

TITLE 4: ECONOMIC RESOURCES
DIVISION 8: UTILITIES

§ 81101. Public School System Water and Waste Water Rate.

(a) Notwithstanding any law or regulation to the contrary, the Commonwealth Utilities Corporation shall charge the Public School System the commercial rate for water and waste water.

(b) CUC may recover the decrease in water and waste water rates of the PSS by passing on the required increase in water and waste water rates to other CUC customers paying the government rate for water and waste water.

(c) CUC shall not increase the water and waste water rates of residential and commercial customers to recover the PSS's reduction in water and waste water rates pursuant to this Article.

(d) Notwithstanding any applicable law, rule, or regulation to the contrary after the effective date of this section, any late fees or penalties that have been assessed to PSS shall be waived for Fiscal Year 2013. Provided further that any fees that have been collected from PSS in Fiscal Year 2012 and thereafter shall be credited or used to off-set PSS utility expenditures in FY 2012, FY 2013 and FY 2014.

Source: PL 18-19 § 2 (Sept. 24, 2013), modified.

Commission Comment: In subsection (c) the Commission changed "Act" to "Article" pursuant to 1 CMC § 3806(d). In addition to savings and severability clauses, PL 18-19 (Sept. 24, 2013), contained the following:

Section 1. Findings and Purpose. The Legislature finds that the Public School System Fiscal Year 2012 Budget is \$29,500,000.00 for personnel and operations, inclusive of utility expenses. The Legislature acknowledges that for Fiscal Year 2012, the PSS paid a total of approximately \$1.5 million for water and waste water charges.

The Legislature also finds that prior to January 2012 the Public School System was paying the government rate of \$54.30 per 1,000 gallons for water and \$68.00 per 1,000 gallons for waste water. In January 2012, the Public Utilities Commission approved a reduction on the water rate of the Public School System from \$54.30 to \$44.30 per 1,000 gallons while the sewer rate remained at \$68.00 per 1,000 gallons. The reduction of the water rate to \$44.30; however, is still higher than the commercial water rate of \$.72 for 1,000 up to 3,000 gallons. This means that the PSS water rate will be reduced approximately 98.4 percent.

With respect to waste water, PSS is currently paying \$68.00 per 1,000 gallons for waste water while the commercial waste water rate is only \$3.00 for 1,000 up to 6,000 gallons. This means that changing the waste water rate from government to commercial rate for the PSS will reduce the cost approximately 95.6 percent.

The Legislature further finds that the Public School System FY 2013 Budget is \$30,067,604 for personnel and operations, inclusive of utility

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expenses. The charge for water and waste water for the PSS for the first quarter of Fiscal Year 2013 is \$610,503.40.

As a result of budgetary constraints, the PSS continues to struggle to provide for higher quality education for our children. The PSS has been heavily scrutinized due to the currently undergoing issues involving the inability to hire more teachers and overcrowding in classrooms. The PSS is an essential and critical agency in the CNMI and any reduction in the PSS funding will have a continuing negative impact to the education of our children.

It is apparent that in order to provide a more stable educational institution for our children, we must find ways to alleviate the financial pressures of the PSS. Therefore, the Legislature recognizes the need to reduce the high water and waste water rates for the PSS to alleviate the financial burden of paying the government rate.

The purpose of this Act is to reduce the PSS water and waste water rates by requiring CUC to charge the PSS commercial rate for both water and waste water instead of the government rate. The Legislature; however, recognizes that the decrease in PSS's water and sewer rates require a corresponding increase in rate of other CUC customers.