TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

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____________ **Regular Session, 2026** **H. B. 24-** 107

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:

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

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

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

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

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

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

"**Article 12. Financing Authority.**

§ 82103. Definitions.

For purposes of this Act, the following defintions shall apply:

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

(b) "Authorized uses" means the purposes listed in Section 82104(a).

§ 82104. Financing Authority Authorization.

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

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

§ 82105. Authorized Uses; Prohibited Uses.

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

(1) Purchase of fuel necessary for power generation;

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

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

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

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

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

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

§ 82106. Legislative Notice; Oversight; Reporting; Public Availability; Coordination.

(a) Legislative Notice. Not less than 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:

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

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

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

(4) The repayment term and amortization schedule;

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

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

(7) The anticipated source of repayment; and

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

(b) Quarterly Reports to the Legislature. Beginning thirty (30) days after the first draw or disbursement of proceeds, and quarterly thereafter until the indebtedness is fully repaid, CUC shall submit a written report 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. Each report shall include:

(1) The total amount received to date;

(2) The total amount expended to date;

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

(4) The current outstanding principal balance;

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

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

(7) The status of any pledged collateral or security;

(8) The amount of any rate, fee, charge, surcharge, or other customer recovery mechanism used to repay the indebtedness;

(9) The amount collected from customers for the indebtedness repayment during the reporting period;

(10) The status of any FEMA, insurance, federal, or other reimbursement; and

(11) Any material change in repayment terms, collateral, lender requirements, or anticipated total cost of using the financing.

(c) Public Availability. Reports required under this section shall be public records and shall be posted on CUC's website not later than five business days after submission to the Legislature, except that confidential banking information, account numbers, protected customer information, and security-sensitive infrastructure information may be redacted. CUC shall also provide plain-language explanations of any temporary financing surcharges on customer bills and on its website, including the purpose of the surcharge and its anticipated duration.

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

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

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

§ 82107. Rate Recovery; Regulatory Review.

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

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

§ 82108. Material Modificaitons.

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

§ 82109. Expiration of Borrowing Authority.

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

§ 82110. No Commonwealth General Obligation.

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.

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

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

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

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

Prefiled: 07.17.2026

Date: 7/17/26 Introduced by: ______________________
Rep. Ralph N. Yumul

Reviewed for legal sufficiency by:

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House Legal Counsel

Date: 7-17-26