
THE SENATE TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE



SENATE JOURNAL

EMERGENCY SPECIAL SESSION – 2026

SJ 24-28

1st Day

Friday, July 3, 2026

In compliance with the Open Government Act, Senate President, Karl R. King-Nabors, issued a session call on July 2, 2026 that the Senate of the Twenty-Fourth Northern Marianas Commonwealth Legislature will convene this open and public session. The notice, the official session call, and the session agenda was filed in the Office of the Senate Clerk; released to the media; and posted at the Entrance Halls of the Office of the Governor, the Senate and the House of Representatives, posted on the Commonwealth Legislature's website at www.cnmileg.net

The Honorable President of the Senate, Karl R. King-Nabors presided.

President Karl R. King-Nabors: *Håfa adai yan Tirow.* Good morning, everyone. I hereby call this 1st Day, 5th Emergency Senate session to order. Today is July 3, 2026. The time is 9:29 a.m. here at the Senate Chamber of the Vice Speaker Jesus P. Mafnas Memorial Building, Capitol Hill. It's my honor and pleasure to welcome everybody here today, also to those who are watching on the Senate YouTube page, Channel 23, and also the Northern Marianas Commonwealth Legislature Facebook page. Before we begin any further, I kindly ask that we rise for a moment of silent prayer.

A moment of silent prayer was observed.

At this time, I would like to take the opportunity to introduce the, the Legislative Bureau staff assisting us with our Emergency session today. We have to my left, Mrs. Antonette Villagomez, our Senate Legal Counsel. To my right, Mrs. Valerie Aguon, our [Acting] Senate Clerk. We have our Sergeant-at-Arms, Mr. Benjamin Terlaje, helping us. Assisting us today with our IT is our IT Manager, Mr. Jonathan Diaz. Also assisting is our Legislative Assistant, Mr. Devin Macaranas. And also, here to help us with the finances and the numbers is our Fiscal Analyst, Mr. David Demapan. Also, with us today from the House is Chairman Vicente Aldan. And with that I would like to go ahead and kindly ask the Clerk to please call the roll.

ROLL CALL
(Attendance)

CLERK called the roll with the following results:

Senator Celina R. Babauta	<i>Presente</i> (Present)
Senator Ronnie M. Calvo	Present
Senator Manny Gregory T. Castro	<i>Esti guiha</i> (Here)
Senator Francisco Q. Cruz	Here
Senator Jude U. Hofschneider	<i>Gaige</i> (Here)
Senator Karl R. King-Nabors (President)	Here
Senator Corina L. Magofna	Absent - Excused
Senator Donald M. Manglona	Present
Senator Paul A. Manglona	Absent - Excused

CLERK: Mr. President, seven (7) members [are] present and two (2) are absent.

President Karl R. King-Nabors: With seven members present, we have the requisite number to proceed with today's Emergency session or today's session. Please let the record reflect that Senate Vice President Corina Magofna and Chairman Paul Manglona are hereby excused from today's session, and that Senator Celina Babauta, Senator Ronnie Calvo, Donald Manglona, and Senator Francisco Q. Cruz are attending this session virtually. Thank you, Clerk, for that. And just for consistency purpose this Emergency session has been convened to entertain House Bill No. 24-88, entitled "To mandate the Commonwealth Utilities Corporations undergo a comprehensive, independent, third party utility expert audit; to require the formal Commonwealth Public Utilities Commission audit-review docket, and transparent public review process; to require an enforceable corrective action plan, a ratepayer impact matrix, and a public audit implementation dashboard; to impose strict timelines and narrowly limited extensions; to require mandatory decennial audits; to establish compliance reporting and civil penalties for missed deadlines payable to the CNMI Treasury; and for other purposes." This bill was introduced by Representative Vincent A. Aldan, in the House of Representative, and has been transmitted to the Senate. We identify with the ongoing efforts toward the recovery of Super Typhoon Sinlaku, the forthcoming Typhoon Bavi. There are matters before the Commonwealth Utilities Corporation and the Commonwealth community as a whole that are time sensitive and require swift action by this body. Accordingly, pursuant to Rule 3, Section 5(b) of the Interim Senate rules, under Emergency session, two-thirds of the Senate must agree that an emergency exists. Therefore, at this time, I would like to ask the Clerk to please call the roll to effectuate the Emergency session.

ROLL CALL

(Rule 3, Section 5(b) – Emergency exists)

CLERK called the roll with the following results:

Senator Celina R. Babauta	Yes
Senator Ronnie M. Calvo	Yes
Senator Manny Gregory T. Castro	Yes
Senator Francisco Q. Cruz	Yes
Senator Jude U. Hofschneider	Yes
Senator Corina L. Magofna	Absent - Excused
Senator Donald M. Manglona	Yes

Senator Paul A. Manglona	Absent - Excused
Senator Karl R. King-Nabors (President)	Yes

CLERK: Mr. President, all seven members present voting “yes”.

President Karl R. King-Nabors: With all seven (7) members voting “yes”, we have the two-third requirement for today's Emergency session. Moving on to Public Comment. This is a portion of our agenda where we allow the public, the viewing public here in the gallery, in the Chamber to provide comment on any of the items on today's agenda. Please state your name for the record, if you're representing yourself or what entity you're speaking on behalf of, and please limit your comments to about five minutes. The floor is now open for public comments. My apologies. If we can just stand back. Before we proceed with the... {addressing Rep. Aldan} you can just sit there. Before we proceed with the Public Comment, I would like to recognize the Floor Leader for the proper suspension of some rules. So, with that, I'd like to recognize the Floor Leader.

Floor Leader Donald M. Manglona: Thank you, Mr. President. At this time, I move to suspend pertinent rules to allow for a session on holiday pursuant to the Senate President's call, and to act on House Bill No. 24-88 on today's Bill Calendar.

Senator Jude U. Hofschneider: Second.

This motion has been seconded.

President Karl R. King-Nabors: There has been a motion offered by the Floor Leader to suspend pertinent rules to allow for an Emergency session to take place on a holiday, and to place the bill on agenda for calendar for action, and has been seconded. Discussion? Ready. Clerk, please call the roll.

ROLL CALL

(Suspension of Rules - Holiday)

CLERK called the roll with the following results:

Senator Celina R. Babauta	Yes
Senator Ronnie M. Calvo	Yes
Senator Manny Gregory T. Castro	<i>Hunggan</i> (Yes)
Senator Francisco Q. Cruz	Yes
Senator Jude U. Hofschneider	<i>Hunggan</i> (Yes)
Senator Corina L. Magofna	Absent - Excused
Senator Donald M. Manglona	Yes
Senator Paul A. Manglona	Absent - Excused
Senator Karl R. King-Nabors (President)	Yes

CLERK: Mr. President, all seven members [present] voting “yes”.

President Karl R. King-Nabors: With all members voting “yes” the rules are hereby suspended, and we are now able to proceed with today's session accordingly. I apologize for that little hiccup. Public Comments are now open. Please proceed.

PUBLIC COMMENTS:

Rep. Vincent "Kobre" S. Aldan: Good morning, honorable Senate President and Senate members. Hello to the viewing public. My name is Vincent Aldan. I'm here on behalf as a ratepayer and also as the author of the proposed legislation. So, can I read my statement?

President Karl R. King-Nabors: I'll give you eight minutes.

Rep. Vincent "Kobre" S. Aldan: Thank you, sir. All right. The people of the Commonwealth deserve clarity regarding House Bill No. 24-88, the proposed CUC Independent Utility Audit, Decennial Review, and Accountability Act of 2026. Let me be clear from the beginning, no legislation is perfect. House Bill No. 24-88 is not perfect. Like any serious public policy proposal, it can and should be improved through careful review, lawful amendments, public discussions, and good faith cooperation amongst the Legislature, CUC, CPUC, the Office of the Public Auditor, Legal Counsel, and the public. My position has always been simple. The purpose of House Bill No. 24-88 is not to punish CUC, interfere with emergency operation, or create unnecessary burdens. Its purpose is to protect ratepayers, protect public assets, strengthen public confidence, and ensure that serious operational, financial, procurement, billing, asset management, and accountability failures are independently examined and corrected. The bill was designed to require a comprehensive independent utility audit, public review, a corrective action plan, continuing progress report, and a public record showing whether identified problems are actually being fixed. That is not anti-CUC. That is pro-ratepayer, pro-transparency, pro-accountability, and pro-public interest. I recognize that portions of the bill may require amendments to make the law stronger, fairer, and more legally durable. Reasonable amendments should be considered, including protections for lawful procurement procedures, confidentiality of sensitive customer and infrastructure information, emergency operation, due process, and fair responsibility standards for individual officials. I am willing to work with any Senator, CUC representative, CPUC Commissioners, legal counsel, regulator, or stakeholder acting in good faith to improve the legislation without destroying its purpose. However, the timing of an Emergency session raises a separate and serious public participation concern. Our people are preparing their homes, businesses, families, vehicles, water supplies, generators, and emergency plan for the expected approach of Tropical Storm Bavi. Many residents will not have the time, practical ability or peace of mind to prepare public comments, attend proceeding, or closely follow a major vote involving the future accountability of their public utility. The public should never be placed in a position where it must choose between preparing for an approaching storm and participating in the democratic process. If the Senate intends to act on House Bill No. 24-88, it should ensure that the people are given a fair and meaningful opportunity to be heard. A bill of this importance should not be rushed through a moment when the public's attention must rightly be focused on protecting their families and property. There is also an important funding issue that must be understood clearly. We are currently working on companion legislation intended to ensure that the independent audit does not require a new ratepayer surcharge or additional funding burden on

CUC customers. The proposed funding mechanism would use dividends already collected by the Commonwealth Economic Development Authority from CUC funds derived from utility ratepayer revenue, to establish a protected interest-bearing account for the audit. In other words, ratepayers have already contributed to the source of this dividends through the utility system. The proposed companion legislation is designed to use existing public-derived resources for its proper public purpose: protecting ratepayers through independent oversight, transparency, and accountability. The goal is simple: do not make families and businesses pay again for the audit through a new charge when a lawful CEDA dividend funding source can be dedicated to ensure the audit is completed. That funding proposal would also protect the money from diversion and reserve it solely for independent audits, interim reviews, and lawful oversight activities related to CUC. The Senate should not use the fact that a bill needs improvement as an excuse to kill the entire idea of an independent audit. If a House Bill No. 24-88 is defeated, delayed indefinitely, or stripped of the protection that gives it real meaning, the Senate should explain clearly and publicly why the people of the Commonwealth do not deserve an independent audit of their public utility. The questions are straightforward. Why should CUC not undergo an independent review of its finances, billing, collection, procurement, assets, capital planning, operational reliability, and ratepayer impacts? Why should the public not have access to a corrective action plan when serious deficiencies are identified? Why should audit findings be allowed to sit on a shelf without deadlines, public tracking, or proof that corrections were made? Why should ratepayers continue to carry the burden of higher costs, service interruption, collection failures, procurement concern, infrastructure problems, and repeated emergency requests without independent verification of what is happening and what must be fixed? The people are not asking for politics. They are asking for truth, accountability, and a utility system that operates in their best interest. House Bill No. 24-88 can be amended. It can be strengthened. It can be made more legally precise, more operationally reasonable, and more defensible. The companion funding legislation can ensure that the audit is financed through existing CEDA dividends rather than through a new direct burden on ratepayers. But neither bill should be discarded simply because real accountability is uncomfortable. If the Senate chooses not to move the legislation forward, then the public deserves a full explanation of what alternative independent audit, secure funding, corrective action, and ratepayer protection mechanism the Senate is prepared to support instead. The Commonwealth cannot continue solving decades-old utility problems with delay, silence, and promises. The time has come for an honest, independent review, secure audit funding, lawful corrective action, and public accountability. That is what this legislation is all about. Thank you, Mr. President and members.

President Karl R. King-Nabors: Thank you, Representative Aldan. Public Comments is still open.

Michael Ernest: Good morning. My name is Michael Ernest, and I work for CUC. And you're going to have to forgive me, I'm not feeling very well, so I may not be as charming or eloquent as you come to expect. I just don't understand the point of this bill. CUC gets audited all the time. Our audits, I believe, are more up-to-date and more current than the central government's. But... And I'm not a CPA, but if you want an audit I'll give you an amateur audit right now. It's the easiest thing in the world. *Tâya salapi*. There's no money. This bill is like rearranging the deck chairs on the Titanic. It's like arguing about what mom and dad should paint, what color they should paint the kitchen when the house is on fire. I don't think that people really understand the current state of CUC. I was in this chamber a few weeks back, and I said, and I'll say again, I'm not a money

person, but I sat at the board meeting and heard our Chief Financial Officer say, "If nothing changes by August, CUC will have \$2,000 cash." And that was before another typhoon coming. CUC has had to front-load the costs for the Sinlaku recovery. There's just no money to audit. This is the most maybe well-intentioned, and I'm not even going to say it's well-intentioned, but this is a ridiculous bill right now because there's just nothing to audit. There's no money. CUC is cash poor, and without an influx of money, I don't know how operations are going to continue. Without CUC, there is no hospital. Without CUC, there is no commerce. Without CUC, there is no drinking water. Without CUC, there is no way to flush your toilets. This is critical times, and times were critical before the second typhoon started coming. So, I'm not here to tell the Senate its business. I'm here respectfully asking for help. You can pass all the legislation you want regarding salaries or who gets hired or how polite we have to be on the phone, how we get audited. You can do all that, pass whatever you want, but none of it's going to matter if CUC doesn't get a line of credit. I was accused last time I was here by someone on the CPUC of scaremongering. I believe you all remember that. I'm just a guy who tells the truth the way he sees it, and the way I see it is CUC will have \$2,000 by August. That's what our Chief Financial Officer said, without an influx of money, without some money somewhere... I don't look at the books. I don't know. Is that true? I don't know. But when our Chief Financial Officer says that I believe it. So, I'm sitting right now in a building with lights on and air conditioning and telecommunications, with a microphone that all uses electricity, and I don't know how long that will continue without your help. On behalf of CUC, I would ask the Senate to not consider this bill and to consider legislation that allows CUC to open up a line of credit or borrow a substantial amount of money. The law, as it presently is written, says that CUC can borrow five hundred thousand dollars, and anything more than that requires an act of the Legislature. Five hundred thousand dollars is not enough to buy a tanker of gas. Five hundred thousand dollars back when that law was passed was maybe a lot of money, but it's...It's a lot of money to me, and it's a lot of money to our people, but it's not enough to sustain operations for very long at all. CUC requires legislation to allow it to borrow to ameliorate the effects of Typhoon Sinlaku. And, we can all pray that this next typhoon doesn't hit us. We can be horrible people and pray it hits someone else. We can be nice and pray that it just dissipates. But hope is not a plan, and we need a plan. And I'm not going to discount prayer. I'm going to be right there praying with you, but we need to do more than pray. And on behalf of CUC, I would ask the Senate respectfully to consider legislation to allow CUC to borrow during this critical time. Thank you.

President Karl R. King-Nabors: Thank you Mr. Ernest, for those comments. Public comments remain open.

Director Kevin Watson: Thank you Senate President and Senators for allowing us to speak today. We are in unprecedented times now with not even 90 days through the recovery of the last typhoon that has drained our reserves to a critical level to where we have had to put a hold on contract to help the people of [the] CNMI, help bring in additional crew members and additional bucket trucks, help pay for the materials. That contract is on hold because we can't certify the funds to pay for those. We've asked for assistance from FEMA. We're waiting for that answer. As we wait, an even stronger typhoon is off our shores. I sat at the EOC max session this morning, and now it is predicted to hit Saipan at a force greater than our last typhoon. At a force of Category 4-5 super typhoon strength of possibly a 165 mile an hour winds or greater. Without being able to recover from our previous typhoon, without a line of credit, the expectations are zero to none for our ability

to recover from the upcoming storm. If we can't complete the restoration this, and now we're going to compound it with this coming one. Fortunately, the price of fuel did decline some, and as of July 1st the FAC is now only 37 cents. However, CUC had to pay the equivalent of the 60 cents that we didn't raise. We didn't even ask the CPUC petition to raise that. And we do feel for the public. We feel for everybody's families and pray for them that this storm, the approaching storm won't hit us, and we can continue our restoration effort. But that's a big hope, and so we and I, CUC does oppose this bill. It would just add an additional burden on us, additional expenses. We are doing audits not only for the CNMI. We are also required to do audits for EPA and the federal government. Those are done on time and complete and approved by third parties. We need to come together now and solve our issues of with the line of credit. Thank you.

President Karl R. King-Nabors: Thank you, Director Watson. Public comment is still open. If there are none, I'll go ahead and close Public Comments at this time. At this time, can I kindly ask for a short recess, please.

The Senate recessed at 9:52 a.m.

RECESS

The Senate reconvened at 9:53 a.m.

All rise back. And moving on down to our agenda Item C, Reading and Approval of [the] Journals, there are none.

READING AND APPROVAL OF THE JOURNALS:

NONE

Messages from the Governor, there are none.

MESSAGES FROM THE GOVERNOR:

NONE

Communications from the Judiciary, there are none.

COMMUNICATIONS FROM THE JUDICIARY:

NONE

Communications from Heads of Executive Departments, there are none.

COMMUNICATIONS FROM HEADS OF EXECUTIVE DEPARTMENTS:

NONE

Communications from the House, there are none.

COMMUNICATIONS FROM THE HOUSE:
NONE

Communications from the Senate, I now recognize the Clerk.

COMMUNICATIONS FROM THE SENATE:

Clerk: We have one, Mr. President. Senate Communication No. 24-246.

President Karl R. King-Nabors: The floor is now open to discussion.

Senator Jude U. Hofschneider: Ready, Mr. President

President Karl R. King-Nabors: Ready? Okay moving on. So, if there's no objections, we'll go ahead, since we have no business on any of the agenda items all the way till Item P, Bill Calendar I would like to kindly ask members if we could skip directly to that agenda item. No objections? Okay. With that under B, Bill Calendar, I recognize the Floor Leader.

BILL CALENDAR:

Floor Leader Donald M. Manglona: Thank you, Mr. President. At this time, I move to pass House Bill No. 24-88, "To mandate the Commonwealth Utilities Corporation undergo a comprehensive, independent, third party utility expert audit; to require a formal Commonwealth Public Utilities Commission audit-review docket and transparent public review process; to require an enforceable corrective action plan, a ratepayer impact matrix, and a public audit implementation dashboard; to impose strict timelines and narrowly limited extensions; to require mandatory decennial audits; to establish compliance reporting and civil penalties for missed deadlines payable to the CNMI Treasury; and for other purposes."

President Karl R. King-Nabors: Thank you, Floor Leader. Under discussion. Recognize Senator Hofschneider.

Senator Jude U. Hofschneider: Thank you, Mr. President, and thank you everyone for being here. I wish to offer an amendment to the subject legislation. And if I may, Mr. President, I'm offering the amendment entitled "To authorize the Commonwealth Utilities Corporation to borrow funds for the purchase of fuel and to recover from the devastation of Super Typhoon Sinlaku. There's a typo error though, super, so it's ... Please make that a note, and for other purposes." And I so move.

Senator Manny G.T. Castro: Second.

This motion has been seconded.

President Karl R. King-Nabors: There's been a floor amendment offered by Senator Hofschneider and has been seconded. We'll go ahead and call for the roll.

Senator Jude U. Hofschneider: Mr. President, under discussion.

President Karl R. King-Nabors: I'm sorry. Discussion on the floor amendment. Recognize Senator Hofschneider.

Senator Jude U. Hofschneider: Thank you, Mr. President, and I want to thank everybody for being here, and I know that there is a greater thing to be doing right now, and that is to prepare. But I feel that this session and this action that we are about to take is, it's not something that we take lightly. And under no disrespect to any member of my colleagues here in the Legislature, but I feel that all the narratives over the last several weeks, especially after Super Typhoon Sinlaku, and the constant meetings and press conferences with regards to the state of CUC's financial situation it compels us to really take it to a whole other level. Because they've been coming at us, coming to us, asking for this legislation for the greater part of even pre-Sinlaku. And because of whatever reason, we tend to kind of treat it as 'it's not a priority', when in fact it is. It takes a super typhoon and a recovery that their hands are cut off because the central government is unable to front-load the recovery of Sinlaku. The federal dollars are slow coming in and all that translates is for CUC to liquidate their cash that they have. They were asking for them, for their staff, for the linemen, the water people, and everything, everybody else at CUC to go out and recover. Thankfully, they were crafty enough to require to ask GPA to come here. And even at that they had to do a lot of work and then guess that only translates to the weight. Some of us still don't have power to this day from Sinlaku. And then we're having another spanking. So, are we going to turn a blind eye to say that it's okay for them to continue operating without us coming to at least offering a seat at the table to allow for them to lever some sort of a financing to make them become liquid so that they can order the supplies for Sinlaku to arrive here as quickly as possible? Because, everybody knows, I don't need to repeat it. Everybody knows there, you have the cables, you have the transformers, the what have you, and there's plenty out there to, to name a few. But I'll allow them to articulate that to the community because they're the subject matter experts. They're the ones that are in the frontline. And not for nothing, Mr. President, we're asking the CUC linemen to go out there risking their lives, leaving their families to make sure that we get our power back, and sometimes we forget that. We only look at the faults that they had over the years, and we're going to grill that on them. But, the narrative has changed. No one wants Sinlaku. No one wants this, Bavi. Nobody expected this. But the fact of the matter is, the reality is they don't have money, and no one here, we can't look outside of this chamber for both the House and Senate and ask somebody to allow them to credit, other than us here. It is our duty, our responsibility, Mr. President and members to act on this legislation and allow them to make sure that they can sustain a level of operation and they can be able to continue to respond for Sinlaku, pay their people, pay the vendors, and Lord help us, the recovery for Bavi. I have a lot more to say, Mr. President, I urge the members of the legislature to dial in and whether this piece of legislation that we're about to take or whatever legislation coming from the House, we need to meet, and we need to give them some sort of an avenue so they can keep the lights on, keep the water on. Thank you, Mr. President.

President Karl R. King-Nabors: Thank you, Senator Hofschneider. Recognize Senator Castro.

Senator Manny G.T. Castro: Thank you, Mr. President. And thank you members of the community for coming here today. Most especially with the statement provided by CUC's legal counsel Mike Earnest, regarding the facts of the situation should the Senate's substitute pass. My only ask to CUC, I'm not saying that it's going to pass, but should it pass, is that we use this tool as a means to further harden our infrastructure. Meaning make sure we have more concrete poles, install concrete poles, just eliminate wooden poles ensure that we have redundancy in place backups, and let's learn from the past several typhoons that hit us. Even the bucket trucks that we have, we may need to build a solid structure to protect those bucket trucks because they're expensive and limited. Making sure the linemen have all the tools they need, proper tools, proper uniform everything to keep them safe. But at the same time with this Senate substitute if it provides the cash flow needed to improve operations, let's just make sure it's invested not only to harden the grid, to harden the infrastructure, to make it stronger so that any, as the typhoons get stronger, we won't have the effects that we've been having over the years. But at the same time, to make sure that when we loan money, we're investing into assets that produce the cash flow rather than loaning money to pay for liabilities, right? So better hardware, better poles, better transformers, understanding the systems and maybe looking at like Rota or Tinian, like why is it faster to get them fixed? Like Rota had concrete poles since '90s, right? So, they thought ahead. CUC thought ahead back then, it's hard to get the people from Saipan to Rota for recovery, so they built concrete poles, right? And even Rota was one of the first with-And Tinian at the same time the last session when I was still a House member, a lot of people were...some people were giving issues about underground power on Tinian. And if you, if we look back to my statement when I was still in the House, but speaking here during that Joint Session, I was like, "What's wrong with having this redundancy in place? Did we not remember Super Typhoon Yutu and even Soudelor where we couldn't help the people of Tinian?" I sold my last generator when, as soon as we were recovered, to somebody from Tinian who needed a generator. We have to build up our infrastructure. I've been saying this over and over, and I also wanted to commend CUC for... and also judge, with the recent solar project, right? Solar's not going to solve anything in the immediate, but long-term renewables can help environmentally and economically. And CUC's almost there. Let's continue. Let's make smart decisions regarding this line of financing if our good friends at the House are able to assist. Thank you.

President Karl R. King-Nabors: Thank you, Senator Castro, for those comments. At this point, I would like to recognize the Floor Leader who is on virtual from the island of Rota. Senator Manglona, you are now recognized.

Floor Leader Donald M. Manglona: Thank you, Mr. President. Can I just request for a one-minute recess?

President Karl R. King-Nabors: Not a problem. Short recess.

The Senate recessed at 10:06 a.m.

RECESS

The Senate reconvened at 10:29 a.m.

At this point, we now rise back to session. We left off with the discussion, and I would now like to recognize the Floor Leader.

Floor Leader Donald M. Manglona: Thank you, Mr. President. First off, I just want to say that while I do find it difficult to look past what CUC is asking, there are several things that we have to consider. I know that just this year we authorized CHCC to get a waiver from any penalties to CUC, which eliminated a lot of what CUC was expecting. But to add onto that, we're looking at over \$30 million that is still owed to CUC. And as much as we can argue that CUC hasn't been transparent I do hope that, if in the event that this legislation does pass the Legislature, that CUC takes a proactive step in ensuring that a lot of the issues that are being brought up today are being addressed. Just recently I've sent an email requesting for the personnel listing for CUC. I have yet to hear from them. We haven't seen or heard any information on what CUC is doing to cut cost. As we've seen in other autonomous agencies like PSS, they've rolled back pay increases. They've placed employees on austerity, especially those that are non-essential. So those are the steps that we want to see CUC do in moving forward, right? If we're going to allow them to go into debt, then there has to be some kind of gesture that CUC is doing to show the people that they are taking action, right? And as much as people may disagree about this. I think that we also have to address the funding issues to CHCC so that they can pay off their debt, so that CUC can collect on that debt, and that we end the cycle of allowing our departments and agencies to run their expenses in regards to utilities. The municipality, under the leadership of the Mayor, have been very proactive in switching our agencies to prepaid meters so that agencies have a better control and understanding of their usage and how to conserve. And so, I hope that again, CHCC does a better job... CUC does a better job in pushing out information to our people. We've called CUC in several times and have shared that a lot of these information is not clear to our people especially when it comes to the FAC rates. But I know that CUC has explained to us, the members, how that is being calculated. But if it's not clear to our people, then we're not, they're not...excuse me. They're not going to get the same support that they're seeking from us today. And so, with that again, I just want to express to CUC that while they seek the authorization to get this loan, that they start working now on trying to clear their books and address the longstanding issue of agencies, especially government entities that owe CUC. And that's just what I wanted to share, President and Colleagues. Again, as much as I find it difficult to enter into this agreement, a \$40 million loan, I think that we also need to address and support the entities that owes CUC so that they can hopefully infuse some of that money back into CUC to address the issues that they're going through right now. So, with that, I yield, President.

President Karl R. King-Nabors: Thank you, Floor Leader, for those comments. And I recognize Senator Babauta.

Senator Celina R. Babauta: *Si yu'us ma'ãse nu*, Senate President and members, colleagues. I support the original intent of this bill. However, I cannot in good conscience support an amendment that would require ratepayers to shoulder an even greater financial burden knowing that their hours are being cut as we hold this session by authorizing CUC borrowing authority. This amendment, I believe, is an overreach of the Senate authority to permit borrowing by a government entity, a constitutional responsibility entrusted to the House of Representatives. And if the true intent, piggybacking on Senator Donald Manglona's comments, if the true intent is to hold the CUC Management accountable, providing another loan or providing a loan to them is not the solution.

There is no amount of money borrowed, inherited, or handed out that will fix the inefficiencies or discrepancies within CUC financial records. And I feel that accountability is only achieved through responsible oversight, sound financial management, and meaningful reforms, not by asking to the public to absorb the cost of the continued lack of transparency by CUC Management. Before we consider authorizing additional debt, I think this body has an inherent responsibility to first ensure that the underlying problems that created the financial crisis identified today are corrected and those responsible are held accountable. Otherwise, we only risk the same cycle of placing an even heavier burden on the very people we are entrusted to serve. Thank you, Mr. President and colleagues, and I'm ready to cast my vote.

President Karl R. King-Nabors: Thank you, Senator Babauta. The floor is still open to Senator Calvo or Senator Cruz. Please feel free to chime in. I recognize Senator Calvo.

Senator Ronnie M. Calvo: Thank you, Senate President. And first of all, I'd like to thank our members from CUC, the key management team, and Rep. Aldan, for his advocacy. Like we mentioned Senate President and colleagues, Honorable President and colleagues for me, I personally rise to support Senate Bill No. 24-88 with intent to substitute for the initial cause, the funding access. Although it may not be the whole \$40 million as intended, they need current access for that. I would like to go back to the initial advocacy to ensure that the goal for the initial bill was to ensure that CUC operates in a transparent, financial, responsible and professional managed manner that Mr. Aldan was expressing in his testimony. And we do care for our taxpayers in delivering reliable service and value to every ratepayer. That's just as important, but under today's circumstance, I wanted to just share my supportive statement. In the aftermath of Super Typhoon Sinlaku, restoring essential utility service is amongst the Commonwealth's highest priority. Electric, water, and wastewater systems are fundamentally to protect public health, support emergency operations, and enable our communities and businesses to recover. This measure provides CUC with the financial flexibility to purchase fuel and undertake necessary recovery efforts while long-term funding and disaster reimbursements are pursued. Although borrowing should always be approached with caution, timely access to finance during a declared emergency can prevent prolonged service disruption and accelerated recovery. With the appropriate legislative oversight, transparent reporting, and prudent financial management, this authorization represents a responsible response to extraordinary circumstances that Senator Hofschneider had mentioned. For these reasons, I do support the bill. Although we must ensure that borrowing authority should be clearly limited, supported by detailed financial information, and accompanied by strong oversight. Before authorizing any debt, the Legislature should receive a comprehensive financial plan that identifies the total amount of, to be borrowed, anticipating repayment sources, expected federal reimbursements, and any potential impact on utility rate payers. Ensuring transparency and physical accountability will help protect both the Commonwealth's financial interest and the public we serve. Until all these matters are addressed, I do believe that this bill is warranted. Thank you, Honorable Senate Pres and colleagues, I yield.

President Karl R. King-Nabors: Thank you, Senator Calvo. Thank you. Thank you for those comments. I, at this point I'd like to recognize Senator Cruz if he has any anything to add to the discussion. If there are none, I'll go ahead at this point in time before I recognize Senator Hofschneider, I'd like to take this opportunity to recognize shortly, briefly Senator Castro.

Senator Manny G.T. Castro: Thank you, Mr. President. I just wanted to clarify some of the statements that were made earlier. Taking out a loan it sounds bad, but actually a lot of successful companies leverage it, they leverage loans to help improve their capability. We cannot continue to operate CUC paycheck to paycheck. So, this what they're asking is the help, like now. The fact that they had to get workforce from Guam and elsewhere just shows how fragile the system is right now. Getting the financial resources that's needed can also lower your costs. Many companies do that. They borrow so that they can improve their system, they can improve how they operate and reduce their liabilities and over time, spread out that cost. If done right then it can be managed appropriately. Thank you, Senate President.

President Karl R. King-Nabors: Thank you Senator Castro, and briefly I'll recognize Senator Hofschneider.

Senator Jude U. Hofschneider: Thank you, Mr. President. And I just wanted to flag possibly a, I need to make a further amendment on the heading of the legislation to qualify the impending storm. So, if there's no objection from the members, if this is the appropriate time for me to make that motion, I will do so.

President Karl R. King-Nabors: No objection.

Senator Jude U. Hofschneider: So, since we haven't adopted the bill, I would further request that on the heading to after Super Typhoon Sinlaku, and please make sure that we correct the "super" to include "for the recovery and restoration on the impending Super Typhoon Bavi that is tracking to make landfall on the Northern Marianas in the next couple of days." Just to include Super Typhoon Bavi or Storm Bavi. And to also request Mr. President, the legislative staff to reference anything related in the bill that says Super Typhoon Sinlaku to include the Bavi reference, and so that the request of this legislation is whole with regards to the intent. And, I just wanted to make that note.

President Karl R. King-Nabors: Thank you, Senator Hofschneider.

Senator Jude U. Hofschneider: And Mr. President and not to belabor the discussion, but if I may have at least two minutes of our time?

President Karl R. King-Nabors: Please continue.

Senator Jude U. Hofschneider: Thank you. And I recognize some of the member's concerns with regards to the issues with the management and the services basically that's currently being experienced by our constituents. And I'm glad that Mr. Watson and your team is here, so you can make note of that. This exercise here is merely to address the imminent need. But at the same time, we understand also that there's a lot of... you guys have a lot of work to do with regards to these concerns that are being raised. As I said earlier, we don't take this exercise lightly, and it does come with a lot of concerns with regards to the ratepayers of the CNMI. And also, for us here, colleagues especially here in the Senate I believe we all casted our votes and affix our support to

all the Board of Trustees that came before us here in the Senate, then we confirmed them. So, there's nothing that stops any of us to bring them in. You don't have to be the Chair of the PUTC or if you're a member of the Senate, you have all the authority to bring him in and ask what's going on with this and raise that concern. Number two if really, we feel that CUC is in disarray we've been invited so many times to their hearings with Judge Carter to listen to the exchanges and the mandates that the federal government has imposed on CUC. And just earlier, Mr. Watson was saying something that some of the audits are required by EPA and Department of Energy or whoever else, the federal oversight with regards to this. So, if that's not all telling, then and I think we need to also take an opportunity to visit their office. And also, we have the ability to introduce a resolution to compel the board to reconsider the employment of Mr. Watson and everybody else if we feel that they're doing a lousy job. This is our job here is to express the concerns of the public. So, I'm surprised that right now when we're trying to help them get whole with liquidity to respond to these storms, we're now mentioning all these holdover items and elements that have been in the books for a few months, for a few years, and none of us is bringing it forth on, on a separate occasion. Why now? But, I'm not going to speak for you guys. I'm just saying that the objective of this session is to find ways to get them an opportunity to get financial so that they can respond to Sinlaku further, to pay the people that go out there, to put up our power posts while we all sleep at home comfortably because our power is back on. And then what? Lord God knows how, what's going to happen with this impending storm. So that's all I'm saying, Mr. President. I'm, I am not, wholeheartedly- I don't 100% agree that they should get another loan. But if they don't have money, what are we going to do? Who are you going to call when the power goes off? Who are we going to call? And I challenge anybody to answer that. If we're not going to give CUC the liquidity of funds, then I challenge every single one of this Legislature to answer who we're going to call to get the power back on. And that's all I have to say, Mr. President.

President Karl R. King-Nabors: Thank you for those comments. I'd now like to recognize Senator Cruz. Senator Cruz, you now have the floor.

Senator Francisco Q. Cruz: Thank you Mr. President. I just want to ask if this loan should be approved by the Legislature, I just want to ask CUC to look into those areas that are FEMA reimbursable and use most of the funding on that area so that should be the payment plan for that loan. Just to make sure that we don't burden much of the general fund or any areas that will burden additional funding to the Commonwealth. I hope that you look into that and use most of the money for FEMA reimbursable so that will be the payment plan. I yield back, thank you Mr. President.

President Karl R. King-Nabors: Thank you, Senator Cruz. I now would like to be afforded a little bit of time to provide the last comments on this discussion before we act on the disposition. First, as it relates to this being the vehicle for us to go after the Commonwealth Healthcare Corporation, that is not the intent of this Senate Substitute. This is the concern and my problem with this discussion. We are all talking about all of the different issues that individuals have as it relates to the Commonwealth Utilities Corporation. Now, do I agree that there needs to be more dialogue and access to answer all the questions that any legislators, any of the public stakeholders have? Yes. Do I agree that, in good faith, they could re-examine their personnel and see what they could do in that, with that activity to help their circumstance? Yes. I, in our dialogues with CUC over the past four months prior to Sinlaku when we were just talking about the FAC, it was made blatantly clear as day that any adjustment to the personnel is a drop in the bucket, any reduction.

And now, we've just gotten off the heels of a Super Typhoon Sinlaku, we're now being approached by Super Typhoon Bavi. Just as it relates to the personnel reduction, how do we reduce when we're bringing in people from Guam to help us assist in our recovery efforts? These two ideas conflict against each other. They don't conform to a cohesive manner to approach and attack the issue, which is trying to keep power and water available to our people immediately after the storm and to have that be maintained throughout. The communities of Tinian and Saipan who were most greatly affected by the storm they had expectations about how the recovery was supposed to take place. A lot of them were based off of the recovery efforts undertaken during Typhoon Yutu. The time and the financial situations are completely different. It is my understanding the CUC has exhausted estimated \$75 million in an effort to go ahead with the Sinlaku recovery. Over \$60 million are already contracted. When we spoke to CUC while we were entertaining the idea of the FAC being doubled from 24 to 44 [kwh] at that point in time, there was only \$14, \$16 million accessible. So, I know CUC has made with their efforts with FEMA to try to get them to front load a lot of the costs, and that was not afforded to the Utilities Corporation. I want to stress and express to the public that if we don't give CUC the liquidity, the access to the funds, then whatever problems, whatever issues, whatever discontent you had with the manner by which we were able to recover, specifically as it relates to the power generation and water restoration, if they don't have the money, then their ability to do anything close to that will not be met. We have to have an honest conversation. Should we hold CUC to accountable to be more transparent, as the Floor Leader has said? Can we look at avenues to get money from the Commonwealth Healthcare Corporation? Yes, these are all options on the table. The problem that we have with these options is time. And when the power goes out, when the water stops, none of us, as Senator Hofschneider has said, has given the community a solution. They have not said who's going to pump the power back on. It's almost as if we're talking past each other as it relates to the Commonwealth Utilities Corporation. And it amazes me and saddens me at the same time because this is quite literally our lifeline as a community, as a government and we are acting as if this is something that we can just push aside. No one, again, no one has come up and said anything to that effect as it relates to what are we going to do? This loan right now is not to help with the operation. This loan and this action being taken forward today is a direct consequence of multiple unprecedented natural disasters that have hit the Commonwealth. And these are only two within three months, shy. Power has not been fully restored to the island of Saipan. FEMA pulled out their generators for the wells. Are they coming right back? To the FEMA employees that are on the ground now, Army Corps of Engineer, the power plant on Tinian is in complete disarray. It is not their fault. Again, CUC, I feel like we have a blind spot for the Commonwealth Utilities Corporation. It's as if somebody told us they're at the hospital, but no one has told us that they're in the ICU. The gravity and the weight of our decisions today and moving forward will be judged. And I, for one, don't want to be on the wrong side of history. So, with that I'll ask the Clerk to please call the roll on the amendments.

ROLL CALL

(H.B. No 24-88, SS1)

CLERK called the roll with the following results:

Senator Celina R. Babauta
Senator Ronnie M. Calvo

No
Yes

Senator Manny Gregory T. Castro	<i>Hunggan</i> (Yes)
Senator Francisco Q. Cruz	Yes
Senator Jude U. Hofschneider	<i>Hunggan</i> (Yes)
Senator Corina L. Magofna	Absent - Excused
Senator Donald M. Manglona	Yes
Senator Paul A. Manglona	Absent - Excused
Senator Karl R. King-Nabors (President)	Yes

CLERK: Mr. President, six (6) members voting “yes” and one (1) [voting] “no”.

President Karl R. King-Nabors: With six members voting “yes”, we have the requisite number to adopt the motion of the floor amendments offered by Senator Hofschneider. And now back to the main motion. Clerk, please call...Oh, discussion by anybody? None? Clerk, please call the roll.

Senator Celina R. Babauta: I'm sorry, what was the motion?

President Karl R. King-Nabors: On the main-

Senator Celina R. Babauta: Oh, to adopt the ... on the main motion. Okay.

ROLL CALL

(Main motion - H.B. No 24-88)

CLERK called the roll with the following results:

Senator Celina R. Babauta	No
Senator Ronnie M. Calvo	Yes
Senator Manny Gregory T. Castro	<i>Hunggan</i> (Yes)
Senator Francisco Q. Cruz	Yes
Senator Jude U. Hofschneider	<i>Hunggan</i> (Yes)
Senator Corina L. Magofna	Absent - Excused
Senator Donald M. Manglona	Yes
Senator Paul A. Manglona	Absent - Excused
Senator Karl R. King-Nabors (President)	Yes

CLERK: Mr. President, six (6) members voting “yes” and one (1) [voting] “no”.

President Karl R. King-Nabors: With six members voting “yes”, we have the requisite 2/3 vote to go ahead and pass this bill. House Bill No. 24-88 hereby passes the Senate in the form of SS1. Moving on the agenda, Petitions, Memorials, and Miscellaneous Communications, there are none.

PETITIONS, MEMORIALS, AND MISCELLANEOUS COMMUNICATIONS:

NONE

Announcements? Any announcements from the members? Being none.

ANNOUNCEMENTS:
NONE

Adjournment. I'd like to recognize the Floor Leader.

ADJOURNMENT:

Floor Leader Donald M. Manglona: Thank you, Mr. President. At this time, I move to adjourn today's session subject to the call of the Chair.

Senator Jude U. Hofschneider: Second.

This motion has been seconded.

President Karl R. King-Nabors: There's been a motion offered by the Floor Leader for the adjournment subject to the call and has been seconded. All in favor say "aye".

Members present voiced "aye".

All opposed? This Senate session stands adjourned at 10:57 a.m. God bless everyone. Please stay safe. We are now adjourned.

The Senate session adjourned at 10:57 a.m.

Respectfully Submitted,



Valerie S. Aguon
Senate Journal Clerk