



Hse. Comm. No. 24-139

**HOUSE OF REPRESENTATIVES
TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE**

*Vice Speaker Jesus P. Mafnas Memorial Building
Capitol Hill
Saipan, MP 96950
cnmileg.net*

March 19, 2026

The Honorable Karl R. King-Nabors
President
The Senate
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Senate President King-Nabors:

I have the honor of transmitting herewith for Senate *action* **H. B. No. 24-88**, entitled, **“To mandate that 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.”** which was passed by the House of Representatives on First and Final Reading by the majority vote of the members present, a quorum being present, during its Fourth Day, Third Regular Session, on March 18, 2026.

Sincerely yours,


Linda B. Muña, MPA
House Clerk

Attachment

TRANSMITTAL TO THE SENATE

Received by: 

Date: 3/19/26

Time: 1:37 pm

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2026

Third Regular Session, 2026

H. B. 24-88

A BILL FOR AN ACT

To mandate that 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.

**BE IT ENACTED BY THE 24TH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Findings and Purpose.** The Legislature finds that:

2 (a) The Commonwealth Utilities Corporation ("CUC") provides essential
3 electric, water, and wastewater services impacting public health, public safety,
4 economic stability, and quality of life.

5 (b) Sound utility governance requires accurate financial reporting, verifiable
6 asset records, effective internal controls, prudent procurement and contract
7 management, and transparent performance metrics.

1 (c) Independent third-party utility expert audits are necessary to validate
2 financial integrity, verify assets and capital planning, test billing and collections
3 controls, and identify deficiencies that materially affect customer bills, system
4 reliability, and public confidence.

5 (d) Persistent deficiencies, delayed responsiveness, and failures to operate in
6 a businesslike manner warrant mandatory independent verification with
7 enforceable deadlines and measurable corrective action.

8 The purpose of this Act is to mandate comprehensive independent utility
9 expert audits of the Commonwealth Utilities Corporation on a strict schedule,
10 require Commonwealth Public Utilities Commission procedural review and public
11 transparency, compel timely corrective actions, and ensure accountability through
12 enforceable reporting and civil penalties for missed deadlines.

13 **Section 2. Enactment.** Subject to codification by the CNMI Law Revision
14 Commission, the following is hereby enacted into law:

15 **“Section 101. Short Title.**

16 This Act may be cited as the “CUC Independent Utility Audit,
17 Decennial Review, and Accountability Act of 2026.”

18 **Section 102. Definitions.**

19 For purposes of this Act:

20 (a) “Adoption Date” means the date this Act becomes law.

1 (b) "Audit" means a comprehensive independent review by qualified
2 utility expert auditors encompassing financial, operational ("desk"), asset,
3 compliance, and risk/internal control examinations, including testing of
4 internal controls and verification of material assets.

5 (c) "Auditor" means an independent third party with demonstrated
6 expertise in electric and water/wastewater utilities, including utility finance,
7 billing and revenue assurance, procurement and contract controls, inventory
8 controls, asset verification, and utility operational performance metrics.

9 (d) "CAP" means the Corrective Action Plan required by this Act,
10 including specific actions, accountable owners, deadlines, measurable
11 outcomes, and verification methods.

12 (e) "CPUC" means the Commonwealth Public Utilities Commission (or
13 its lawful successor).

14 (f) "Dashboard" means the public-facing Audit Implementation
15 Dashboard required by this Act.

16 (g) "Deadline" means any mandatory time requirement established in
17 Sections 103, 105, 106, or 107 of this Act, as applicable.

18 (h) "Missed Deadline" means failure to meet a Deadline without a valid
19 extension granted under Section 109 of this Act.

20 (i) "Responsible Party" means the official designated under Section 110
21 (f) as accountable for a specific Deadline, and includes, at minimum, the CUC

1 Executive Director/Chief Executive Officer and any other officer, manager,
2 employee, or agent assigned responsibility for timely completion of a
3 deliverable or action required by this Act.

4 (j) "Trigger Date" means, for each decennial cycle, the tenth (10th)
5 anniversary of the date the prior final Audit Report was delivered under
6 Section 103(c) of this Act (or, if not delivered, the tenth anniversary of the
7 date the report was required to be delivered).

8 **Section 103. Mandatory Independent Utility Expert Audit;**
9 **Independence; Scope; Cooperation; Decennial Requirement.**

10 (a) Audit Required. The Commonwealth Utilities Corporation shall
11 procure and complete an Audit in accordance with this Act.

12 (b) Independence Requirements. The Auditor shall be independent of
13 CUC and shall not, within the prior three (3) years, have served as CUC's
14 material vendor, contractor, consultant, or auditor in a manner that creates a
15 conflict of interest, except as permitted by written conflict disclosure and
16 mitigation approved under subsection (e).

17 (c) Minimum Scope. The Audit shall include, at a minimum,
18 examination of:

- 19 (1) Cash management;
20 (2) Accounts receivable, billing accuracy, and collections;
21 (3) Accounts payable and disbursement controls;

- 1 (4) Payroll and timekeeping controls;
- 2 (5) Fuel and power cost processes (if applicable) and cost pass-
3 through controls;
- 4 (6) Procurement and contract administration;
- 5 (7) Inventory management and warehousing controls;
- 6 (8) Capital project controls and change order governance;
- 7 (9) Operational performance and reliability metrics, including
8 SAIDI and SAIFI where applicable;
- 9 (10) Non-revenue water and production and distribution loss
10 controls for water and wastewater systems;
- 11 (11) Asset verification and condition assessment to the extent
12 practicable; and
- 13 (12) Any additional areas identified by the Auditor as high risk.
- 14 (d) Access and Cooperation. CUC shall provide the Auditor prompt
15 access to personnel, systems, records, facilities, contracts, invoices, meter and
16 billing data, work orders, and asset information reasonably necessary to
17 complete the Audit.
- 18 (e) Conflict Disclosure. The Auditor shall submit written conflict
19 disclosures prior to award and update them throughout performance.
- 20 (f) Mandatory Decennial Audit.

1 (1) After completion of the initial Audit required by this Act,
2 CUC shall procure and complete a new independent utility expert Audit
3 at least once every ten (10) years (“Decennial Audit”).

4 (2) Each Decennial Audit shall satisfy the same independence,
5 scope, cooperation, and deliverables requirements set forth in this Act,
6 and shall be subject to CPUC procedural docketing and public review
7 under Section 105 and CAP and Dashboard requirements under
8 Sections 106 and 107.

9 (3) Each Decennial Audit cycle shall be triggered by the Trigger
10 Date and shall follow the strict deadlines in Section 104.

11 **Section 104. Procurement and Strict Timelines; Decennial**
12 **Scheduling.**

13 (a) Solicitation Deadline (Initial Audit). Within sixty (60) calendar days
14 after the Adoption Date, CUC shall issue a competitive solicitation for the
15 Audit.

16 (b) Award Deadline (Initial Audit). Within one hundred twenty (120)
17 calendar days after the Adoption Date, CUC shall award the Audit contract.

18 (c) Final Report Deadline (Initial Audit). CUC shall require, and the
19 Auditor shall deliver, the final Audit Report and all deliverables required
20 under Section 105 no later than one hundred eighty (180) calendar days after
21 contract award.

1 (d) Decennial Audit Deadlines. For each Decennial Audit cycle
2 triggered by the Trigger Date:

3 (1) Within sixty (60) calendar days after the Trigger Date, CUC
4 shall issue a competitive solicitation;

5 (2) Within one hundred twenty (120) calendar days after the
6 Trigger Date, CUC shall award the Audit contract; and

7 (3) The Auditor shall deliver the final Audit Report and
8 deliverables required under Section 105 no later than one hundred
9 eighty (180) calendar days after contract award.

10 (e) Time is of the Essence. The timelines in this Act are mandatory, and
11 time is of the essence.

12 **Section 105. Mandatory Deliverables.**

13 The Auditor shall produce, at minimum:

14 (a) A written Audit Report with findings and recommendations,
15 quantified where practicable;

16 (b) A Management Letter identifying internal control weaknesses and
17 corrective recommendations;

18 (c) A Validated Asset Register (or validated update) and summary of
19 verification methods and exceptions;

20 (d) A plain-language Executive Summary suitable for public
21 dissemination;

1 (e) A CPUC Briefing Exhibit summarizing findings relevant to CPUC
2 jurisdiction;

3 (f) A Ratepayer Impact Matrix identifying for each major finding the
4 mechanism of impact, estimated direction, and potential annual range of
5 ratepayer impact, informational only and not a rate determination; and

6 (g) A “Top 10 Controls to Fix in 90 Days” list with specific fixes,
7 accountable owners, verification methods, and expected risk reduction.

8 **Section 106. CPUC Procedural Docket and Public Audit-Review**
9 **Process.**

10 (a) Docket Required. Within fifteen (15) calendar days after the CPUC
11 receives the final Audit Report, the CPUC shall open and docket an audit-
12 review matter for the limited purpose of receiving the Audit Report,
13 conducting a transparent public review process, and receiving stakeholder
14 input through public technical conferences or hearings.

15 (b) No Compelled Substantive Outcome. Nothing in this Act shall be
16 construed to require the CPUC to reach any particular substantive outcome,
17 approve or deny any specific rate adjustment, or impair the CPUC’s
18 independent adjudicatory or regulatory discretion beyond the procedural
19 obligations expressly stated in subsection (a).

20 (c) Record. The CPUC shall maintain a publicly accessible docket
21 record, subject to lawful confidentiality limitations.

1 **Section 107. Corrective Action Plan and Quarterly Reporting.**

2 (a) CAP Required. Within thirty (30) calendar days after CUC receives
3 the final Audit Report, CUC shall submit to the Legislature and CPUC:

4 (1) A written Management Response; and

5 (2) A time-bound CAP with specific actions, responsible owners,
6 deadlines, measurable outcomes, and verification methods.

7 (b) Quarterly Progress Reports. CUC shall submit quarterly CAP
8 progress reports to the Legislature and CPUC until all CAP items are
9 completed or formally closed with written justification and supporting
10 documentation.

11 (c) Verification Standard. CAP closure shall include completion proof
12 or a verification method sufficient for independent review.

13 **Section 108. Public Audit Implementation Dashboard.**

14 (a) Dashboard Required. Within forty-five (45) calendar days after
15 submission of the CAP, CUC shall publish and maintain a public-facing
16 Dashboard, updated at least quarterly, listing each CAP item, owner, due date,
17 status, and completion proof or verification method.

18 (b) Confidentiality. The Dashboard and related publications shall
19 respect lawful confidentiality requirements, including security-sensitive,
20 personally identifiable, privileged, or procurement-sensitive information.
21 Redacted public versions and confidential appendices are authorized.

1 **Section 109. Funding.**

2 (a) Use of CUC Funds. CUC shall fund the Audit and related
3 obligations under this Act from its legally available revenues and funds and
4 shall treat such costs as a priority governance and compliance expenditure.

5 (b) No Excuse of Noncompliance. Lack of separate appropriation shall
6 not excuse noncompliance where legally available utility revenues exist.

7 **Section 110. Limited Extensions—Strict Standard, Public Vote,**
8 **Notice, and Cap.**

9 (a) Extensions to deadlines in Section 104 are disfavored and may be
10 granted only upon a written determination adopted by the CUC Board at a
11 public meeting that:

12 (1) Delay is unavoidable due to specific documented
13 circumstances beyond reasonable control;

14 (2) CUC has taken all reasonable mitigation measures; and

15 (3) The extension is for the shortest period necessary.

16 (b) Any extension shall:

17 (1) Be transmitted to the Speaker of the House, the Senate
18 President, the chairs of the committees of jurisdiction, and the CPUC
19 no later than ten (10) calendar days before the affected deadline; and

20 (2) Include a revised schedule and mitigation plan.

1 (c) No single extension shall exceed sixty (60) calendar days unless the
2 Legislature, by subsequent law, authorizes a longer extension.

3 (d) No penalty shall accrue for any day covered by a valid extension
4 granted under this Section.

5 **Section 111. Compliance Consequences; Civil Penalties;**
6 **Responsibility Designation; Collection.**

7 (a) Immediate Notice of Default. If CUC incurs a Missed Deadline in
8 Sections 104, 107, or 108, the CUC Board Chair and the CUC Executive
9 Director/Chief Executive Officer shall transmit a written Notice of Default to
10 the Speaker of the House, the Senate President, and the CPUC within five (5)
11 calendar days identifying the missed requirement, reasons, responsible
12 officials, and corrective steps with dates certain.

13 (b) Automatic Oversight Hearing Trigger. A Notice of Default shall
14 automatically trigger committee oversight proceedings, and CUC leadership
15 shall appear when noticed.

16 (c) Restrictions Pending Cure. From the date of Default until Cure,
17 CUC shall not approve discretionary travel not directly required for
18 emergency response or public safety, pay performance bonuses or non-
19 contractual incentive pay to executive management, or execute new
20 professional services contracts exceeding Fifty Thousand Dollars
21 (\$50,000.00) unless necessary for emergency operations or public safety and

1 accompanied by a written determination by the CUC Board adopted at a
2 public meeting.

3 (d) Cure Certification. Cure occurs when CUC submits the delinquent
4 deliverable and provides written certification to the Legislature and CPUC
5 with supporting documentation.

6 (e) Daily Civil Penalties for Missed Deadlines (Payable to CNMI
7 Treasury).

8 If CUC incurs a Missed Deadline, then beginning on the first calendar
9 day after the Deadline and continuing each day until Cure, a civil penalty
10 shall accrue as follows:

11 (1) CUC Executive Director/Chief Executive Officer: One Hundred
12 Dollars (\$100.00) per day; and

13 (2) Each other Responsible Party designated under subsection (f): Fifty
14 Dollars (\$50.00) per day.

15 The penalties in this subsection are personal civil obligations of the
16 officials assessed and are payable to the CNMI Treasury.

17 Penalties shall not accrue for any period covered by an extension
18 granted in accordance with Section 110.

19 Penalties under this subsection are civil in nature and do not create
20 criminal liability.

21 (f) Responsibility Designation Required.

1 Within fifteen (15) calendar days after the Adoption Date, and within
2 fifteen (15) days after the start of each Decennial Audit cycle, the CUC Board
3 shall adopt, at a public meeting, a written Responsibility Designation
4 assigning a named Responsible Party for each Deadline in Sections 104, 107,
5 and 108.

6 The Responsibility Designation shall be transmitted to the Speaker of
7 the House, the Senate President, and the CPUC and shall be posted on CUC's
8 website.

9 If the Board fails to timely adopt or transmit the Responsibility
10 Designation, then for purposes of subsection (e), the CUC Executive
11 Director/Chief Executive Officer and the CUC Board Chair shall be deemed
12 the Responsible Parties for all Deadlines until a valid designation is filed.

13 (g) No Reimbursement; No Rate Recovery.

14 Penalties assessed under subsection (e) shall not be paid, reimbursed,
15 indemnified, offset, advanced, or otherwise funded directly or indirectly by
16 CUC, any CUC contractor, or any affiliate.

17 Penalties assessed under subsection (e) shall not be included in any rate
18 base, fuel factor, surcharge, pass-through, settlement, or other charge to
19 ratepayers.

20 (h) Notice of Assessment; Opportunity to Contest.

1 Within ten (10) calendar days after a Missed Deadline occurs, the CUC
2 Board shall issue a written Notice of Assessment to each assessed official
3 identifying the Missed Deadline, start date of accrual, daily rate, Responsible
4 Party basis, and Cure requirements. Copies shall be transmitted to the Speaker
5 of the House, the Senate President, the CPUC, the Attorney General, and the
6 Secretary of Finance.

7 An assessed official may submit a written contest to the CUC Board
8 within fifteen (15) calendar days of receipt, limited to whether a Missed
9 Deadline occurred, whether a valid extension applied, or whether the official
10 was properly designated as a Responsible Party.

11 The CUC Board shall issue a written decision within fifteen (15)
12 calendar days after receiving a timely contest. If the contest is denied in whole
13 or in part, the Board shall transmit its decision and supporting record to the
14 Attorney General for collection under subsection (i).

15 This subsection provides minimum due process and does not limit
16 judicial review available under Commonwealth law.

17 (i) Billing, Payment, and Collection.

18 Assessed penalties shall be due and payable to the CNMI Treasury
19 within thirty (30) calendar days after issuance of the Notice of Assessment or
20 Board decision, and thereafter every thirty (30) days while accrual continues
21 until Cure.

1 If penalties remain unpaid for sixty (60) calendar days after due date,
2 the Attorney General is authorized to collect the unpaid amount by any lawful
3 means, including a civil action, and to seek reasonable costs of collection.

4 All collected penalties shall be deposited into the CNMI Treasury.

5 (j) Cumulative Remedies. The remedies and penalties in this Section
6 are cumulative and do not limit any other lawful remedy, oversight action, or
7 accountability measure available to the Legislature or the Commonwealth.”

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

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

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

HOUSE BILL 24-88

Prefiled: 1/14/2026

Date: _____ Introduced by: /s/ Rep. Vincent R. Aldan

Reviewed for legal sufficiency by:

/s/ Joseph L.G. Tajeron, Jr.
House Legal Counsel

Date: 1/14/2026



TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
HOUSE OF REPRESENTATIVES
COMMITTEE ON JUDICIARY AND GOVERNMENTAL
OPERATIONS AND COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE
P.O. BOX 500586 SAIPAN, MP 96950

JOEL C. CAMACHO
JGO CHAIRPERSON

VINCENT R. ALDAN
T&I CHAIRPERSON

Adopted 3/18/2026

JOINT STANDING COMMITTEE REPORT NO. 24-2

DATE: March 12, 2026

RE: House Bill No. 24-88

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

Dear Mr. Speaker:

Your Committees on Judiciary and Governmental Operations and Transportation & Infrastructure to which was referred:

House Bill No. 24-88: To mandate that 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.

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion, your Joint Committee recommends that House Bill No 24-88 be passed by the House in its current form.

TO THE CLERK'S OFFICE
RECEIVED BY *[Signature]*
DATE 3/13/2026
TIME 10:20AM

II. ANALYSIS:

A. Purpose:

The purpose of House Bill No. 24-88 is to require CUC to undergo comprehensive independent third-party utility audits, create a formal PUC audit-review docket and public review process, and mandate an enforceable corrective action plan with a ratepayer impact matrix and public implementation dashboard; the bill also sets strict timelines with limited extensions, requires decennial audits, establishes compliance reporting, and imposes civil penalties payable to the CNMI Treasury for missed deadlines.

B. Committee Findings:

Your Committee finds that the Commonwealth Utilities Corporation (CUC) provides essential electric, water, and wastewater services that directly affect public health, safety, economic stability, and quality of life. Sound utility governance therefore depends on accurate financial reporting, verifiable asset records, robust internal controls, prudent procurement and contract management, and clear, transparent performance metrics; independent third-party utility expert audits are necessary to validate financial integrity, confirm asset and capital plans, assess billing and collections controls, and identify deficiencies that materially affect customer bills, system reliability, and public confidence.

Your Committee finds that persistent deficiencies, delayed responsiveness, and failures to operate in a businesslike manner require mandatory independent verification on a strict schedule, formal PUC procedural review and public transparency, enforceable corrective action plans with measurable outcomes, decennial audits and compliance reporting, and civil penalties for missed deadlines to ensure timely accountability and protect ratepayers.

C. Public Comments/Public Hearing:

The Committee received comments from the following:

- Dr. Jack Angelo, Vice Chairman, Commonwealth Public Utilities Commission (Oral)

Oral testimony and or comments regarding this bill at the meeting, which can be available upon request.

D. Legislative History:

House Bill No. 24-88, the subject of this report, was formally introduced in the House by Representative Vincent R. Aldan on January 16, 2026, and subsequently referred to the House Standing Committees on Judiciary and Governmental Operations, and Transportation and Infrastructure for initial review and disposition.

Your Joint Committee convened on March 12, 2026, and after thorough consideration, concurred with the findings and insights presented. The Committee endorses the intent of the proposed legislation and recommends the passage of House Bill No. 24-88 in its current form.

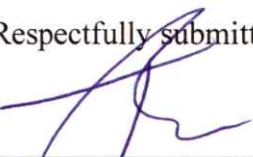
E. Cost Benefit:

The enactment of House Bill No. 24-88 is intended to reduce future CNMI government costs by establishing clear audit and oversight rules (mandatory independent audits, CPUC docketing, enforceable corrective action plans, public dashboards, strict timelines, and civil penalties), which should lower enforcement, training, and outreach burdens, reduce legal disputes and compliance missteps, protect ratepayers, and support longer-term fiscal stability.

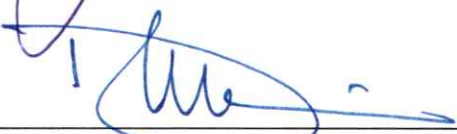
III. CONCLUSION:

The Joint Committees are in full accord with the intent and purpose of House Bill No. 24-88, and recommends its passage in its current form.

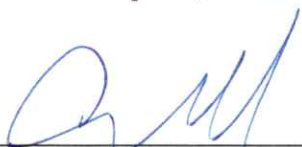
Respectfully submitted,




Rep. Joel C. Camacho, Chairperson (JGO)




Rep. Daniel I. Aquino, Member (JGO)



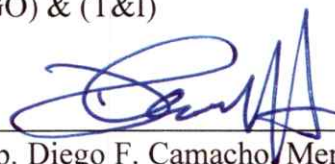
Rep. Angelo A. Camacho, Member (JGO)



Rep. Vincent R. Aldan, Chairperson (T&I) & (JGO)



Rep. Blas Jonathan "BJ" T. Attao, Member (JGO) & (T&I)



Rep. Diego F. Camacho, Member (JGO)



Rep. Joseph A. Flores, Member (JGO) & (T&I)




Rep. Marissa R. Flores, Member (JGO)

Rep. Julie A. Ogo, Member (JGO)
& (T&I)



Rep. Elias M. Rangamar, Member (T&I)



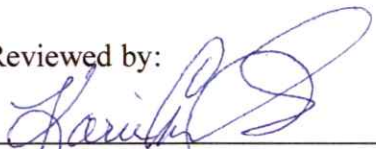
Rep. John Paul P. Sablan, Member (JGO) &
(T&I)

Rep. Patrick H. San Nicolas, Member (T&I)



Rep. Ralph N. Yumul, Member (T&I) & (JGO)

Reviewed by:



House Legal Counsel

Date: 3-13-26