

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH  
LEGISLATURE  
IN THE HOUSE OF REPRESENTATIVES

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SESSION, 2026

H. Res. 24-24

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A HOUSE RESOLUTION

Requesting and directing that the Commonwealth Utilities Corporation (CUC) undergo a comprehensive, independent, third-party audit by qualified utility expert auditors, including financial, operational "desk," asset, compliance, and related examinations; requiring Commonwealth Public Utilities Commission (CPUC) coordination, formal CPUC docketing and public process for audit review; requiring public reporting, a corrective action plan, a ratepayer impact matrix, a public-facing audit implementation dashboard, and an immediate 90-day control-fix priority list.

1           **WHEREAS**, the Commonwealth Utilities Corporation (CUC) is a public  
2 utility responsible for the provision of essential electric, water, and wastewater  
3 services, and the reliability and affordability of these services directly impact public  
4 health, economic stability, and quality of life within the Commonwealth; and

5           **WHEREAS**, sound utility governance necessitates accurate financial  
6 reporting, complete and verifiable asset records, effective internal controls, prudent  
7 procurement and contract management, and transparent performance metrics; and

8           **WHEREAS**, the Commonwealth Public Utilities Commission (CPUC)  
9 holds regulatory responsibilities related to public utility oversight and consumer  
10 protection, serving as a key entity for receiving, reviewing, and acting upon

1 independent audit findings relevant to rates, service quality, compliance, and  
2 overall utility performance; and

3           **WHEREAS**, independent third-party utility audits are particularly crucial  
4 for confirming the integrity of utility financial information that can influence  
5 ratepayer charges, validating asset condition and capital planning which affect  
6 system reliability and long-term costs, and testing billing, collections, procurement,  
7 and inventory controls that can materially impact customer bills and public  
8 confidence; and

9           **WHEREAS**, a comprehensive audit should, at a minimum, encompass an  
10 examination of financial practices, cash management, accounts receivable and  
11 collections, accounts payable, payroll, fuel and power cost processes, procurement  
12 and contract administration, inventory management, capital project controls,  
13 system operations, and include a verified asset inventory and asset management  
14 program; and

15           **WHEREAS**, the Legislature has a fundamental duty to ensure transparency  
16 and accountability in the administration of public services and in the diligent  
17 stewardship of public resources; and

18           **WHEREAS**, it is deemed essential for the Commonwealth Utilities  
19 Corporation (CUC) to obtain and complete a comprehensive independent third-  
20 party utility audit, to be performed by qualified outside expert auditors with  
21 demonstrated experience in auditing electric and water/wastewater utilities, in

1 consultation with and with the participation of the Commonwealth Public Utilities  
2 Commission (CPUC) consistent with its jurisdiction; and

3       **WHEREAS**, the credibility and efficacy of such an audit necessitate that  
4 the audit team be selected through a competitive procurement process and meet  
5 rigorous minimum requirements, including strict independence from CUC, its  
6 vendors, contractors, and consultants, demonstrated expertise in utility operations  
7 and finance, and the capacity to perform comprehensive controls testing, risk  
8 assessment, and asset verification; and

9       **WHEREAS**, to ensure thorough and relevant oversight, CUC's  
10 coordination with the CPUC is imperative to align the audit scope, addressing  
11 matters critical to CPUC's regulatory functions such as financial integrity, ratepayer  
12 impacts, billing accuracy, operational performance indicators, and compliance and  
13 reporting practices; and

14       **WHEREAS**, a complete and effective independent audit must, at a  
15 minimum, encompass a detailed financial audit and internal controls review, an  
16 operational "desk audit" and management systems review, a comprehensive asset  
17 audit and verification, and a robust compliance and risk review, including the  
18 identification of high-risk control gaps and operational/financial exposures; and

19       **WHEREAS**, to ensure transparency, accountability, and public  
20 understanding, the independent auditors must produce a written Audit Report with  
21 findings and recommendations, a Management Letter, a Validated Asset Register,

1 a plain-language Executive Summary for public dissemination, and a CPUC  
2 Briefing Exhibit, all of which should be made publicly available while respecting  
3 lawful confidentiality requirements; and

4           **WHEREAS**, to provide clarity and actionable insights for ratepayers and  
5 policymakers, it is vital that the audit include a "Ratepayer Impact Matrix" that  
6 identifies the mechanism, estimated direction, and potential annual range of  
7 ratepayer impact for each major finding, distinguishing between immediate and  
8 structural impacts; and

9           **WHEREAS**, to facilitate prompt improvement and mitigate preventable  
10 losses, the auditors should identify and prioritize a "Top 10 Controls to Fix in 90  
11 Days" list, specifying critical fixes, their risk reduction, responsible owners, and  
12 simple verification methods; and

13           **WHEREAS**, the timely and efficient execution of the audit is crucial,  
14 requiring CUC to initiate the competitive procurement process within 60 days of  
15 this resolution's adoption, commence fieldwork promptly upon contract award, and  
16 submit the final Audit Report to the Legislature and CPUC within 180 days after  
17 contract award, with provisions for justified limited extensions; and

18           **WHEREAS**, the CPUC's active engagement is essential, including opening  
19 and docketing an audit review matter, convening public technical conferences for  
20 the presentation of findings and stakeholder input, and transmitting to the  
21 Legislature and CUC Board a written summary with findings relevant to CPUC

1 jurisdiction, recommended regulatory actions, and a process for tracking corrective  
2 action implementation; and

3           **WHEREAS**, CUC's commitment to addressing audit findings must be  
4 formalized through a written Management Response and a time-bound Corrective  
5 Action Plan (CAP) with clear responsibilities, deadlines, and measurable outcomes,  
6 with subsequent quarterly progress reports provided to the Legislature and CPUC;  
7 and

8           **WHEREAS**, to foster transparency, measurability, and verifiability of audit  
9 implementation for ratepayers, a public-facing Audit Implementation Dashboard,  
10 updated quarterly and detailing CAP items, responsible owners, due dates, status,  
11 and completion proof, while respecting confidentiality, is deemed necessary;

12           **NOW, THEREFORE, BE IT RESOLVED** by the House of  
13 Representatives of the Twenty-Fourth Northern Marianas Commonwealth  
14 Legislature, that the House hereby strongly supports the request that the  
15 Commonwealth Utilities Corporation (CUC) undergo a comprehensive,  
16 independent, third-party audit by qualified utility expert auditors, including  
17 financial, operational "desk," asset, compliance, and related examinations;  
18 requiring Commonwealth Public Utilities Commission (CPUC) coordination,  
19 formal CPUC docketing and public process for audit review; requiring public  
20 reporting, a corrective action plan, a ratepayer impact matrix, a public-facing audit  
21 implementation dashboard, and an immediate 90-day control-fix priority list; and

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1           **BE IT FURTHER RESOLVED** that the Speaker of the House of  
2 Representatives shall certify and the House Clerk shall attest to the adoption of this  
3 resolution and thereafter the House Clerk shall transmit a certified copy to Allen  
4 M. Perez, Chairperson, and current members of the Commonwealth Utilities  
5 Corporation (CUC) Board of Directors; Dr. John A. “Jack” Angello,  
6 Commissioner, and current members of the Commonwealth Public Utilities  
7 Commission; Honorable Edward E. Manibusan, Attorney General, Office of the  
8 Attorney General of the Commonwealth of the Northern Mariana Islands;  
9 Honorable David M. Apatang, Governor, Commonwealth of the Northern Mariana  
10 Islands; Honorable Kimberlyn K. King-Hinds, CNMI Delegate to the 119<sup>th</sup> United  
11 States Congress; Honorable Karl R. King-Nabors, Senate President, 24<sup>th</sup> Northern  
12 Marianas Commonwealth Legislature; and Honorable Edmund S. Villagomez,  
13 Speaker of the House of Representatives, 24<sup>th</sup> Northern Marianas Commonwealth  
14 Legislature.

Prefiled: 11.14.2024

Date: \_\_\_\_\_

Introduced by:  \_\_\_\_\_  
Rep. Vincent R. Aldan

Reviewed for legal sufficiency by:

  
House Legal Counsel

Date: 1/14/26