

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 24<sup>TH</sup> NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:

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

3           **Section 2. Findings and Purpose.** The Legislature finds that Public Law  
4 16-17, the “CUC Private Sector Partnership Act of 2008,” authorized the  
5 privatization and private sector participation in the operations of the  
6 Commonwealth Utilities Corporation (CUC), including the potential full  
7 privatization of its electric power generation operations.

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

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

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

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

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19 hereby repealed and enacted to read as follows:

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

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

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

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

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

1           such additional consideration as the Legislature may require by law. The  
2           Legislature may retain or adjust the two hundred fifty million dollars  
3           (\$250,000,000.00) benchmark as an initial policy target, but shall ensure  
4           that final minimum terms reflect the results of the independent valuation  
5           and the public interest in reliable, affordable, and sustainable utility  
6           services. Any acquisition or concession shall be for a term that balances  
7           investment recovery with flexibility for future policy needs and shall not  
8           exceed forty (40) years without further legislative authorization.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 **"§ 8197. Independent Valuation Requirement.**

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

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

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

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

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

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

16 **"§ 8198. Procurement Review Timelines and Standing.**

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

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

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

- 3 (1) Any bidder or offeror that submitted a responsive bid or proposal;  
4 (2) Any ratepayer of CUC who can demonstrate a material and non-  
5 speculative economic interest in the outcome; and  
6 (3) Any non-profit organization whose members are ratepayers of CUC  
7 and that asserts a public-interest claim related to the procurement.  
8 Standing shall be liberally construed in favor of allowing meaningful  
9 review of major long-term contracts affecting core utility services."

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

16 **"§ 8199. CUC Bankruptcy Protection.**

17 The Commonwealth Utilities Corporation (CUC) is hereby granted the  
18 corporate power under Title 4, Economic Resources, Division 8, Utilities, Chapter  
19 1, Commonwealth Utilities Corporation, Article 2, Commonwealth Utilities  
20 Corporation Established, Section 8123, Commonwealth Utilities Corporation:

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

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

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

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

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

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

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

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

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

3 **"§ 8200. Use of Privatization Proceeds.**

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

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

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

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

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

1 balance, investments, and uses shall be submitted to the Governor and the  
2 Legislature.”

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

9 **"§ 8201. Funding for Independent Valuation.**

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

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

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

8           **Section 16. Effective Date.** This Act shall take effect upon its approval by  
9 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:

Joseph D. Daj  
House Legal Counsel

Date: 1/2/26