purpose was deleted to reflect the amendments adopted by the Conference Committee, on page 2, line 19 through page 3, line 11, that now reads:

“The Legislature finds that additional conditions are required to satisfy potential lenders’ risk assessments. The potential terms include the following: ~~substantial additional cash or cash equivalent collateral, and full repayment guaranteed by the full faith and credit of the CNMI Government, and tax exempt interest.~~

~~To that end, this legislation authorizes additional sources to be used as collateral for financing, which will enable CUC to pursue the loan, reduce the required interest on the debt, and therefore reduce costs to ratepayers. CUC will be authorized to use all security deposits other than residential security deposits, one percent of its budget which would otherwise be withheld for the Office of the Public Auditor, dividends paid by CUC to the Commonwealth Economic Development Authority, and a surcharge on utility services provided to the government. The purpose of this legislation is to give CUC the resources and tools necessary to secure power, water, and sewer services for the Commonwealth.”~~

8. Remaining sections were renumbered accordingly.

The Members of the Conference Committee are in accord with all the amendments made. Therefore, the Conference Committee recommends that the House of Representatives and the Senate pass House Bill No. 24-107, HD1, SD1 in the form of House Bill No. 24-107, HD1, SD1, Conference Committee Substitute 1, upon the adoption and acceptance of this Conference Committee Report.

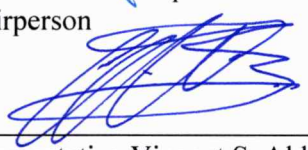
The Conference Committee shall dissolve upon the final adoption of House Bill No. 24-107, HD1, SD1, CCS1, by both the House of Representatives and the Senate.

Respectfully submitted,

House of Representatives Conferees:



Representative Ralph N. Yumul
Chairperson



Representative Vincent S. Aldan
Member

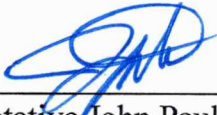
Senate Conferees:



Senator Donald M. Manglona
Chairperson



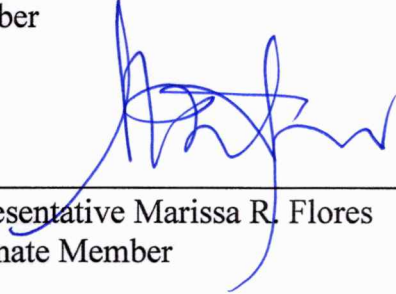
Senator Francisco Q. Cruz
Vice Chairperson



Representative John Paul P. Sablan
Member



Senator Manny Gregory T. Castro
Member

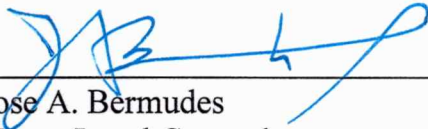


Representative Marissa R. Flores
Alternate Member

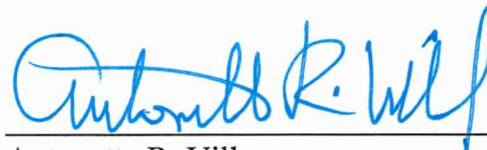


Senator Corina L. Magaña
Alternate Member

Reviewed by Legal Counsels:



Jose A. Bermudes
House Legal Counsel



Antonette R. Villagomez
Senate Legal Counsel

**TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE**

IN THE HOUSE OF REPRESENTATIVES

JULY 18, 2026

Fourth Special Session, 2026

H. B. 24-107 HD1, SD1, CCS1

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 The Legislature finds that additional conditions are required to satisfy
20 potential lenders' risk assessments. The potential terms include the following: full

1 repayment guaranteed by the full faith and credit of the CNMI Government, and
2 tax-exempt interest.

3 The purpose of this legislation is to give CUC the resources and tools
4 necessary to secure power, water, and sewer services for the Commonwealth.

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

8 **“Article 12. Financing Authority.**

9 **§ 82103. Definitions.**

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

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

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

16 **§ 82104. Financing Authority Authorization.**

17 (a) Pursuant to this Act and 4 CMC § 8123(e), the Commonwealth
18 Utilities Corporation may obtain one or more financing options from public
19 or private lenders within the Commonwealth or the United States, and,
20 upon legislative notice as provided in Section 82106(c), from other

1 jurisdictions, in an aggregate principal amount not to exceed forty million
2 dollars (\$40,000,000).

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

8 **§ 82105. Authorized Uses; Prohibited Uses.**

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

- 18 (1) Purchase of fuel necessary for power generation;
19 (2) Repair, replacement, or restoration of damaged power generation
20 facilities, transmission lines, distribution lines, transformers, poles,
21 substations, control systems, and related equipment;

- 1 (3) Repair, replacement, or restoration of water wells, pumps, booster
2 stations, tanks, treatment systems, and distribution infrastructure;
3 (4) Repair, replacement, or restoration of wastewater lift stations,
4 collection systems, treatment facilities, and related equipment;
5 (5) Procurement of emergency equipment, materials, supplies,
6 professional services, and contractor services necessary to restore or
7 maintain utility service;
8 (6) Temporary generation, temporary utility infrastructure, and
9 emergency operational measures necessary to protect public health and
10 safety; and
11 (7) Reasonable financing of credit origination costs, closing costs, and
12 other financing costs directly related to the financing authorized by this
13 Act.

14 **§ 82106. Legislative Notice; Oversight; Reporting; Public Availability;**
15 **Coordination.**

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

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

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

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

8 (4) The repayment term and amortization schedule;

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

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

12 (7) The anticipated source of repayment; and

13 (8) A summary of the intended uses of the approved financing
14 agreement.

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

21 (1) The total amount received to date;

- 1 (2) The total amount expended to date;
- 2 (3) The amount of principal interest paid during the reporting period;
- 3 (4) The current outstanding principal balance;
- 4 (5) A list of expenditures made with the financial proceeds during the
- 5 reporting period, including vendor names, payment amounts, payment
- 6 dates, and general description of goods or services provided; such lists
- 7 may be submitted in an electronic spreadsheet or other standardized
- 8 format;
- 9 (6) A description of the utility restoration, stabilization, or fuel-related
- 10 purpose served by each major expenditure;
- 11 (7) The status of any pledged collateral or security;
- 12 (8) The amount of any rate, fee, charge, surcharge, or other customer
- 13 recovery mechanism used to repay the indebtedness;
- 14 (9) The amount collected from customers for the indebtedness
- 15 repayment during the reporting period;
- 16 (10) The status of any FEMA, insurance, federal, or other
- 17 reimbursement; and
- 18 (11) Any material change in repayment terms, collateral, lender
- 19 requirements, or anticipated total cost of using the financing.
- 20 (c) Public Availability. Reports required under this section shall be
- 21 public records and shall be posted on CUC's website not later than five

1 business days after submission to the Legislature, except that confidential
2 banking information, account numbers, protected customer information,
3 and security-sensitive infrastructure information may be redacted. CUC
4 shall also provide plain-language explanations of any temporary financing
5 surcharges on customer bills and on its website, including the purpose of
6 the surcharge and its anticipated duration.

7 (d) FEMA, Insurance, and Reimbursement Offset. To the extent that
8 expenditures paid from the financing are later reimbursed by FEMA,
9 insurance proceeds, federal grants, disaster assistance, mutual aid
10 reimbursements, or other recovery funds, such reimbursements shall be
11 applied first to reduce the outstanding principal balance of the loan or line
12 of credit, unless otherwise prohibited by federal law, grant condition,
13 insurance requirement, or the terms of the financing agreement.

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

20 (f) Independent Audit. Expenditure of financing proceeds authorized
21 by this Act shall be subject to independent audit. CUC shall include the use

1 of financing proceeds, repayment activity, and customer recovery amounts
2 in its annual independent audit. The Legislature or the Public Auditor may
3 request a separate audit or review by an independent certified public
4 accountant if necessary to verify compliance with this Act.

5 **§ 82107. Rate Recovery; Regulatory Review.**

6 (a) CUC may include reasonable financing costs (including origination
7 and other fees, principal, and interest) in rates, fees, charges, or temporary
8 surcharges billed to customers until such costs are fully recouped; provided
9 that such recovery shall be temporary, shall sunset upon full repayment of
10 the obligation, and shall remain subject to applicable law and regulatory
11 review by the Commonwealth Public Utilities Commission unless the
12 Legislature expressly establishes an alternative temporary recovery
13 mechanism.

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

18 **§ 82108. Material Modifications.**

19 Any material modification to the loan or line of credit principal amount,
20 repayment term, interest rate structure, collateral, security, or repayment source
21 after closing, including any refinancing or restructuring that extends the repayment

1 term by more than three years or increases the anticipated total interest cost by more
2 than ten percent, shall be reported to the Legislature not later than five business
3 days after such modification.

4 **§ 82109. Expiration of Borrowing Authority.**

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

10 **§ 82110. Guarantee Pledged: Full Faith and Credit.**

11 The Commonwealth Government hereby fully, absolutely and
12 unconditionally guarantees, underwrites and secures all payments due to the lenders
13 under the terms and conditions of the financing agreements entered into pursuant
14 to this Act. Such financing agreements are accepted as a general obligation of the
15 Commonwealth government and its full repayment is hereby guaranteed by the full
16 faith and credit of the Commonwealth government.

17 **§ 82111. No Waiver of Regulatory Authority.**

18 Nothing in this Act shall be construed to waive, repeal, or limit the lawful
19 authority of the Commonwealth Public Utilities Commission, except to the extent
20 expressly provided in this Act.

21 **§ 82112. Interest Earned Tax Free.**

1 All interest earned pursuant to this article and the income therefrom shall
2 be exempt from all taxation by the Commonwealth or any political subdivision
3 thereof.

4 **§ 82113. Attorney General Opinion.**

5 The Attorney General is authorized to issue an Opinion determining the
6 legality under Commonwealth law of any financing agreement entered into
7 pursuant to this Act if requested by CUC.”

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

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

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

HOUSE BILL 24-107 HD1, SD1, CCS1

Prefiled: 7/17/2026

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