



GOV. COMM: 23-141
(HOUSE)

Arnold I. Palacios
Governor

David M. Apatang
Lieutenant Governor

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

November 18, 2024

The Honorable Edith E. Deleon Guerrero
President of the Senate
Twenty-Third Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

The Honorable Edmund S. Villagomez
Speaker, House of Representatives
Twenty-Third Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

GOV2025-078



D 11/18/24

Dear Madame President and Mr. Speaker:

This is to inform you that I have signed into law **Senate Bill No. 23-37, SD1, HD1**, entitled, "To mandate the Commonwealth Utilities Corporation to change the power, water, and wastewater rate for the Commonwealth Healthcare Corporation to commercial rate; and for other purposes," which was passed by the Senate and the House of Representatives of the Twenty-Third Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 23-30**. Copies bearing my signature are forwarded for your reference.

Sincerely,

ARNOLD I. PALACIOS
Governor

CLERK'S OFFICE
RECEIVED BY *[Signature]*
DATE 11/18/2024 TIME 4:54 p

cc: Lieutenant Governor; Attorney General; Commonwealth Law Revision;
Public Auditor; CEO, CHCC; Commonwealth Utilities Corporation;
Acting Special Assistant for Administration; Programs and Legislative Review Office



THE SENATE
TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SENATE BILL NO. 23-37, SD1, HD1

AN ACT

To mandate the Commonwealth Utilities Corporation to change the power, water, and wastewater rate for the Commonwealth Healthcare Corporation to commercial rate; and for other purposes.

SENATE ACTION

Offered by Senator(s): Jude U. Hofschneider, Donald M. Manglona, Corina L. Magofna

Date: April 19, 2023

Referred to: Committee on Public Utilities, Transportation and Communications

Standing Committee Report No.: None

Final Reading: October 30, 2024 - Accepted HD1

HOUSE ACTION

Referred to: Committee on Public Utilities, Transportation and Communications

Standing Committee Report No.: None

First and Final Reading: October 25, 2024

A handwritten signature in black ink, appearing to read "Celina R. Babauta".

Senator Celina R. Babauta
SENATE LEGISLATIVE SECRETARY



THE SENATE
TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
FOURTH REGULAR SESSION, 2024 **S.B. NO. 23-37, SD1, HD1**

AN ACT

To mandate the Commonwealth Utilities Corporation to change the power, water, and wastewater rate for the Commonwealth Healthcare Corporation to commercial rate; and for other purposes.

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

1 **Section 1. Findings and Purpose.** The Legislature finds that Public Law 16-51, as
 2 amended by Public Law 19-78, established the Commonwealth Healthcare Corporation
 3 (CHCC) in 2011 and transferred the functions of then Department of Public Health &
 4 Environmental Services (DPH) to CHCC. Specifically, CHCC was created as an independent
 5 public healthcare and medical services provider, financially self-sufficient, professionally
 6 managed, and nationally accredited whose purpose is to develop and regulate, as necessary, a
 7 high-quality, efficient, and market-oriented public healthcare delivery system in the CNMI,
 8 and to coordinate the delivery of quality healthcare and medical services to all
 9 Commonwealth residents in a financially responsible manner.

10 The Legislature further finds that prior to the establishment of CHCC, the utility bills
 11 including the power, water, and wastewater billing of the Department of Public Health and its
 12 offices, divisions, hospital, clinics, and facilities were part of the CNMI central government's
 13 utility bills and paid for by the CNMI government at the government rate established at the
 14 Commonwealth Utilities Corporation (CUC). After CHCC was established, all its utility
 15 billing including power, water, and wastewater was separated from the CNMI government
 16 and CHCC was mandated to pay its CUC utility bills from its own financial resources at the
 17 same higher government rate. The Legislature finds that, as a financially self-sufficient

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1 independent public healthcare and medical services provider, CHCC should not have to
2 subsidize CUC by paying the higher utility government rate. Instead, CHCC should be
3 classified as a commercial entity and charged commercial utility rates since the establishment
4 of CHCC in 2011 similar to every other healthcare provider in the CNMI.

5 According to the rates effective July 1, 2020, if the CHCC were designated as a
6 commercial entity, the base rate for power consumption for the CHCC would be 8.8% lower
7 per kWh, water charges would be 98.4% lower, and wastewater would be 95.6% lower. The
8 CHCC should be billed as any other health care provider in the CNMI, at a fair and reasonable
9 utility rate which is not more than the cost of the CUC to provide utility services to the
10 corporation.

11 The Legislature finds that CHCC's struggle with paying the higher CUC government
12 rates was also experienced by the CNMI Public School System (PSS). For many years, PSS
13 could not afford to pay its utility bills because CUC applied the higher government rate to its
14 utilities. In order to assist PSS settle its CUC billing disputes and allow PSS to pay a utility
15 rate that all other educational institutions are required to pay, Public Law 18-19 was enacted
16 in 2013 to authorize PSS to pay its utility bills at the lower commercial rate instead of the
17 higher government rate.

18 Similar to Public Law 18-19, Legislature finds that CHCC should pay the lower utility
19 commercial rates – the same utility rates applicable to all other commercial medical providers
20 in the CNMI. The lower commercial rates for CHCC would ensure that CHCC only pays for
21 the utility services it receives from CUC and allow CHCC to pay in full and on time its
22 current CUC utility bills. More importantly, CHCC can focus on its obligation to deliver
23 accessible quality health services to the CNMI residents.

24 The Legislature finds that this legislation is critically necessary to advance the
25 significant and legitimate public purpose of ensuring the continued operations of CHCC and
26 access to quality healthcare for all residents of the Commonwealth. CUC has threatened to
27 disconnect CHCC from utility services for CHCC's failure to pay its utility bills at the higher
28 government utility rate, The Legislature finds that any disconnection of CHCC from utility
29 services would create a broad and general social health crisis throughout the Commonwealth.

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1 The Legislature finds that this legislation is an appropriate and reasonable way to
2 advance the stated public purpose because the current government utility rates for CHCC are
3 unreasonable and unsustainable in light of CHCC's status as an autonomous public
4 corporation. CUC has been able to continue operations after the passage of PL 18-19 which
5 changed PSS's utility rates to the commercial rates. Further, CUC has been able to continue
6 operations without CHCC paying at the government rate given that CHCC has been
7 financially unable to pay the higher government rate since its inception. Thus, the Legislature
8 finds that this legislation will not substantially impair CUC, as CUC has been able to provide
9 utility services in the Commonwealth without collecting the government utility rates from
10 CHCC. Accordingly, the purpose of this legislation is to change the power, water and waste
11 water rate for the CHCC from the higher government rate to the sustainable commercial rates.

12 **Section 2. Enactment.** Subject to the codification by the CNMI Law Revision
13 Commission, the following provisions shall be enacted to read as follows:

14 “**§ 101.CHCC Commercial Rate.** Notwithstanding any law or regulation to the
15 contrary, the Commonwealth Utilities Corporation shall charge the Commonwealth
16 Healthcare Corporation, as established in 3 CMC § 2823, the commercial rate for power,
17 water, and wastewater.

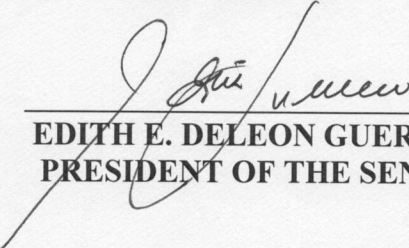
18 **102. Late Fees and Penalties.** All late fees and penalties shall cease upon this Act
19 becoming law. Provided, further this provision shall not be retroactively effective.”

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

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

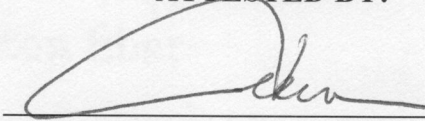
SENATE BILL NO. 23-37, SD1, HD1

CERTIFIED BY:



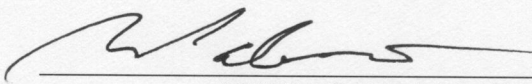
EDITH E. DELEON GUERRERO
PRESIDENT OF THE SENATE

ATTESTED BY:



CELINA R. BABAUTA
SENATE LEGISLATIVE SECRETARY

Approved this 18th day of November, 2024



ARNOLD I. PALACIOS
Governor
Commonwealth of the Northern Mariana Islands