
A BILL FOR AN ACT

To require the Commonwealth Utilities Corporation to conduct quarterly reconciliations of all estimated billings per customer account; to require submission of reconciliation reports to the Commonwealth Public Utilities Commission; to mandate timely customer account adjustments for over-billings and under-billings; to authorize penalties for non-compliance; and for other purposes.

**BE IT ENACTED BY THE TWENTY-FOURTH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Short Title.** This Act may be cited as the “Utility Billing Accuracy and
2 Accountability Act of 2026.”

3 **Section 2. Findings and Purpose.** The Legislature finds that this legislation is
4 about fairness, transparency, and accountability in utility billing. It aims to address the
5 problem of estimated electric and water bills that are not reconciled promptly, leading to
6 compounded errors, surprise charges, and financial hardship for families and small
7 businesses. Because utilities are essential services with no alternatives for customers,
8 accurate and timely billing is fundamental to public trust. Delayed corrections not only
9 harm ratepayers but may also create financial and accounting concerns for the utility itself.

10 This legislation requires the Commonwealth Utilities Corporation (CUC) to
11 reconcile all estimated bills on a quarterly basis. This reconciliation must occur every
12 quarter without exception, ensuring regular review and prompt correction of discrepancies.
13 Customers who are over-billed must receive credits in the next billing cycle, while those
14 who are under-billed must be notified clearly and cannot be penalized with late fees due to
15 the utility’s delay. The legislation emphasizes transparency, reporting, and immediate
16 corrective action.

17 A key provision of the bill is that penalties for noncompliance cannot be passed on

1 to ratepayers through surcharges or rate increases. Accountability must remain internal to
2 the utility's management. If repeated violations occur, the Act triggers a management
3 review to determine the cause of ongoing billing failures. This measure is framed not as
4 punishment, but as responsible governance to address structural or leadership issues when
5 billing controls repeatedly fail.

6 The Legislature finds that while estimated billing may sometimes be operationally
7 necessary, delayed reconciliation can result in unfair and burdensome adjustments. This
8 bill aims to improve customer service, prevent abusive billing practices, ensure quarterly
9 reconciliation, mandate prompt corrections, and strengthen regulatory oversight. It does
10 not create new bureaucracy or generate new revenue for CUC but is expected to improve
11 financial transparency, reduce disputes and write-offs, enhance cash flow predictability,
12 and decrease legal and reputational risk.

13 Based on the foregoing, the overall economic impact on ratepayers is expected to
14 be positive or neutral. Customers benefit from faster error corrections, fewer large catch-
15 up bills, improved transparency, and greater confidence in billing practices. The bill creates
16 no new surcharges or rate increases, and compliance costs are expected to be absorbed
17 operationally. Strong penalties are included to ensure meaningful accountability, as utilities
18 provide essential services and must meet higher standards. Accordingly, the purpose of this
19 legislation is to ensure that estimated billing never results in "estimated accountability,"
20 reinforcing consumer protection and responsible utility management.

21 **Section 3. Enactment.** Subject to codification by the CNMI Law Revision
22 Commission, the following provisions are hereby enacted to read as follows:

23 **"Chapter XX. Utility Billing Accuracy and Accountability.**

24 **§ 101. Definitions.** For purposes of this Act:

25 (a) "Commission" means the Commonwealth Public Utilities Commission.

26 (b) "Estimated Billing" means any utility charge calculated without an actual meter
27 reading for the billing period.

28 (c) "Over-billed" means an account charged more than the actual amount owed
29 based on actual meter readings.

1 (d) "Reconciliation" means the process of comparing estimated billings to actual
2 meter readings and calculating any variance.

3 (e) "Under-billed" means an account charged less than the actual amount owed
4 based on actual meter readings.

5 **§ 102. Quarterly Reconciliation Requirement.**

6 (a) The Commonwealth Utilities Corporation (CUC) shall conduct a quarterly
7 reconciliation of all estimated billings for each customer account.

8 (b) The quarterly reporting periods shall be:

- 9 (1) October 1 – December 31
- 10 (2) January 1 – March 31
- 11 (3) April 1 – June 30
- 12 (4) July 1 – September 30

13 (c) The reconciliation report for each quarter shall be submitted to the Commission
14 no later than fifteen (15) days after the end of the reporting quarter.

15 (d) For example, the reconciliation report for the period October 1 through
16 December 31 shall be due no later than January 15 of the following year.

17 **§ 103. Contents of Reconciliation Report.**

18 (a) Each quarterly reconciliation report shall include, at minimum:

- 19 (1) The total number of estimated billings issued during the reporting
20 quarter;
- 21 (2) The total dollar value of all estimated billings during the reporting
22 quarter;
- 23 (3) The total dollar value of estimated billings compared to actual billings
24 upon
25 reconciliation;
- 26 (4) The total number of customer accounts that were over-billed;
- 27 (5) The total dollar value of over-billings;
- 28 (6) The total number of customer accounts that were under-billed;
- 29 (7) The total dollar value of under-billings; and

1 (8) Certification by the Executive Director of CUC that the report is true
2 and correct to the best of their knowledge.

3 (b) The Commission may require additional data by regulation.

4 **§ 104. Required Customer Account Adjustments.**

5 (a) For all accounts identified as over-billed, CUC shall apply and reflect the full
6 actual amount over-billed as a credit to the customer's account on the next billing cycle
7 immediately following reconciliation.

8 (b) For all accounts identified as under-billed, CUC shall apply and reflect the full
9 actual amount under-billed on the customer's account on the next billing cycle immediately
10 following reconciliation.

11 (c) All adjustments shall be clearly itemized and labeled on the customer's bill.

12 (d) No adjustment may be delayed beyond the next billing cycle unless expressly
13 authorized by the Commission for good cause shown.

14 **§ 105. Enforcement and Penalties.**

15 (a) Failure to apply and reflect the appropriate billing adjustments on all affected
16 customer accounts during the next billing cycle shall result in penalty fees effective
17 immediately.

18 (b) Penalty fees shall be assessed and enforced by the Commission.

19 (c) The Commission is authorized to impose administrative fines per affected
20 account and may impose escalating penalties for repeated violations.

21 (d) The Commission may require corrective action plans and may conduct audits
22 as necessary to ensure compliance.

23 **§ 106. Regulations.**

24 The Public Utilities Commission (PUC) shall promulgate the necessary regulations,
25 including enforcement procedures and fee schedules, within sixty (60) days after enactment
26 of this Act.

27 (a) These regulations establish administrative penalties for failure of the
28 Commonwealth Utilities Corporation to:

29 (1) Conduct timely quarterly reconciliation;

- 1 (2) Submit required reconciliation reports;
 2 (3) Apply and reflect required billing adjustments in the next billing cycle;
 3 and
 4 (4) Provide accurate and complete reporting data.

5 (b) PUC responsibilities include:

- 6 (1) Reviewing quarterly reconciliation reports;
 7 (2) Monitoring compliance;
 8 (3) Assessing penalties; and
 9 (4) Promulgating regulations and fee schedules.

10 **§ 107. Penalty Classifications.** Violations shall be categorized as follows:

11 (a) Class I – Reporting Violations.

- 12 (1) Late submission of quarterly report.
 13 (2) Incomplete or inaccurate report.
 14 (3) Failure to certify report.

15 (b) Class II – Adjustment Violations.

- 16 (1) Failure to apply over-billing credits in next billing cycle.
 17 (2) Failure to apply under-billing charges in next billing cycle.
 18 (3) Failure to itemize adjustments clearly.

19 (c) Class III – Systemic or Repeated Violations.

- 20 (1) Pattern of non-compliance across multiple quarters.
 21 (2) Failure to implement corrective action plan.
 22 (3) Knowingly submitting false or misleading data.

23 **§ 108. Penalty Schedule.**

24 (a) Class I – Reporting Violations.

<u>Violation</u>	<u>Penalty</u>
25 1–15 days late	\$2,500 flat fee
26 16–30 days late	\$5,000 flat fee
27 More than 30 days late	\$10,000 + \$100 per additional day
28 Incomplete/inaccurate filing	\$10,000 per occurrence

1 (b) Class II – Adjustment Violations.

2 (1) Penalties assessed per affected account:

<u>Violation</u>	<u>Penalty</u>
4 Failure to credit over-billed account	\$100 per affected account
5 Failure to reflect under-billing	\$100per affected account
6 Failure to itemize adjustment	\$100 per affected account

7 (2) Minimum per-quarter assessment: \$25,000.

8 (3) Maximum per-quarter cap: \$250,000 (unless systemic violation
9 determined).

10 (4) The goal is compliance, not penalty revenue. If the utility complies, no
11 penalties are imposed. Accountability strengthens long-term financial integrity.

12 (c) Class III – Systemic Violations.

13 (1) If more than 3% of estimated billing accounts are improperly reconciled
14 in any quarter:

- 15 (i) Immediate minimum fine of \$15,000; up to \$150,000;
- 16 (ii) Mandatory independent audit within 60 days at CUC expense;
- 17 (iii) Mandatory corrective action plan within 30 days; and
- 18 (iv) Compliance monitoring for four consecutive quarters.

19 (2) If repeated for two consecutive quarters:

- 20 (i) Immediate minimum fine of \$25,000; up to \$250,000;
- 21 (ii) Management performance review trigger; and
- 22 (iii) Formal referral to CUC Board of Directors.

23 **§ 109. Management Performance Review Trigger.**

24 (a) If CUC is found in violation for two or more consecutive quarters, or three
25 quarters within a 12-month period. The PUC shall:

- 26 (1) Initiate a formal management performance review;
- 27 (2) Require sworn testimony from executive leadership;
- 28 (3) Evaluate internal controls and billing systems; and
- 29 (4) Recommend corrective administrative action.

1 (b) The PUC shall submit quarterly written findings and recommended corrective
2 actions to the CUC Board of Directors.

3 (c) The CUC Board shall publicly respond within 30 days outlining corrective steps

4 **§ 110. Escalation Provisions.** If CUC commits violations for:

5 (a) Two consecutive quarters → 25% penalty increase.

6 (b) Three consecutive quarters → 50% penalty increase.

7 (c) Four consecutive quarters → Commission may initiate formal enforcement
8 proceedings.

9 **§ 111. Mitigation Factors.** The Commission may reduce penalties upon showing
10 of:

11 (a) Natural disaster or declared emergency;

12 (b) Documented system failure beyond reasonable control; or

13 (c) Immediate voluntary correction.

14 **§ 112. Non-Pass-Through Requirement.**

15 (a) Penalties assessed under this Act shall not be directly or indirectly passed
16 through to ratepayers.

17 (b) Penalties shall not be recovered through:

18 (1) Rate increases;

19 (2) Fuel adjustment charges;

20 (3) Surcharges;

21 (4) Cost recovery mechanisms;

22 (5) Deferred cost accounting; or

23 (6) Any other ratepayer-funded adjustment.

24 (c) All penalties shall be absorbed exclusively through CUC operational funds.

25 (d) The PUC shall disallow any attempt to recover penalties in future rate cases.

26 **§ 113. Mandatory Customer-First Adjustments.**

27 (a) Over-billed customers must receive full credit in the immediate next billing
28 cycle.

29 (b) If the credit is not applied in the next billing cycle:

1 (1) The customer shall automatically receive an additional 10% credit on
2 the over-billed amount; and

3 (2) Interest shall accrue at 10% per month until corrected.

4 (c) Under-billed customers shall not be subject to late penalties for amounts arising
5 solely from reconciliation adjustments.

6 **§ 114. Prohibition on Retroactive Burden.** Under-billed customers:

7 (a) Shall not incur late fees related solely to reconciliation adjustments;

8 (b) May request installment payment arrangements; and

9 (c) Shall receive clear written explanation of adjustments.

10 **§ 115. Quarterly Commission Reporting Requirement.**

11 (a) The PUC shall provide a quarterly compliance report to the following:

12 (a) CUC Board of Directors;

13 (b) Legislature; and

14 (c) Governor.

15 (b) The report shall include:

16 (a) Compliance status;

17 (b) Violations identified;

18 (c) Penalties assessed;

19 (d) Corrective action recommendations; and

20 (e) Management accountability findings.”

21 **Section 4. Severability.** If any provisions of this Act or the application of any such
22 provision to any person or circumstance should be held invalid by a court of competent
23 jurisdiction, the remainder of this Act or the application of its provisions to persons or
24 circumstances other than those to which it is held invalid shall not be affected thereby.

25 **Section 5. Savings Clause.** This Act and any repealer contained herein shall not be
26 construed as affecting any existing right acquired under contract or acquired under statutes
27 repealed or under any rule, regulation, or order adopted under the statutes. Repealers
28 contained in this Act shall not affect any proceeding instituted under or pursuant to prior
29 law. The enactment of the Act shall not have the effect of terminating, or in any way

1 modifying, any liability, civil or criminal, which shall already be in existence on the date
2 this Act becomes effective.

3 **Section 6. Effective Date.** This Act shall take effect upon its approval by the
4 Governor, or its becoming law without such approval.

Date: 2/25/21

Introduced by: 
Senator Corina L. Magofna

Reviewed for Legal Sufficiency by:


Senate Legal Counsel