



# Commonwealth Utilities Corporation

## Office of the Executive Director



October 30, 2025

Dora I. Deleon Guerrero, CPA  
Temporary Public Auditor  
Office of the Public Auditor  
Commonwealth of the Northern Mariana Islands  
1236 Yap Drive, Capitol Hill  
Saipan, MP 96950

Ref. No. 10-24-058

**Re: Fiscal Year 2025 Citizen-Centric Report**

Dear Ms. Deleon Guerrero:

Pursuant to Public Law 20-83, submitted herewith is the Commonwealth Utilities Corporation's Fiscal Year 2025 Citizen-Centric Report.

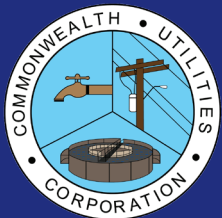
Thank you and if you have any questions, please do not hesitate to contact my office at (670) 664-4282.

Sincerely,

KEVIN O. WATSON, MPA  
Executive Director

Enclosure

cc: Honorable David M. Apatang, Governor  
Honorable Karl R. King-Nabors, President of the Senate  
Honorable Edmund S. Villagomez, Speaker of the House of Representatives



# CITIZEN-CENTRIC REPORT

## FISCAL YEAR 2025

October 2024 - September 2025

The Commonwealth Utilities Corporation (CUC) is an independent agency that is self-funded and regulated by the Commonwealth Public Utilities Commission (CPUC) operating on the islands of Saipan, Tinian, and Rota.



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Progressing Forward



CUC Saipan Water & Wastewater



Power T&D Pacific Lineman Training (PLT)

### Locales of Responsibility

There are 14 islands within the Commonwealth of the Northern Mariana Islands (CNMI). CUC is responsible for providing power, water, and wastewater services to the three (3) main islands of Saipan, Tinian, and Rota. Currently, Saipan is the only island where CUC provides wastewater treatment services.

### Our Mission

CUC is dedicated to excellent customer service and providing reliable, environmentally sensitive and effective power, water and wastewater services for the people of the CNMI at the lowest reasonable cost while ensuring the safety of our employees and the community.

### Our Vision

Fostering excellence and trust, CUC aspires to be a leading utility by prioritizing customer service, environmental stewardship, and stakeholder value. This will be achieved through strategic planning, cutting-edge technology, and effective communication, while also recognizing and rewarding commitment, development, and fairness.

### Organizational Structure

The culture of CUC is shaped by a leadership team of professional experts committed to delivering exceptional service quality, fostering a warm and receptive customer experience, maintaining outstanding communication, and understanding that the value of CUC's services justifies the monthly fees it charges.

### Customer Demographics



#### Saipan

|              | Electric      | Water         | Wastewater   |
|--------------|---------------|---------------|--------------|
| Residential  | 11,786        | 9,433         | 2,767        |
| Commercial   | 3,130         | 1,820         | 1,106        |
| Government   | 822           | 384           | 161          |
| <b>TOTAL</b> | <b>15,738</b> | <b>11,637</b> | <b>4,034</b> |



#### Rota

|              | Electric   | Water      |
|--------------|------------|------------|
| Residential  | 681        | 681        |
| Commercial   | 192        | 112        |
| Government   | 88         | 70         |
| <b>TOTAL</b> | <b>961</b> | <b>863</b> |



#### Tinian

|              | Electric     | Water      |
|--------------|--------------|------------|
| Residential  | 764          | 714        |
| Commercial   | 205          | 134        |
| Government   | 106          | 58         |
| <b>TOTAL</b> | <b>1,075</b> | <b>906</b> |

### Total No. of Employees



Saipan

405



Tinian

26



Rota

38



### Executive Director's Message: Innovating for a Reliable and Resilient CNMI

In FY 2025, CUC continues to advance its mission of providing reliable and efficient utility services to the people of the Commonwealth of the Northern Mariana Islands (CNMI). This year marks another period of significant progress, with ongoing enhancements to our infrastructure and technology across the power, water, and wastewater divisions. These efforts, supported by strong partnerships with local and federal agencies, demonstrate our ongoing commitment to modernizing systems and strengthening the reliability of essential services for our community.

Looking ahead, CUC remains committed to innovation, resilience, and delivering exceptional customer service. By integrating new technologies and data-driven solutions, we are improving operational efficiency and service responsiveness while preparing our utilities to meet the demands of the future. With the dedication of our workforce and the continued support of our partners, CUC is well-positioned to build upon these achievements and drive sustainable progress for the CNMI.

- Kevin O. Watson, MPA, Executive Director

### Corporate Core Values

Core values are tied to work performance, commitment to professionalism, practiced daily, promoted without compromise, and communicated through action.

#### Priority | Objectives

- Safety** Assuring every employee is trained, has the tools to perform, and understands their role.
- Respect** Treating everyone fairly, honorably, and non-judgmentally.
- Teamwork** Sharing a common vision, looking out for each other, operating transparently, and working together as one team toward common goals
- Excellence** Striving to provide quality services to our customers by producing a high-value product and consistently meeting our production targets.
- Accountability** Being a responsible steward of critical services, long-lived infrastructure, and protector of a well-meaning and well-trained pool of professional employees.
- Integrity** Being accountable for our actions, ethical and transparent, and honest in everything we do.
- Communication** Open and transparent communication at all levels of the organization that is constructive and distributed to our customers, Board of Directors (BOD), business partners, and the community at large.

### Leadership Team

#### Board of Directors

Allen M. Perez, Chairman  
Donald Robert Browne, Vice Chairman  
Rosemond Santos-Sword, Secretary  
Rufo T. Mafnas, Treasurer

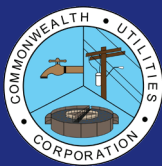
Simon A. Sanchez, Member  
Rebecca C. White, Member  
Miranda M. Manglona, Member  
Francisco M. Rabauliman, Member

#### Management

Kevin O. Watson, MPA, Executive Director  
Rodolfo Steven Rodriguez, Acting Deputy Executive Director  
Bettina G. Terlaje, Chief Financial Officer  
Alvin A. King, Resident Manager, Rota  
Evelyn B. Manglona, Resident Manager, Tinian



@CommonwealthUtilitiesCorporation



# OUR PROGRESS



## Administration

The CUC Administration continues advancing infrastructure upgrades and service improvements through collaboration with federal and local partners. In the fourth quarter, the Commonwealth Public Utilities Commission (CPUC) approved the Procurement Filing for the A&E Design Services for a 1.2 MW Solar Photovoltaic and Battery Storage Integrated Facility Design for the new CUC Administrative Building on Saipan. The Board of Directors also promulgated updated Procurement Regulations to strengthen transparency, efficiency, and accountability.

CUC is modernizing operations by enhancing cybersecurity, digitizing workflows, and preparing to launch the Computerized Maintenance Management System (CMMS). Along with Laserfiche electronic signatures and enhanced security protocols, these efforts streamline processes, enhance asset management, and improve service reliability. In partnership with the U.S. Cybersecurity and Infrastructure Security Agency (CISA), CUC conducted a cybersecurity assessment, developed an incident response plan, trained staff, and enhanced its network monitoring capabilities.

CUC remains committed to workforce development. In the second quarter of FY 2025, the corporation became a Registered Apprenticeship (RA) Sponsor under the U.S. Department of Labor and expanded training opportunities through CourseCloud, offering professional development in leadership, management, and technical skills.

## Power Generation and Renewable Energy

Since FY 2022, CUC has made major improvements in power generation capacity. A key milestone was the installation of an 8.7 MW generator, the first new unit for Saipan Power Plant No. 1 since its establishment. Designated Diesel Engine No. 4 (DE#4), it was commissioned and turned over to CUC in the second quarter of FY 2025, thereby improving reserve capacity and enhancing service reliability for the Saipan community. To further ensure continuity of critical power, water, and wastewater operations, CUC secured 12 MW of electrical power from an Independent Power Producer (IPP) on Saipan. Preventive maintenance (PM) across all diesel units on Saipan, Tinian, and Rota also continued throughout FY 2025, while an RFP for an IPP for Diesel Generation across the CNMI was finalized and is expected to be advertised in FY 2026.

A major strategic milestone in the third quarter of FY 2025 was the completion of the Integrated Resource Plan (IRP), which charts CUC's path to diversifying its energy portfolio. The IRP includes preliminary studies on the interconnection of utility-scale solar photovoltaic (PV) systems and Battery Energy Storage Systems (BESS) for Saipan, Tinian, and Rota, positioning CUC to expand renewable energy integration and strengthen long-term resilience.

With collaboration from the Power Engineering and management team and approval from the Commonwealth Public Utilities Commission (CPUC), CUC obtained authorization to advertise an RFP for an IPP for Solar PV with BESS across all islands. Formally issued as CUC-RFP-25-021, this initiative advances CUC's commitment to transitioning toward cleaner, more reliable, and more resilient energy solutions.

## Power Transmission and Distribution (T&D)

CUC continues to advance its efforts to strengthen and modernize the Power Transmission and Distribution (T&D) systems across Saipan, Tinian, and Rota. As part of these initiatives, CUC has completed the design phase for replacing wooden power poles with more resilient concrete poles on Tinian and Rota under the Hazard Mitigation Grant Program (HMGP). On Saipan, the power pole replacement project is currently pending final review and award for Phase 1 – Design.

CUC has also finalized the design for the CUC-to-CHCC Underground Power Distribution Project, also funded by HMGP, and is awaiting approval to move into Phase 2 – Construction. In addition, CUC was awarded \$3.365 million under the U.S. Department of Energy's Grid Resiliency and Modernization Grant Program and has submitted a subgrant application to implement Supervisory Control and Data Acquisition (SCADA) systems across all power generation facilities, which is pending approval.

These strategic investments will enhance the resiliency and reliability of the CNMI's electrical grid, strengthen distribution infrastructure, support the integration of renewable energy and battery storage, and reduce vulnerability to future natural disasters, advancing CUC's mission to modernize and secure its power systems.

## Water and Wastewater

CUC continues working with the U.S. Environmental Protection Agency (EPA) and the Department of Justice (DOJ) to fulfill the requirements of Stipulated Order No. 1 (SO1). Through the Sustainable Water Infrastructure Management Strategy (SWIMS) program, launched in FY 2022, CUC is improving system efficiency and reducing non-revenue water (NRW), with a goal of 30%. In FY 2025, Saipan's NRW dropped to 57%, while Tinian and Rota remained at 60% and 61%, respectively. Staff continue targeted improvements and training, and construction of galvanized stairs at the Rota water cave has improved access for maintenance, enhancing overall reliability.

CUC remains committed to providing safe, palatable drinking water. Over the next five years, \$21 million in Bipartisan Infrastructure Law (BIL) funds will upgrade drinking water systems and strengthen wastewater collection and treatment infrastructure.



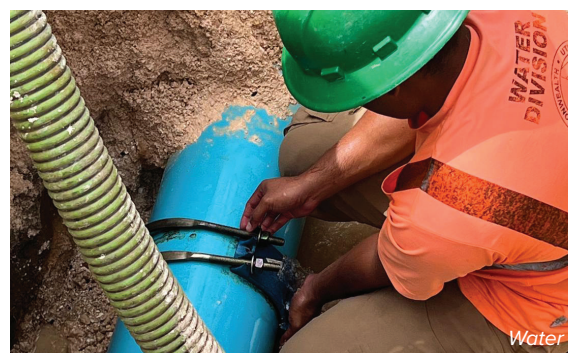
Power Transmission and Distribution



Renewable Energy, Power T&D, Power Generation, Procurement & Supply, and Management Teams



Power Generation



Water



Wastewater

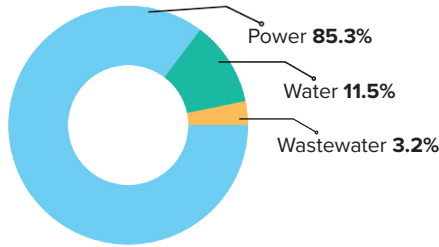




# OUR FINANCES

(Unaudited figures for FY 2025)

## OPERATING REVENUE



|              |                      |
|--------------|----------------------|
| Power        | \$ 81,510,687        |
| Water        | \$ 10,992,780        |
| Wastewater   | \$ 3,090,508         |
| <b>TOTAL</b> | <b>\$ 95,593,975</b> |



CUC Tinian and Rota Power T&D with new bucket trucks funded through the U.S. DOI-OIA.

## Federal Awards Received for FY 2025

| Power        | Water        | Wastewater   | TOTAL                |
|--------------|--------------|--------------|----------------------|
| \$ 8,036,074 | \$ 9,807,972 | \$ 5,103,014 | <b>\$ 22,947,060</b> |

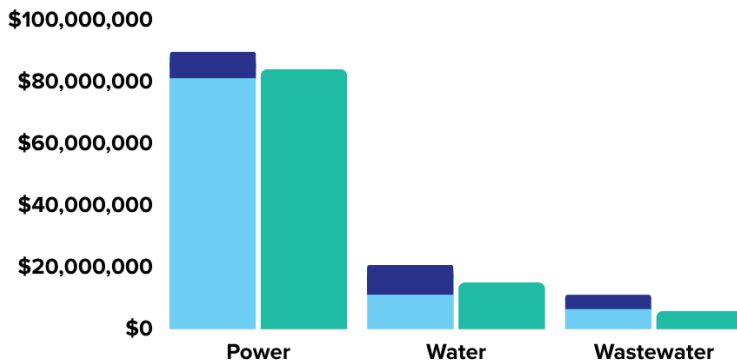
## OPERATING EXPENSES

|                            |
|----------------------------|
| Fuel Consumption           |
| General and Administrative |
| Maintenance                |
| Depreciation               |
| Supplies                   |
| Other Production           |
| Other                      |
| <b>TOTAL</b>               |

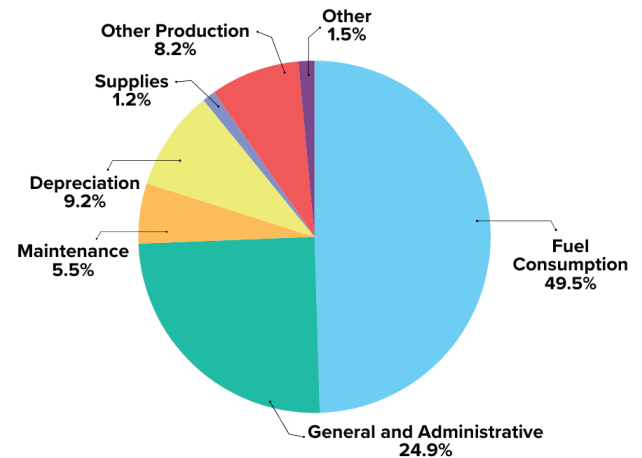
| Power                | Water                | Wastewater          | TOTAL                 |
|----------------------|----------------------|---------------------|-----------------------|
| \$ 52,098,926        | -                    | -                   | \$ 52,098,926         |
| \$ 17,980,745        | \$ 6,126,948         | \$ 2,039,194        | \$ 26,146,887         |
| \$ 3,246,200         | \$ 2,199,334         | \$ 381,140          | \$ 5,826,675          |
| \$ 4,672,210         | \$ 2,626,096         | \$ 2,401,981        | \$ 9,700,288          |
| \$ 513,899           | \$ 678,148           | \$ 70,428           | \$ 1,262,475          |
| \$ 4,303,529         | \$ 3,360,961         | \$ 963,649          | \$ 8,628,138          |
| \$ 1,306,211         | \$ 176,160           | \$ 49,525           | \$ 1,531,896          |
| <b>\$ 84,121,721</b> | <b>\$ 15,167,647</b> | <b>\$ 5,905,917</b> | <b>\$ 105,195,286</b> |

## EXPENSES AND REVENUES

Operating Revenues Federal Awards Received Operating Expenses



## OPERATING EXPENSES



Wastewater Grout CCTV Inspection Truck

## FUNDING SOURCES (FY 2019 TO 2025)

|                                                                                      |                       |
|--------------------------------------------------------------------------------------|-----------------------|
| U.S. Environmental Protection Agency (EPA)                                           | \$ 139,614,881        |
| Economic Development Administration (EDA) and CNMI Capital Improvement Program (CIP) | \$ 2,158,020          |
| American Rescue Plan Act (ARPA)                                                      | \$ 14,001,060         |
| U.S. Department of the Interior - Office of Insular Affairs (DOI-OIA)                | \$ 9,140,990          |
| Hazard Mitigation Grant Program (HMGP)                                               | \$ 2,756,218          |
| <b>TOTAL</b>                                                                         | <b>\$ 167,671,169</b> |



# PROGRESSING FORWARD



The **Commonwealth Utilities Corporation (CUC)** has taken measures to improve the corporation's reliability to provide essential power, water, and wastewater services by securing funds or in the process of securing funds for major infrastructure projects as listed below:

## POWER GENERATION, TRANSMISSION & DISTRIBUTION, AND RENEWABLE ENERGY

- Commissioning of the new 8.7MW diesel engine no. 4 (DE #4) on Saipan was completed in the third quarter of FY 2025.
- Update of the CUC Integrated Resource Plan for diversifying plans for CUC's energy generation portfolio to include the Tinian power system grid model completed in the second quarter of FY 2025.
- Design for a new CUC Headquarters and a Customer Care Center with 1.2MW Solar Photovoltaic and Battery Storage on Saipan, with rooftop solar PV is underway.
- Commencement of the procurement for the Request for Proposals (RFP) for the Independent Power Producer-Solar PV with Battery Energy Storage Systems for All Islands, CNMI.
- Submission of the U.S. Department of Energy-Grid Modernization and Resiliency Subaward Projects (SCADA and power T&D system improvement projects) with an approximate total budget of \$3.365 million.
- The underground power supply from the CUC Power Plant No. 1 to the Commonwealth Healthcare Corporation (CHCC) design phase was completed, and the Construction (Phase 2) application was submitted and is pending review and approval through the Hazard Mitigation Grant Program (HMGP).
- Request for funding for the ROTA100 project, battery energy storage system pilot, was submitted.
- Procurement for the design and construction of the underground power supply from the CUC Tinian Power Plant to critical facility loads for the island of Tinian is ongoing.
- System Control and Data Acquisition (SCADA) Phase I for two (2) units for Power Plant No. 1 on Saipan is ongoing.
- Secondary containment improvements at Rota Power Plant. Construction of an "old" transformer berm to store defective transformers, and construction of a new transformer berm to store new transformers as spares.
- Continuing with the SO2 Implementation Strategy for Site Investigations. Currently closed out site investigations for the Saipan PP4 facility.
- Maintaining compliance with the requirements under the Facility Response Plan. Conducted a drill for 2025 Q1 (Spill Drill), 2025 Q2 (Spill Drill), and 2025 Q3 is scheduled for 09/22. This will be a site evacuation fire drill.
- Construction is underway for the SO2 workshop at the PP1 facility. Providing space for SO2 staff to conduct mission-critical repairs.
- Improvements on the Cathodic Protection System for the CUC main diesel pipeline from Mobil to CUC PP1. Improvements include relocating the CP system testing locations to above-ground testing points. To prevent test point corrosion.
- Annual service for Oil Water Separator at PP1 and PP4 is complete.
- Concrete Power Poles projects for Tinian and Rota via Hazard Mitigation Grant Program design phase was completed, and the Construction (Phase 2) application was submitted. The projects are pending review and approval through the Hazard Mitigation Grant Program (HMGP).
- Concrete Power Poles project design phase (Phase 1) application submitted and pending review and approval through the Hazard Mitigation Grant Program.
- Department of Public Works (DPW) Route 33 Project: replacement of wooden power poles with concrete power poles.
- Replacement of AMI/AMR meters for Saipan, Tinian, and Rota is ongoing.
- Streetlight efficiency projects for Saipan, Tinian, and Rota are ongoing.
- Net metering connections for the Public School System's facilities on Saipan were completed.
- Island-wide vegetation clearing for Saipan, funded under the American Rescue Plan Act (ARPA), is ongoing and near completion.
- The procurement of heavy equipment, including a crane and bucket trucks, for the Power Transmission & Distribution Division has been completed, and is completed.
- Award of the Clean Heavy-Duty Vehicles for Electric Vehicles for the CNMI, with up to \$8M of funds for electric vehicles such as bucket trucks, dump trucks, boom trucks, and sewer Vector truck.
- Adoption of the CUC Non-Net Metering Interconnection Policy for Government Customers only and completion of the Multi-Purpose Center on Saipan and the Tinian Public Library buildings' solar PV interconnection.
- CUC's Power, Water, and Wastewater Master Plan, funded through the U.S. Department of Defense (DOD) and in collaboration with the Office of the Governor, is in progress.

## WATER AND WASTEWATER

- Ongoing training of local CNMI Water & Wastewater operators (Certification Levels 1 & 2).
- Sustaining 24-hour water services for customers on the islands of Saipan, Tinian, and Rota.
- Ongoing Testing of Water Meters - Water Meter Test Bench Activated since September 2024
- Completion of the San Antonio Waterline Replacement, Isley Field and Obyan Wells Granular Activated Carbon (GAC) Water Filtration System, Relocation of Modular Tank in Kagman (Kagman Water Tank Replacement Phase I), Agag Booster Pump and Electrical System Upgrade, Automated Metering Infrastructure/Automated Meter Reading (AMI/AMR) Pilot Study, A-5 Sewer Lift Station Relocation, Sewer Main and Manhole Replacement - PH I (Capitol Hill, Tanapag, Oleai), and the Lower MIHA Sewerline Replacement.
- In construction: Kailing Drive, Sihek Drive, and Tangan-Tangan Drive Waterline Replacement, Commonwealth Drive Waterline Replacement, Re-Drilling and Rehabilitation of Existing Ground Water Monitoring Wells, Dandan 1.0 MG Water Tank Replacement, Kagman 1.0 MG Water Tank Construction, Construction of the As Matuis Temporary Water Tank, Kagman 0.05 MG Water Tank Replacement and Booster Pump Upgrade, Chalan Galaide Waterline Replacement Ph. 1, Carolina Waterline Replacement (Tinian), Afetnas Waterline Replacement, Sewer Main and Manhole Replacement (PH II), Agingan Wastewater Treatment Plant Upgrade, A-16 Sewer Lift Station Upgrade, and the Afetnas Sewerline Collection Upgrade.
- Completion of design and soon to be advertised for construction: Dandan Homestead Waterline and Service Lateral Replacement, Lower Base - San Roque Cut & Cap of Parallel Lines, Isley - As Perdido Waterline Replacement, As Teo Waterline Replacement, S-11 & S-12 Sewer Lift Station Renovation, A-3, A-4, & A-15 Sewer Lift Station Rehabilitation, S-3 Sewer Lift Station Upgrade, Various Sewer Line Replacement (Chalan Kanoa), Replacement of Collapsed Sewer Main (Tupak Street, Carmen Avenue, and Monica Street), and the Wastewater Feasibility Study for the Tinian and Rota Wastewater Treatment Plant and Collection System.
- On-Going Design: Sadog Tasi Office and Sewer Lift Stations Generators Infrastructure Assessment, Marpo Heights Waterline Replacement (Tinian), Sadog Tasi Wastewater Treatment Plant Upgrade - Rescoping, and the Agingan Wastewater Treatment Plant Structural Assessment - Part I & II.
- Feasibility study for wastewater services on the islands of Tinian and Rota in progress.
- Ongoing special programs and projects:
  - Sustainable Water Infrastructure Management Strategy (SWIMS) to help reduce non-revenue water:
    - The Program Management Office was established.
    - Comprehensive Water System Documentation for Saipan, Tinian, and Rota is complete.
      - Comprehensive Water System Documentation PH II - ArcGIS Enterprise underway.
    - Water Audit: Level I & II AWWA is complete.
      - Non-Revenue Water Loss Recovery Control Program is underway.
    - The Tank Meter and Level Gauge Needs Assessment is 100% complete.
    - Meter and Level Gauge Design is 95% complete.
      - SCADA Master Planning Assessment complete.
  - Hydraulic Modeling with the U.S. Bureau of Reclamation
  - Implementation of Mentor APM Software - Computerized Maintenance Management System (CMMS) and Asset Management with PG Environmental.
  - Saipan Groundwater Study with U.S. Geological Services
  - CUC Water and Wastewater Master Plan Update in progress.
  - Fats, Oils & Grease (FOG) Program
  - Cross Connection/Backflow Prevention Program Development



**CITIZEN-CENTRIC REPORT**  
FISCAL YEAR 2025  
published - OCTOBER 2025

**COMMONWEALTH UTILITIES CORPORATION (CUC)**

Third Floor, Joeten Dandan Building  
P.O. Box 501220  
Saipan, MP 96950

Saipan (670) 664-4282 • Tinian (670) 433-9265 • Rota (670) 532-9411



@CommonwealthUtilitiesCorporation