



HOUSE OF REPRESENTATIVES
SIXTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
SEVENTH SPECIAL SESSION, 2008

PUBLIC LAW NO. 16-7

H. B. No. 16-130, **HDI**

AN ACT

TO EARMARK MPLT REVENUES FOR CUC FOR EMERGENCY POWER GENERATION SERVICES FROM A PRIVATE CONTRACTOR AND FOR CONTRACTUAL OBLIGATIONS OF CUC; AND FOR OTHER PURPOSES.

BE IT ENACTED BY THE SIXTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 Section 1. Short title. This Act may be cited as the "Emergency Power Generation
2 Act of 2008."

3 Section 2 Findings and purpose. The Commonwealth Legislature finds that for
4 nearly three years the residents and business community on Saipan have been plagued by a
5 rotating power outage schedule due to the instability of the power generation systems of the
6 Commonwealth Utilities Corporation (CUC). This situation has disrupted the education of
7 our children and adversely affected the health, safety, and welfare of the entire community.
8 It is evident that CUC's power generation systems are in need of major repair and
9 rehabilitation. Although the process of repair and rehabilitation is underway, CUC's existing
10 power generation capacity is insufficient to meet the demands of the estimated 60,000
11 residents of Saipan. Restoring 24-hour power service to Saipan while CUC's engines are
12 under repair will require a temporary power generation source. Without assistance, CUC is
13 unable to procure such services given its current financial condition. It is therefore in the
14 public interest that the Legislature earmark resources to CUC for the purpose of procuring
15 temporary power services.

16 This Act will earmark future revenues of the Marianas Public Land Trust (MPLT) for
17 expenditure by CUC for the purpose of executing an emergency power generation services
18 contract. An emergency contract will provide up to 15 megawatts of continuous electrical
19 power on Saipan in addition to the limited output of CUC's current power generation system.

1 Once emergency power generation services are operational, CUC's load shedding schedule is
2 expected to end, and 24-hour power will be restored to the island of Saipan. Any contract
3 will be temporary and will terminate when CUC's power generators are repaired,
4 rehabilitated, and restored to operational status.

5 Additional funds are also earmarked for CUC to pay for its contractual obligations to
6 Pacific Marine and Industrial Corporation contracted for production/operation and
7 maintenance and Telesource CNMI Inc. contracted for production/operation and
8 maintenance/transmission and overhead distribution (TOD). The current TOD issue has
9 caused a disruption in electrical services to residents and businesses on Tinian for new
10 connections and power hook-ups due to non-payment by CUC.

11 Section 3. Earmark of revenues. Notwithstanding any provision of law to the
12 contrary, there is hereby earmarked from future revenues of the Marianas Public Land Trust
13 (MPLT) for Fiscal Years 2009 and 2010 transferred to the Commonwealth's general fund
14 pursuant to N.M.I. CONST. ART. XI, section 6(d), the amount of \$3,400,000 to the
15 Commonwealth Utilities Corporation (CUC) as follows:

- 16 (a) \$1,500,000 for the procurement of up to 15 megawatts of emergency power services
17 and the expenditure authority shall be the CUC Executive Director;
- 18 (b) \$800,000 for the payment of contractual obligations to Telesource CNMI for the
19 Tinian power generation system, including obligations for transmission and overhead
20 distribution (TOD), provided that if CUC realizes funds through a setoff agreement
21 with Telesource that results in a reduction of CUC's outstanding liability to
22 Telesource to less than \$800,000, it shall use the balance of this line earmark to
23 purchase fuel;
- 24 (c) \$1,100,000 for the payment of contractual obligations to Pacific Marine and Industrial
25 Corporation for Power Plant IV on Saipan; and

26 The expenditure authority for funds earmarked under subsections (b) and (c) of this
27 section shall be the Secretary of Finance. Funds earmarked herein shall be available for CUC
28 upon their transfer from MPLT to the general fund. Funds shall be continuously available

1 until fully expended, shall not be reprogrammed for any other purpose, and shall not be
2 reprogrammed between line items (a), (b), and (c) of this section.

3 Section 4. Rebate of earmarked funds. Within 18 months of the effective date of
4 this Act, CUC shall implement a residential rate reduction or begin a residential consumer
5 rebate program in the amount of \$3,400,000. A total amount of \$3,400,000 shall be
6 expended by CUC for residential rate reduction or a residential customer rebate program
7 within 54 months of the effective date of this Act.

8 Section 5. Severability. If any provision of this Act or the application of any such
9 provision to any person or circumstance should be held invalid by a court of competent
10 jurisdiction, the remainder of this Act or the application of its provisions to persons or
11 circumstances other than those to which it is held invalid shall not be affected thereby.


12 Section 6. Savings clause. This Act and any repealer contained herein shall not be
13 construed as affecting any existing right acquired under contract or acquired under statutes
14 repealed or under any rule, regulation or order adopted under the statutes. Repealers
15 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.
16 The enactment of the Act shall not have the effect of terminating, or in any way modifying,
17 any liability, civil or criminal, which shall already be in existence on the date this Act
18 becomes effective.

19 Section 7. Effective date. This Act shall take effect upon its approval by the
20 Governor or becoming law without such approval.

CERTIFIED BY:

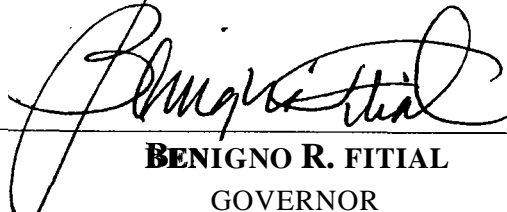


ATTESTED TO BY:



EVELYN C. FLEMING
HOUSE CLERK

APPROVED on this 21st day of July, 2008



BENIGNO R. FITIAL

GOVERNOR

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS