



House Journal

REGULAR SESSION, 2006

Fifteenth Day

October 10, 2006

The House of Representatives of the Fifteenth Northern Marianas Commonwealth Legislature convened its Fifteenth Day, Second Regular Session on October 10, 2006, at 10:15 a.m., in the House Chamber on Capitol Hill, Saipan, Commonwealth of the Northern Mariana Islands.

The Honorable Oscar M. Babauta, Speaker of the House, presided.

A moment of silence was observed.

The Clerk called the roll and seventeen members were present. Representative Arnold I. Palacios is excused.

Speaker Babauta: A quorum is hereby established for today's Fifth Special Session.

ADOPTION OF JOURNALS

None

INTRODUCTION OF BILLS

H. B. NO. 15-186: A Bill for an Act to amend Title 1, Division 8, Part 2, Chapter 5 of the Commonwealth Code to place a limit on the amount of annual leave a government employee may accumulate; and for other purposes.

Offered by: Rep. Justo S. Quitugua and seventeen others
Referred to: Committee on Health, Education and Welfare

H. B. NO. 15-187: A Bill for an Act to provide for Class I members of the Retirement Fund to withdraw their contributions for those members with less than over fourteen years of actual service contributions to the fund.

Offered by: Rep. Stanley T. McGinnis Torres
Referred to: Committee on Judiciary and Governmental Operations

H. B. NO. 15-188: A Bill for an Act to re-appropriate the sum \$546,325.00 from the remaining fund balance from Capital Improvement Projects that have been completed; and for other purposes.

Offered by: Rep. Manuel A. Tenorio and six others

Rep. Tenorio: Mr. Speaker, I have to get the legal counsel to sign out on this before I pass it to the rest of the members.

Speaker Babauta: Short recess.

The House recessed at 10:18 a.m.

RECESS

The House reconvened at 10:19 a.m.

Speaker Babauta: We are back to our session and I recognize Representative Deleon Guerrero under Introduction of Bills.

INTRODUCTION OF BILLS

H. B. NO. 15-189: A Bill for an Act to authorize the Department of Finance to establish a surcharge fee on local exchange telephone service and wireless service to fund a CNMI wide 911 emergency system; and for other purposes.

Introduced by: Rep. Joseph P. Deleon Guerrero and eleven others

Referred to: Committee on Public, Utilities, Transportation & Communications

Rep. Torres: Mr. Speaker, privilege.

Speaker Babauta: Without objection under item number 3 to allow Representative Torres to say a few words.

Rep. Torres: Mr. Speaker and members, I see that our flag or our colors out here is not at half mass and only the blue color. I think the Governor is allowed and can order a half mass for both colors. So could that be consistent with the Governor's flags which both are at half mass?

Speaker Babauta: I guess our only expertise out here is present in the Chamber which is Representative Yumul...recognized.

Rep. Yumul: Thank you, Mr. Speaker. The CNMI flag should be draped at half mass as per the Acting Governor's directive. However, the U.S. flag, unless, the U.S. President concurs, it should be raised at full staff.

Speaker Babauta: That has been the policy.

Rep. Torres: Point of order.

Speaker Babauta: State your point.

Rep. Torres: The Governor is authorized to lower both flags at any time that they declare a Mourn.

Speaker Babauta: To pacify the concern, I would recommend that our counsel look into that and be consistent. Unless the Governor had only declared that the State flag would be on half mass. I was riding up the hill this morning when I noticed the Administration flag that only the CNMI was lowered at half mass, and I assumed that was the Governor's intention in declaring the mourn of the former Governor. So when I arrived, I looked at our flag and it was both at half mass and I immediately asked our Sergeant at arm to be consistent with what the Administration has. We would take that concern, and legal counsel can you take at our various laws on whether reducing the U.S. flag down would impede on federal statute. Thank you. Any more bills?

INTRODUCTION OF RESOLUTIONS

H. R. No. 15-72: A House Resolution to commemorate Grace Christian Academy's 20th Year Anniversary as a successful and respected education institution in the CNMI and to recognize its tradition of providing excellent and quality primary and secondary education.

Introduced by: Rep. Oscar M. Babauta and seventeen others

Rep. Torres: Mr. Speaker, I am a little off track. I thought we are still on Introduction of Bills?

Speaker Babauta: Without objection, we will go back to item number 3.

INTRODUCTION OF BILLS

H. L. I. No. 15---: A House Local Initiative for an Act to provide for the establishment regulation and control of Casino Gambling in the Third Senatorial District; and for other purposes.

Introduced by: Rep. Stanley T. McGinnis Torres
Referred to: Committee on

MESSAGES FROM THE GOVERNOR

None

SENATE COMMUNICATIONS

SEN. COMM. NO. 15-107: (10/5/06) Transmitting for House action S. B. NO. 15-62, entitled, "To amend Section 2 of Public Law 15-12 to further the rehabilitation and reorganization of the Commonwealth Utilities Corporation," which was passed by the Senate on October 4, 2006. [For action]

SEN. COMM. NO. 15-108: (10/5/06) Returning H. B. NO. 15-55, HS2, HD3, the "Commonwealth Public Utilities Commission Act of 2006," which was passed by the Senate with amendments on October 4, 2006 in the form of **H. B. NO. 15-55, HS2, HD3, SD1**. [For action on Senate amendments]

The Chair recognized the Floor Leader.

Floor Leader Deleon Guerrero: Mr. Speaker, I move to accept SEN. COMM. 15-107 and SEN. COMM. 15-108.

The motion was seconded and the voice vote had a division on the floor.

Rep. Joseph Deleon Guerrero: Mr. Speaker.

Speaker Babauta: This is just acceptance, unless you want to debate on the Communication, but I would allow the Floor Leader to continue to make the proper motion pursuant to the rules to place it on today's Calendar.

Rep. Joseph Deleon Guerrero: Mr. Speaker, just to clarify the objection.

Speaker Babauta: State your point of clarification.

Rep. Joseph Deleon Guerrero: We are objecting to SEN. COMM. NO. 15-107 or the acceptance not both.

Speaker Babauta: Okay.

Rep. Joseph Deleon Guerrero: So can we separate that?

Speaker Babauta: The motion as offered by the Floor Leader is to accept both communications as it appears on today's Order of Business. It appears that there is a Division on the floor with respect to SEN. COMM. NO. 15-107, meaning that, a Division has appeared that it does not want the House to accept it. So there is a Division on the floor on SEN. COMM. NO. 15-107, therefore, I would order a call of the roll on that particular communication so that we can move on and place those communications if it garners the support on today's Calendar for action. Is that understood?

Rep. Joseph Deleon Guerrero: No. Clarification, Mr. Speaker. The original motion was to accept both and because there is a division on the floor...

Speaker Babauta: Right. There is a Division on the floor...

Rep. Joseph Deleon Guerrero: Are we going to be voting on the original motion which is for both or...

Speaker Babauta: We can do it both ways. We can vote on both or we can separate it.

Rep. Joseph Deleon Guerrero: I just want to clarify it, Mr. Speaker. I would rather see it that we vote individually. We can accept SEN. COMM. NO. 15-108 and vote individually...

Speaker Babauta: Because there is a Division on one of the Communications, therefore, I would prefer first to allow acceptance of SEN. COMM. NO. 15-108. Floor Leader, would you clarify your motion to dispose of the acceptance of SEN. COMM. NO. 15-108 first so that we may place it at a later time in the Calendar as we discuss SEN. COMM. NO. 15-107. Okay.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, for the subsidiary motion to exclude SEN. COMM. NO. 15-108.

The motion was seconded and carried by voice vote.

Speaker Babauta: The motion carries. Floor Leader.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, to accept SEN. COMM. 107.

The motion was seconded.

Speaker Babauta: Discussion. Clerk, call the roll.

The Clerk called the roll on the motion to accept SEN. COMM. NO. 15-107 reporting on S. B. NO. 15-62 on First and Final Reading:

Rep. Martin B. Ada	yes
Rep. Edwin P. Aldan	yes
Rep. Francisco S. Dela Cruz	yes
Rep. Florencio T. Deleon Guerrero	yes
Rep. Joseph P. Deleon Guerrero	no
Rep. Jacinta M. Kaipat	yes
Rep. Jesus SN. Lizama	yes
Rep. Crispin M. Ogo	yes
Rep. Arnold I. Palacios	excused
Rep. Justo S. Quitugua	yes
Rep. Benjamin B. Seman	no
Rep. Candido B. Taman	no
Rep. Ramon A. Tebuteb	no
Rep. Manuel A. Tenorio	no
Rep. Stanley T. Torres	no
Rep. Absalon V. Waki, Jr.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 11 “yes”, SEN. COMM. NO. 15-107 is hereby duly accepted by the House, and pursuant to Rule IX, Section 15, both Communications are hereby automatically placed on the Calendar for the Houses’ disposition. Floor Leader, effectuate a motion for the placement.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, for the placement of S. B. NO. 15-62 and H. B. No. 15-55, HS2, HD3, SD1.

The motion was seconded and carried by voice vote.

Speaker Babauta: The motion carries. Under item number 7. Earlier, I mentioned that there was a letter that I wrote on behalf of the members expressing our sorrow and condolences to the former First Lady, Mathilde V. Deleon Guerrero. Please inject that as a House Communication.

MESSAGES FROM THE GOVERNOR

None

HOUSE COMMUNICATIONS

HSE. COMM. NO. 15-72: A letter from the Speaker and members to the former First Lady, Mathilde V. Deleon Guerrero.

COMMUNICATIONS FROM THE JUDICIAL BRANCH

None

COMMUNICATIONS FROM THE RESIDENT REPRESENTATIVE

None

COMMUNICATIONS FROM DEPARTMENTS & AGENCIES

None

OTHER COMMUNICATIONS

None

REPORTS OF STANDING COMMITTEES

None

REPORTS OF SPECIAL AND CONFERENCE COMMITTEES

None

UNFINISHED BUSINESS

None

RESOLUTION CALENDAR

The Chair recognized the Floor Leader.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, for the suspension and adoption of H. R. NO. 15-72.

The motion was seconded and carried by voice vote.

H. R. NO. 15-72: A House Resolution to commemorate Grace Christian Academy's 20th Year Anniversary as a successful and respected education institution in the CNMI and to recognize its tradition of providing excellent and quality primary and secondary education.

Speaker Babauta: The motion carries. We will go down to Bill Calendar. I recognize Representative Yumul.

Rep. Yumul: Mr. Speaker, the Bill Calendar is cleared. Did we dispose of all the remaining bills or is this just a typo.

Speaker Babauta: It was disposed temporarily. I recognize Representative Torres.

Rep. Torres: Before we go on, I just need to restate my House Local Initiative that it is introduced as a House Local Initiative for appearance purposes only. Thank you.

Speaker Babauta: Acknowledged, Representative Torres. It is appearances purposes and request?

Rep. Torres: Yes, and whatever to make it official.

Speaker Babauta: Okay. Floor Leader, it looks like we have three bills. Can you offer a motion to suspend pertinent rules to allow the placement of Representative Tenorio's bill, H. B. NO. 15-188, aside from the Senate Communications?

BILL CALENDAR

The Chair recognized the Floor Leader.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, to suspend pertinent rules to include H. B. NO. 15-188 on today's Calendar.

The motion was seconded and carried by voice vote.

Speaker Babauta: The motion carries. I recognize Representative Yumul.

Rep. Yumul: I think that we hear a "nay" vote, Mr. Speaker. Can we clarify?

The Chair recognized Representative Waki.

Rep. Waki: I am sorry. I recalled that.

Speaker Babauta: Okay. Thank you. Floor Leader, proper motion for the suspension of SEN. COMM. NO. 15-107 and SEN. COMM. NO. 15-108 on today's Bill Calendar.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker.

The suspension motion was seconded and carried by voice vote.

Speaker Babauta: The motion carries. Floor Leader, the first Communication.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, for the passage on First and Final Reading, H. B. NO. 15-55, HS2, HD3, SD1.

The motion was seconded.

H. B. No. 15-55, HS2, HD3, SD1: A BILL FOR AN ACT TO CREATE A PUBLIC UTILITIES COMMISSION BY REPEALING AND REENACTING 4 CMC § 8401 *et seq.*; AND FOR OTHER PURPOSES.

Speaker Babauta: The motion has been seconded. For clarification purposes, the motion as offered by the Floor Leader was to accept H. B. NO. 15-55, HS2, HD3 as amended in the form of SD1 by the Senate. Discussion on the motion. I recognize Representative Yumul.

Rep. Yumul: This is just a discussion to accept or?

Speaker Babauta: Yes, to accept.

Rep. Yumul: Okay, I withdraw.

Speaker Babauta: Discussion on the motion. I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. I have gone over the amendment from the Senate. My biggest concern was the removal of the settlement agreement that was incorporated initially. That was the one question I asked when the Senate and the House PUC Committee convened a meeting to discuss this particular bill. I would like to know first of all from the Chairman of PUC if he agrees with this version. I did see that on page 49, there was a condition in there allowing PUC to review if there is a good cause, the imposition of any of the conditions that were removed, so in a sense, that kind mitigates the effect of removing those conditions. I have been adamant about not removing that agreement specifically because there are provisions in place that has protection for the employees of Verizon, and also consumers, and while there is specific language addressing some of those conditions, for instance, the inter-island toll, they made sure that was in there, I am sort of at least relieved that they would no longer be inter-island toll placed on these islands. But Mr. Speaker, I just want to register my concern that at least there are conditions or provisions in here that allows PUC to revisit those conditions, and I hope that the protections that were in place for employees and for our consumers are ensured. With that, I will support this bill and I would also like to ask my colleagues to also support this bill so that we can go ahead and finally create a Public Utilities Commission. Thank you.

Speaker Babauta: Thank you, Representative Deleon Guerrero. I share your concerns too, however, I am convinced as a result of what you have just said that there is a prevailing provision also that is incorporated as amended by the Senate, and we are all hoping that once the Commission is established, the issue between CTC and PTI should be revisit. In as much as possible to maintain whatever has been consummated. It is very fruitful to know that one of the gists of the bill is to continue to retain the original agreed provision as negotiated during the purchase of this Telecommunication Company which is the toll free between the islands. That is why I urge every member to come together and move on with our PUC so that we can dispose of this today. Thank you. I recognize Representative Yumul.

Rep. Yumul: Mr. Speaker, are we voting on the bill or are we just moving to accept?

Speaker Babauta: We are voting on the bill to accept the Senate amendment.

Rep. Yumul: We are not voting to make amendments to the bill?

Speaker Babauta: Pardon me.

Rep. Yumul: We are not making amendments to the bill?

Speaker Babauta: This only calls for rejection. Clerk, call the roll.

The Clerk called the roll on the motion to pass the Senate amendments to H. B. No. 15-55, HS2, HD3, SD1 on First and Final Reading:

Rep. Martin B. Ada	yes
Rep. Edwin P. Aldan	yes
Rep. Francisco S. Dela Cruz	yes
Rep. Florencio T. Deleon Guerrero	yes
Rep. Joseph P. Deleon Guerrero	yes
Rep. Jacinta M. Kaipat	yes
Rep. Jesus SN. Lizama	yes
Rep. Crispin M. Ogo	yes
Rep. Arnold I. Palacios	excused
Rep. Justo S. Quitugua	yes
Rep. Benjamin B. Seman	yes
Rep. Candido B. Taman	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. Absalon V. Waki, Jr.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By unanimous consent, the House accepts H. B. No. 15-55, HS2, HD3, SD1. It passed. I recognize Representative Torres.

Rep. Torres: We are not going to adjourn yet, right?

Speaker Babauta: No. That is the reason why I addressed the Floor Leader to continue. Do not worry, we will have the Miscellaneous and Announcement because I have also several. Floor Leader, next bill.

Floor Leader Florencio Deleon Guerrero: Clarification, Mr. Speaker.

Speaker Babauta: Next.

Floor Leader Florencio Deleon Guerrero: Short recess, Mr. Speaker.

Speaker Babauta: Short recess.

The House recessed at 10:46 a.m.

RECESS

The House reconvened at 10:50 a.m.

Speaker Babauta: We are back to our plenary session, and I recognize the Floor Leader.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, on First and Final Reading, S. B. NO. 15-62.

The motion was seconded.

S. B. No. 15-62: A BILL FOR AN ACT TO AMEND SECTION 2 OF PUBLIC LAW 15-12 TO FURTHER THE REHABILITATION AND REORGANIZATION OF THE COMMONWEALTH UTILITIES CORPORATION.

Speaker Babauta: Discussion. I recognize Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. I would like to ask that this bill be placed on First Reading so that we can ask...my recommendation, Mr. Speaker, is just to place it on First Reading so that we can get information from the RFP Committee, and my understanding is that there is a federal grant that was approved by the Administration or concurred by the Administration and approved by the Insular Affairs Office to allow a group of experts to make an assessment on the existing power generation and to come back with a solution to the engines. Also, my understanding is that there is an emergency RFP for 10 megawatts to be procured immediately so that there is no real need to pursue this bill for the time being until we get something concrete in black and white from the Administration or any potential bidders claiming that \$22.5 Million would be a direct hit on the consumers utility bill. Thank you.

Speaker Babauta: Any more? I recognize Representative Waki.

Rep. Waki: Mr. Speaker, I believe that it says, it is our due diligence to go ahead and look at eliminating this particular amount from the Public Law, because no matter what we wait for, the bottom line is \$22.7 Million, nobody in there good business mind would absorb it, and not pass it through to recover that amount plus reasonable margins or profit. I cannot believe that any company would come in and bid on any company and be told that you have to pay \$22 Million dollars, do not even think about passing it through or do not try to recoup that kind of money, and there is no proof of anything what you have for it. It is pertinent that we actually remove this, Mr. Speaker, even if we do not privatize this right away. The idea, if we look at privatization, this would be an impediment on the cost of kilowatts per hour just like anything else. If the shipping line goes up in ways of couple of cents per pound for any merchandise, it would be passed through. It is just a given. It is just the way business is worked, and as a government, we should try to understand how business works because if we do not, then we basically are hurting businesses. We are not only hurting businesses, but we are going to be hurting the public. So we need to remove certain impediments that would actually be passed through the consumers, and \$22.7 Million dollars, no matter what we wait for in reports, it is just...school of business you find that it would have to be recovered. So I just say that we do our diligence and go ahead vote on this bill, and we go ahead and just take the amendments given to us by the Senate. Thank you.

The Chair recognized Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. I was not here when they passed the bill that makes Public Law 15-12, and I did not voted for that. I was of course at the hospital, but I would never in clean

conscious forgive \$45.5 Million dollars from CDA so that we can have a privatization process. I think that it was intentional that 50% of that be paid back. It was intentional. You can do it many other ways. You can take the \$45.5 Million dollars and treat it as CDA's stocks in the new company, but you cannot take it away. Who is going to be responsible for that? I understand your point and that nobody in his right mind...we are not talking from the businessman's viewpoint, we are here to protect the public's interest. Why would we waive \$45 Million in the first place. That belongs to CDA and that is spread all over the CNMI for development, agriculture, fisheries and other economic development for the island. Why would you give that away? How would you replace that? You tell me, and once you find a solution to that, I will agree to this kind of language. Otherwise, I think this should go back to the Committee and let them look at it. Let them have a public hearing if that is necessary so that we can have input from the people who are affected. You have Millions of dollars in CDA that are accounts receivables, Mr. Speaker. I rather forgive those people, especially those fishermen who have very difficult time making a living. There are bad times too with the farmers, and there are others that have asked for forgiveness. Now, we are going to forgive \$45 Million dollars so that the new company could come in so that we pave the way so that everybody...minus well show the entire CUC to new companies. Let us take the revenue from that and pay our debts. After all, these are all our CIP funds, but this \$45.5 Million, this is some kind of under the First and Second Covenant Funding or Second agreement that this might go 1/8-1/8...I saw a copy of a floor amendment for this and if they want, maybe Rota and Tinian could have their share too. But this is a lot of money that you are giving away. Gee! If it was coming from your pocket, would you give that away? That is why we are here, and I understand the importance of having – because we are having power problems here. We have to ask our people to sacrifice 10% of their salary, and yet I am not even satisfied with that because there are workers, there are agencies that do not pay at all into this. This is an obligation for everybody. I am truly into some kind of solution so that we could make this thing equitable and make it fair so that everybody that uses power or everybody that is served by this government contributes to this government. Not only the poor 4,000 civil service employees that have to put in the 10%. Look at this now. I am glad that somebody thinks or maybe put in \$4.5 Million to...but it is not and I understand that, but this is something that is in the making. Is this the right approach to do it?

Speaker Babauta: I do not know, but the forgiveness had already happened under Public Law 15-12. What we are doing here is just removing what was amended to allow for a...

Rep. Tenorio: We are giving more forgiveness, Mr. Speaker, 100% forgiveness.

Speaker Babauta: Of course, this legislation if it passes, it would also eventually help those borrowers of CDA and to continue to receive utility services. It is just the common people, but all of us here in the Commonwealth would eventually be aided by this legislation. You may continue, Representative Tenorio.

Rep. Tenorio: Mr. Speaker, I am sorry for repeating myself, but I just look at the \$45 Million and say, let us just give it away. I mean, \$45.5 Million is a lot of responsibility. We have fiduciary responsibility here too. We are representing the public. So maybe someone can cough up \$45 Million dollars, and just say, forget it, here is CDA. I rather have CDA invest in this IPP in the new power plant so that they can get something out of it. This is not money that is lost. It is money that we are trying to recover. So that is my pitch, Mr. Speaker. I agree with my colleague Yumul,

maybe put this on First Reading and we should have more discussion on this, and if allowable, send it back to the Committee.

Speaker Babauta: Well, we have discussed this before on the House version and the Senate have taken up the same issue. So I guess the discussion has been very, very lengthy and worthwhile discussions and it is only a policy to...

Rep. Tenorio: Mr. Speaker, is this a new bill? This is a new Senate Bill.

Speaker Babauta: Yes, and we have...

Rep. Tenorio: How can we discuss this and this is the first time that I have seen this?

Speaker Babauta: You were here when we voted on the House Bill. It is the same bill, but it did not pass. This is the Senate version.

Rep. Tenorio: So we will try and defeat it again, Mr. Speaker.

Speaker Babauta: Your comment is alluding to that goal.

Rep. Tenorio: Yes, Mr. Speaker. Thank you. That is all for now.

Speaker Babauta: Your comment is well taken. Ready. I recognize Representative Yumul.

Rep. Yumul: Mr. Speaker...

Speaker Babauta: Or let me recognize Representative Deleon Guerrero before I recognize you for the second time.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. You know, you mentioned an important point and that is that this bill has been reviewed by this House and was defeated, and I do not know why this bill...my antenna's tell me that this time, it is not going to the same direction, and so at the risk of sounding like a broken record, I am going to go ahead again and defend our regional position. Mr. Speaker, and members, I understand fully the issue as to why this bill has been resurrected, and that is on the base of the premise that it may and I think that is the key word, "may" raise the rates and it "may" be passed on to the consumers. Business 101 I guess is the rationale behind that chain of thought. We have to be mindful, however, that there are various forms of privatization. If this proposed privatization was for the management of CUC, just running CUC, then I can understand removing this provision. I can understand, because it does not really affect it. There are no assets at stake. If there is going to be a privatization of the assets and the running of the company, then that is a totally different issue, and then business 101 would dictate that the private contractor before the assets as well, then we have to be mindful that there are assets at stake here. The infrastructure, the power generation facility, and that did not come for free. There was at least \$60 Million dollars of CIP funding that was used to create those facilities. Now, as policy makers, we are making a decision and saying, we just forgive the public assets. We just let it go. We have to consider that at least we get something back. Now, it is up to us whether we use this \$22 Million to give it back to CDA so that it can circulate for micro loans or the farmers and the fishermen, we can use it to

perhaps have a share in the privatization so that the public has some protection, or we can use it to defray this exorbitant cost that our people and businesses are paying. So if the argument here is to remove this so that the people do not pay more, I can make the same argument and say, we keep this in place so that the people can pay less. Use it as leverage. That has been the same argument I have been making when we debated on this bill, and again, I say, that this is premature to remove this. This is the only leverage we have for the protection of our people. This is the only leverage we have to use the \$22 Million for whatever public purpose would benefit our people. Let us please put that in our mind that we are here to protect our consumers and the argument can be made both ways. I ask that please if there is going to be a proposal for a floor amendment to use that funding for the three Senatorial Districts, then let us consider such an option. Let us not give away the house right now. Please. I do not think that anybody here has seen the RFP yet for the privatization. There is a new RFP now as Representative Yumul had just mentioned for the temporary privatization for an additional 10 megawatts. We have not seen the scope for any of those. How could we justify allowing or giving up our assets without fully understanding the scope of the privatization? It is only fair that we here only make a decision, but let us first see what is at stake in terms of privatization then we can say, okay, let us give it up or let us use it to leverage for our people. Hasso pago, guaguaguan i utilities. Kahulo bai 100%, and here we are, we are not even try to make an attempt to find a way to ease the pain. Manma utot is suedun niha i taotao by 10% and that is a double wami. At least let us see if we can use this leverage to help ease the burden on our people. For now, I would like to move that we refer this to the Committee and let the PUTC Committee determine the best option or avenue for this. I know that there is a pressure to approve this because it is holding up the privatization, but in all fairness to the members of this body, we also have a right in making our decision to know what is at stake. I ask that the PUTC Chairman get the information from CUC which they have been holding back in terms of the scope, the request for proposal for any and all privatization of this Commonwealth Utilities Corporation, then we can make an informed decision. That is a move, Mr. Speaker.

The motion was seconded.

Speaker Babauta: The Speaker does not recognize that motion yet until I recognize for the second time, Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. Our good Congressman Waki mentioned due diligence. I do not think that we had achieved due diligence at this point.

Speaker Babauta: Could you please turn on your microphone.

Rep. Yumul: It is on. Due diligence right now, I do not believe that we have achieved that, Mr. Speaker. It calls for a complete assessment. We are talking about the A to Z, all the options that are out there. There is even an option to seek federal assistance. I was just reading about Title XI of the Merchant Marine Act of 1936 as amended, which provides that up to 87% of a power barge can be financed guaranteed by the Federal Government for the construction and completion of this vessel that can provide power to the CNMI. That is available. The good Vice Speaker Justo Quitugua even brought up multitude of other options through the Energy Office, and other federal agencies that can provide these assistances. We just have not researched it enough, and I explored these options. We are talking about a monopoly here, Mr. Speaker. Privatization of the power plant is a pure monopoly. The customers are guaranteed to this IPP, but yet, we would rather give away the store to

speak. This IPP is not even going to pay capital gain stacks because they have nothing to pay. What happened to the acquisitions cost, which can be realized by the CNMI in terms of taxes and monies for the benefit of the Commonwealth. This company can amortize this acquisition. We are not talking about business 101, we are really talking about graduate level business. I am not going to get into the fine detail of how to play around with the numbers because it can be done. Business community does it all the time. We can easily play with the numbers. There is no public hearing. The RFP right now is being hold up because of this bill. I wonder why. It makes me wonder. If this is such a critical bill that needs to be passed, maybe there is something that we need to see that they are not showing us because if this RFP where to go out, it can always be cancelled. It is just a request for proposal. That means if that if we do not like what we have gathered in terms of bids, we can always retract and cancel and put in a new bid. But even before that, the administration can come to the floor legislature and say, look, we tried our due diligence, we have gone out and solicited, but right now, we are not seeing the numbers that we want to see. We have not even talked about the possibility of a co-op. Majority of us here are paying for power. So we have a personal stake in this. If the administration is so keen on giving away the power, we minus well just create a local public co-op, which would buy the asset of CUC. We are not going to take it for free. We will finance it through other means which is available through co-op. There are over 1,000 co-op's in the U.S. that operates power plants, and small community such our size is ideal for a co-op operation, because if this power plant becomes privatize, and we get a major destruction through natural disaster such as Typhoons, the Feds are not going to pay a dime. This company is going to have to go seek Small Business Administration for a loan. They would probably turn around and charge us anyway for the expenses that is going to be incurred. Some might even argue that they can be insured...[end of tape]

[beginning of tape]

Rep. Yumul:...million dollar facility. We are talking about Millions of dollars a year in premiums. There is even talk about complete privatization, which includes transmission and distribution. Hurricane Iniki back in 1994 or 1995 hit the island of Kauai, customers had to pay \$200 Million dollars because the Feds did not want to pay for the down power lines because it was privatized. So what did the Island of Kauai do? They went around in 2001, they bought the power plant back, and turn it into a co-op. I mean, everything is there. If you go Google search Kauai, Hurricane Iniki, you are going to find that this co-op posted everything on the net from the year it started the move to make it into a co-op up until the point that it became a co-op. Over four years in the making. That is how long it took just to create a co-op of that magnitude, and we are trying to do this within thirty days.

Speaker Babauta: Well, several years ago we have a co-op and it became bankrupt.

Rep. Yumul: I think that was the Energy or other, but...

Speaker Babauta: Some of you may recall the Farmers Market co-op is bankrupt.

Rep. Yumul: Farmers Market, Mr. Speaker, is not anywhere comparable to a power plant because like I said, the customers are guaranteed. It is not like the co-op, you can always go to a Joeten or a 99 cents store to buy your produce.

Speaker Babauta: I assumed your comment and your opinion is alluding towards other Pacific Island area such as Kauai. I beg to defer because this is Commonwealth and...

Rep. Yumul: Right and this why we need the due diligence on the part of the Chairman of PUTC to go out and conduct the hearing and get all the available options...

Speaker Babauta: The bill that is introduced does not contain such provision. It was the amendment that made this Law a little bit harsher to a plan or the Commonwealth's effort to engage in privatizing power generation. So what we are trying to do here is to remove...

Rep. Yumul: In this case, Mr. Speaker, we should not even privatize it and make it into publicly owned.

Speaker Babauta: Can we have an order here? Are you done yet, Representative Yumul.

Rep. Yumul: I am not done yet, Mr. Speaker.

Speaker Babauta: So continue.

Rep. Yumul: Thank you. Even the issue on Public Law 15-12 was brought up and I have read the Governor's Communication, and he makes no mention that although he is signing the bill into the Law, that the Legislature should come back and review the amendment that was made by Representative Arnold Palacios, saying that it was not in the best interest of the Commonwealth. Nothing. Right now, we are the ones that are going to be blamed if we allow this to happen, and I have been harping from the very beginning that I do not have a problem, Mr. Speaker, in voting for this bill. Right now, we do not have no information in black and white and we owe it to our constituents that we have to have complete information before we can even make an educated decision, and not a fly by night operation. This \$22.5 Million dollars is very important to the Commonwealth because it adds to rehabilitating not just the power plant in terms of privatization, but also, we can use the funds to badly go where it is needed the most. Tinian Break Water. The Mayor just declared a local State of Emergency. MVA and CPA have been harping on the fuel farm for the airports so that we can reduce the price of fuel to the airlines that are coming in. We have a big disparity between the rates that fuel is being sold in the Commonwealth versus that of Guam. So with that, Mr. Speaker, I move to make a floor oral amendment starting on page 2...

Speaker Babauta: Before I recognize your amendment, let me recognize the Chairman.

Rep. Dela Cruz: Thank you, Mr. Speaker. First of all, I want to thank everyone for passing a very important bill earlier, which is the Public Utilities Commission bill. The new Commission would set standards for Telecommunications, privatize electrical companies. We have seen what a private company can do. Good example is PTI. At first when Hawaiian Telephone came into the picture and bought the telephone system from here, they did not really need to pay anything to take over the equipments that where there. I am sure all of you remembered the time when you pick up the line and somebody is talking on the other side, and yet it was a private line. You pick up the phone and there is no dial tone. We have seen how a private company has grown. They passed it on and they have sold. New companies came in, but still they are privatized. They are still here. They are still very reliable even during Typhoons. The biggest problem that we have right now with our electrical

utility is that we do not know how to manage it. The government does not know how to manage an electrical company. I respect the sentiments of Congressman Tenorio and Yumul, but the issue here is about removing the \$22.75 Million dollars. The RFP has not been done, and I can guess why? It is because of the PUC bill and this bill to remove this. Now we are saying here, well maybe we do not know whether consumers will be paying more if we left this in this bill. I will leave it up to you to decide on that, but we have to look at what we have right now. We are still having power outages, the appliances are still getting broke, computers are still getting broke, and we can say, okay we can bring this back and deliberate some more. Let us put this out. But the longer we deliberate, the longer the people, the consumers here will suffer. Going back to the PUC bill, once that is signed into Law, this Commission will regulate, but also we have to bear in mind that we leave this \$22.75 Million in here, we are basically sending a message out there. Not only to the Commonwealth but to the world, and we are telling them, you want something, you have to come pay for it. These providers are going to come here to fix our utilities, and at the same time, we have a Commission to regulate. But this has always been the case. That is why we have a lot of people out there that want to come in and invest, but a lot of them are saying, no, because as soon as we have something, we want something more in return. We want them to pay for it. They are coming here to do business. We can impose taxes on them, regulatory fix or what have you, but I think businesses should be given the chance to blossom, to grow, but they cannot grow because we keep holding on to there you know. You want something; you have to pay for it. Like I said, we can bring this back to the Committee, but we are prolonging the problems that we are facing right now. Look at it, how many appliances have you had broken? The computer over here in my office broke down because of the unreliable power. We are trying to come up with amendments that will appropriate sums of monies from the \$22.75 Million and we do not even know if that is going to materialize, and yet, we already have plans. You know what? Sometimes I think we are doing all this now and the next thing you know, it just pops right in front of our face and nothing is going to progress in our Commonwealth. Mr. Speaker, I ask that we end debate and vote on the amendment. Thank you.

The motion to end debate was seconded.

Speaker Babauta: The motion to end debate is undebatable and has been seconded. Discussion. I recognize Representative Tebuteb.

Rep. Tebuteb: I will yield to Representative Tenorio before you recognize me.

Speaker Babauta: Before I recognize him for the second time, I would recognize you first.

Rep. Tebuteb: Thank you, Mr. Speaker. I know that this is the second time that we have looked at this particular amendment.

Speaker Babauta: Just so that you are aware, there is a Standing motion that was seconded which is undebatable, but I would allow that. Continue, Representative Tebuteb.

Rep. Yumul: Mr. Speaker, point of order.

Speaker Babauta: State your point.

Rep. Yumul: Prior to you acknowledging Representative Tebuteb, I was in the middle of an amendment...

Speaker Babauta: Yes and it was not seconded and was not acknowledged by the Chair.

Rep. Yumul: Well, you did not give the floor the opportunity to hear a second because you had jumped over to Chairman Dela Cruz. I did not even make the amendment yet. I have to present the floor amendment and then whether it is seconded or not, that is up to the Representatives here to decide.

Speaker Babauta: That is up to the Chair to decide or to acknowledge your amendment because it was never seconded in the first place.

Rep. Yumul: Right, but I did not give out my amendment yet.

Speaker Babauta: Because it was not offered officially.

Rep. Yumul: I made comments and then I made a motion to make an amendment.

Speaker Babauta: Okay, to cut this short because you are out of order, let me just continue with Representative Tebuteb.

Rep. Tebuteb: Thank you, Mr. Speaker. There were some questions also raised by previous speakers on this particular section, and those were some of the questions that I would also like to find out if we are talking about due diligence. If you look at all the findings in this particular bill, a lot of it are assumptions or maybe even opinions and sometimes when we tend to look at the word assumption or assumed, it kind of bugs our mind if we want to. If we want to be very specific on facts and information, if we want to due diligence as Representative Yumul has alluded to, I think we owe that to our people. One of the questions that are raised by Representative Dela Cruz was that, what do we have right now in terms of the assets at CUC? Is it \$45 Million? Is it less or is it not? We do not have all those information, and since the Chairman of PUTC has brought that up, I would like to also request that we find out those questions that the Chairman has put forward. Part of this funding that we are waiving specifically in this Public Law 15-12, comes from the first Covenant Agreement -- \$120 Million, and here we are forgiving, and if that is really our due diligence then I guess we are not so keen to our agreement with our Federal Government. What is the value of our CUC if we were going to go ahead and forgive this? And how much interest have been accumulated over the assumptions or opinions stated in the findings of this bill? I still move that we address what the Chairman has brought up in the questions that he has put forward in his statement. Thank you, Mr. Speaker.

Speaker Babauta: For the second time, I recognize the Minority Leader.

Rep. Tenorio: Thank you, Mr. Speaker.

Speaker Babauta: Be reminded again that I would allow such comment then we will close debate. Continue, Representative Tenorio.

Rep. Tenorio: Mr. Speaker, I looked at Public Law 15-12, which was House Bill 15-64. This was passed by both the House and the Senate for what ever reason, and this was debated, debated and debated, and they agreed that this is the right way to do it. So they passed House Bill No. 15-64, and it became Public Law 15-12. Even the Governor agrees with it along with all his consultants agreed with it. Now, the same Law, we are putting it on the floor and saying that we disagreed with this. Maybe this was done intentionally just to cut down half of it, and now we are going to erase everything. I mean, is this why the business community are saying, make up your mind on what do you want. Now we have new reasons. There are so many things that have developed over the past couple of weeks or several months after the passage of Public Law 15-12 that makes it now unacceptable. All the reasons and all the debates, all the comments and everything that we had gone through in the past sessions are all completely disregarded. Why? Nobody in his right mind would come here and do business if he is not going to make money. But how do they make money and how they do it depends. There are some companies that just want to come and say, okay clean sweep everything, but we want to have the 25 years free tax and all these other laws that we have in place to entice businesses. They end up paying nothing and things like that are the major cause of the financial crisis in the CNMI. We have overwhelmed them with forgiveness. There is no money and no tax gain. Let us be reasonable. There must be other reasons and I would like to know before I make my decision. I know that you are saying that it does not make any difference anymore because the Governor passed this bill. I am just asking my colleagues here to please search their conscience and do they really know the abc's of this transactions. They can go ahead just like what Congressman Yumul said to go ahead with the privatization request and let people come in and put in their proposals. We are making laws to adapt to their needs. We are not making laws to adapt to our needs. I fail to see the rationale behind it. We passed the PUC bill already. It is good and that we have in place. I commend the Chair for his hard work, and that is done, but this is another issue that comes in. I do not know. I disagree with some of the comments that we have to clean scene before we have clean privatization proposal. I just do not see it. I am from the Minority group, but it is not because we are from the Minority group, this is a job for everybody. I think it is a wrong move to pass this amendment to the Public Law that was just signed into the law several months back for accommodation. It does not make anymore sense. I know that whoever takes over CUC, when privatized, they would do it for money. They will find ways to make money, but they have to abide to the existing laws of the Commonwealth. That is it, Mr. Speaker. Thank you.

The Chair recognized Representative Kaipat.

Rep. Kaipat: Thank you, Mr. Speaker. I have been sitting here listening to these arguments. I have heard some new arguments, but some of them are the same arguments that we had even months ago when we went about passing this bill the first time around. This is the second time that it made its appearance, and I did vote not to pass the amendment the last time, but I cannot help but think that in the beginning as a member of the PUTC, we had couple of meetings with CDA, and at that time when they were talking about the settlement, even CDA had agreed to forgive...there was discussions back and forth as to whether it was a grant or whether it was a loan. To my understanding, this was a grant, and since then, we moved passing that. When this bill was passed, I remembered the headline from the newspaper that quoted the Public Auditors Office as hailing this as a good move and that this was the right thing to do. My reason for not supporting the move to amend this bill the first time or to remove this amount initially was because I did not feel comfortable and I wanted more information. We had couple of meetings over at the Administration, and we have said from the beginning that all of you, regardless of whether you are a Minority or a

Majority, you are all welcome to come over and meet with the administration. I do not think that any of us is interested in prolonging any suffering of our people, and I just do not feel that this is the right time to be earmarking funds or to use this as a vehicle to earmark funds for any projects however worthy they may be. I strongly believe, and you are all entitled to your opinions and may disagree that this would eventually be passed on to the consumers, but I believe it would be. That is the main reason why I am going to change my vote today, and I ask you to consider removing this provision. None of us have crystal balls that can really look into it and guarantee 100%, but my gut instincts tell me that if you do not remove this then we just are putting up impediments for other companies who may want to come in and bid and participate in the RFP process. Why start them off in negative to begin with? Let them come in as start fresh. We just passed that bill, we will have a regulatory body that will monitor this to make sure that this is not abused, but we need to take action now. We continue to have our power outages, we continue to have our community affected by this, and we have people who cannot even deal with the power being off because they need it in their homes because they are sick. I know that you have been getting calls because I too have been receiving them. We can sit here and debate about theories, and all these different ways that we can go about this. The bottom line is that we have to take action now. You know, we are known for amending bills and that is one of the reasons why I urge all of you to take the time in Committees to work on bills so that we study and we work things out then we can come here and make decisions. I do not feel that this bill has been passed without any kind of thoughts. We have been debating about this bill, but it is time to take action now. I urge you to support the removal of this provision in this bill and let us move on, and with that, I make a motion to end debate.

Speaker Babauta: Before I recognize any members that have spoken before, I would like to recognize members that have not spoken, and I recognize Representative Torres.

Rep. Torres: Mr. Speaker, is Congresswoman done?

Speaker Babauta: The Chairwoman is done.

Rep. Torres: Just to clarify. What is this bid price quotation? Is this a genuine thing that came out from...I like to know before I make my statement, please?

Speaker Babauta: For all I know, this is a potential scenario of what would happen or what would appear. I recognize Representative Ogo to answer that.

Rep. Ogo: Thank you, Mr. Speaker. I know that we will be voting on SEN. COMM. NO. 15-108, I provided this information because last week during a meeting with the Administration, the Special Assistant to Budget and Management provided this scenario to the members of the House and the Senate that were present last week. It is very important to us at least have an idea because I hear members here mentioning about pass through. If you look at the information provided before you, it is surely shows that if we have questions about pass through to our consumers, it shows that it is less than a cent, Mr. Speaker, with this scenario in a five year investment with a private company. Let us say, we realize that CUC would be privatized, in five year paying the CDA loan payment of \$22.5 Million, the rate increase is less than a cent. That is what the Administration is telling us. So in my mind, when I take this and I look at the information that is included, it has basic generation fee, operation and maintenance fee, transmission and distribution charges, and they also include the CDA loan repayment, assuming for the next five years in the amount of less than a cent. So if we are

really going to impose this \$22.5 Million to the investors or to a possible investor, it would only take five years to repay that \$22.5 Million. For us to think about it, it is a policy call that all of us have to think whether we are going to continue with that CDA loan repayment, in our conscious if we are going to vote today. If we are going to accept that \$22.5 Million, I can safely say through this information by the Administration that it is less than a cent per kilowatt. It is self explanatory. If you look at the language that is placed before you, again, I say that this is not an official information, it is just a scenario that the Administration provided to us. Thank you, Mr. Speaker.

The Chair recognized Representative Torres.

Rep. Torres: Having said that, I guess that the Administration already have a minimum bid price for the proposed privatization. It troubles me to find out that the Administration came up with bid price or scenario of 21-13 cents per kilowatt. I have a copy of an adjusted electric bill last week indicating in their own writing, and this is from the CUC customer service desk that it is only a 14.5 cents per kilowatt. Now we are looking at .21, I mean, the oil price is going down significantly and with the adjusted bill of 14.5, what are we looking at? That is CUC's adjusted rate for one of the customers. I think that we should reserve the leverage power of not passing this bill until we know that the proposal of the privatization can be negotiated. Let us reserve that and negotiate with the people that are interested to run the power plant as privatization. Let us send a message that, okay we will reserve that, but you know, show us what kind of proposal you have first. I think we have to look at this scenario of .21 cents with CDA loan, and I will provide you a copy of the adjusted .14.5, and I do not know why they are charging us excessive fuel charge when they are admitting that it is only 14.5 cents per kilowatt. Thank you.

The Chair recognized Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. Just as a quick note on this proposed bid price, we are talking about a payback period of 5.5 years, which does not make sense since the company would have a contract of 25 years. It is more prudent to amortize the \$22.5 Million over 25 years, and that actually drops this \$4.1 Million to under a Million dollars a year, but thank you for recognizing me, Mr. Speaker. The issue I had was to make an oral floor amendment that you had claimed that it was not seconded, but I was talking to Representative Ogo and I believed he may have seconded, but I would like to ask that if there was a second then I will continue, but if not then...

Speaker Babauta: Oral amendment?

Rep. Yumul: Oral amendment to the bill, Mr. Speaker.

Speaker Babauta: Continue with your oral amendment.

Rep. Yumul: Thank you, Mr. Speaker. Starting on page 2, line 16 after the period, to add, "However in the event that the power generation system for the CNMI is privatized and controlled by an independent power producer, 50% of the principal amount of the \$45 Million shall be paid by the independent power producers as follows: 1), \$7 Million to the Commonwealth Utilities Corporation for the construction of a windmill farm..."

Speaker Babauta: Short recess.

The House recessed at 10:51 a.m.

RECESS

The House reconvened at 12:03 p.m.

Speaker Babauta: We are back to our plenary session. Let the record reflect that the motion that was offered by Representative Deleon Guerrero is now recognized and has been seconded by Representative Tenorio and the motion is to defer discussion on the bill and refer that bill to the Committee. So discussion on Representative Deleon Guerrero's motion? I recognize Representative Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Just before we entertain that motion to refer to the Committee, I want to say for the last time that...before making this decision, I have absolutely no doubt that members of both sides of the aisle have the best interest of the public at heart. I am not going to say otherwise. I think what the difference is the approach. The difference here though or the reason why members of this block is kind of hesitant to approve this amendment is for one fundamental reason and that is the lack of information. I do not think that anyone here including the Chairman of PUTC understands what is at stake. Do we even know what the value of what is going to be privatized? Do we know what is the value, and that would be an issue in privatization process? They will have to look at that. Just like when Verizon was selling its assets and this is no different. PTI came in and proposed a bid, and I think it is public knowledge, I do not know if I need to disclose the amount, but there was an amount and that included the value of the infrastructure of Verizon's assets, and PTI won the bid. I think part of it was for the value of the assets, part of what PTI pays for...

Speaker Babauta: Representative Deleon Guerrero, can you limit your discussion to the bill, please?

Rep. Joseph Deleon Guerrero: Was the consolidation or the debt service that Verizon had...so here is my point. There is a relevance here, Mr. Speaker. There is really no difference between the privatization here and the sell of Verizon to PTI. There is no big difference and PTI did not raise the rates to the consumers because they had to pay this. They did not. It was part of the transaction. Yet, here we are transaction will happen in the very near future and none of us know the value of the assets, and we are basically saying, let us start from scratch and let us not try to get any leverage here in terms of what the value of the assets are. Please be mindful of that. That is the only difference here. We are reluctant right now to approve this amendment because we do not have any solid information. That is the biggest difference between the two. I ask that we get that information. It may be more than \$22 Million or it may be less, but until such time that we understand fully what is at stake, I inclined to agree with my colleagues including Representative Torres who says, let us keep our leverage. That is all. I think that is a sound decision to hold what leverage you have until you know exactly what is at stake. I ask the members to consider that when they deliberate on this matter. Once we know fully then it is up to us whether we remove this or not. I understand the urgency, but I do not think that we are doing a disservice to the public to ensure that we protect their interest and that we make available funds that can be used for whatever we need; Lord knows this government right now is hurting for funds. Why are we so eager to give it up for this perception that it may be passed on and even if it does get passed on, we have that funding of \$22.5 Million that we

can use. If it is passed on and it is amortized over to 25 years, then we are talking at less than half a penny per kilowatt. So what are we so worried about? I think that this is the safe route to take. Thank you, Mr. Speaker.

Speaker Babauta: Representative Deleon Guerrero, on the motion to defer action...

Rep. Joseph Deleon Guerrero: Yes, thank you.

Speaker Babauta: Thank you very much for your understanding. Ready. The motion to defer and refer the bill to the Committee. Ready. I am going to allow roll call here because I know that there is going to be a division on the floor. So, “No” is to continue to discuss the bill on the floor and “Yes” is to defer the bill to the Committee. Clerk, call the roll.

The Clerk called the roll on the motion to discuss or defer action on S. B. NO. 15-62 on First and Final Reading:

Rep. Martin B. Ada	no
Rep. Edwin P. Aldan	no
Rep. Francisco S. Dela Cruz	no
Rep. Florencio T. Deleon Guerrero	yes
Rep. Joseph P. Deleon Guerrero	yes
Rep. Jacinta M. Kaipat	no
Rep. Jesus SN. Lizama	no
Rep. Crispin M. Ogo	no
Rep. Arnold I. Palacios	excused
Rep. Justo S. Quitugua	no
Rep. Benjamin B. Seman	yes
Rep. Candido B. Taman	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	no
Rep. Absalon V. Waki, Jr.	no
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	no

Speaker Babauta: By a vote of 10 “no”, the motion offered by Representative Deleon Guerrero is hereby defeated and we will continue to discuss, S. B. NO. 15-62. I recognize Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. I have a written floor amendment to S. B. NO. 15-62 on page 2, line 16, after the (.) period, to add, “However, in the event that the power generation system for the CNMI’s privatized and controlled by an independent power producer, 50% of the principal amount of the \$45.5 Million shall be paid by the independent power producer as follows: 1). \$7 Million to the Commonwealth Utilities Corporation for the construction of a windmill farm on the island of Rota pursuant to Public Law 15-23, Section 8622 § (a); 2). \$4.5 Million to the CNMI general fund for the restoration of the government work hours up to 80 hours per pay period pursuant to Public Law 15-24; 3). \$11 Million to the Commonwealth Ports Authority for the construction of a fuel farm at the airports on Saipan, Tinian and Rota specifically \$8 Million dollars for the Saipan International Airport, \$1 Million for the Tinian International Airport, and \$1 Million

for the repair of the Tinian break water, and \$1 Million for the Rota International Airport.” I so moved.

The motion was seconded.

Speaker Babauta: Discussion on the amendment. I recognize the Vice Speaker.

Vice Speaker Quitugua: I just have one question, Mr. Speaker. I just want to hear the concurrence from our Representative in Tinian whether Tinian really needs the \$1 Million dollars for the break water?

Speaker Babauta: Is there a request? You may respond, Representative Aldan.

Rep. Aldan: Thank you, Mr. Speaker. As much as we want \$1 Million, we do not really need \$1 Million. We need \$40 Million. In all honesty, that was the proposed repair for those water break that is dilapidating right now. As you know, the Mayor declared a State of Emergency. There are some legal issues that the leadership from Tinian still are going through as far as us repairing the water break. Based on previous records that we have gathered, there is an environmental assessment going on right now, and it is costing the local municipality over \$400,000.00. That is only their part, and some of the remaining funds will come from the Federal. Down the line, we will need \$40 Million to repair to its original not counting its expansion, but to its original. Right now, as much as I really want the \$1 Million dollars, it is not enough for the break water.

The Chair recognized the Vice Speaker.

Vice Speaker Quitugua: It seems, Mr. Speaker, that we are dishing out the funds that probably would not be in use until the expiration of the privatization. As my good colleague is saying that they need \$40 Million, so this \$1 Million probably would sit in the government for the next 25 years if CUC is privatized. I am just looking at the amendment whether it really makes sense. Spread out the money so thinly that it would not be used or combining the money to prioritize the most urgent needed projects in Saipan, Tinian and Rota.

Speaker Babauta: Any more discussion on the amendment? I recognize Representative Waki.

Rep. Waki: Thank you, Mr. Speaker. It was one thing to just ask for anybody who is going to be interested in privatizing CUC to absorb \$22.5 Million on worn out equipment. The \$45 Million which was a grant, which was not supposed to be repaid because a grant is a grant, look up the word in the dictionary. It basically means that it was given to us for use, and not to be loaned out or to make money from. Okay. Then we want to take \$22.2 Million and we say, okay, first we are not even going to give anybody or it is not going anywhere. You are going to have to pay for it, and economist.com said, that we can sell our generators on ebay. Does that tell you basically what it is worth right now? It basically tells you that it is not a whole lot. We have had different people do the assessment. We say that we do not have what it is worth. We have all the records over the past few years, and I guess people kind of shoved and filed it away and not look at it until a bill comes out and says that we need to do something about CUC. Now, we have some idea to tell them that when you get the \$22.2 Million, you are going to pay for the infrastructure of all these other things. I just really cannot understand the reason behind here. We would not probably need \$22 Million if we

could...and the whole reason was to clear the \$45 Million was so that we can borrow our own money, and the OPA said, it was okay to do such. I do not understand where we misunderstood that somewhere. Everything has been agreed that it should be written off, but we feel that it should not be written off. So who is right and who is wrong? Okay. Now, to add this, to amend it, to put specifics where the money would go, I just feel that we are making this privatization process worse than it is probably already. I believe that we should do our own power plant. Privatization may not be an answer. It is an option, but unfortunately, we do not have the funds to fix it ourselves. Maybe we may not manage it, we may repair it, we may find the funds to repair it, but the next Administration, the priority is changed. So I just do not believe this amendment is really going to do any real good at this point in time. The bottom line is, until we get an idea of someone really interested in taking over the power plant, and realizing that they would have to spend \$100 Million dollars to improve the infrastructure of the transmission, distribution, and the power generation, they are not going to make any money right off the back. Now, we are telling them to spend money to help other infrastructure needs. I really believe that it is not going to fly, but that is maybe just my opinion, but I want to make sure my opinion is put in the Journal, Mr. Speaker. I am just saying that, I ask my colleagues not to consider this particular amendment because it just makes the whole process even more difficult than it is already. Thank you.

Speaker Babauta: Anymore deliberation on the amendment? Let me just clarify. I want to hear on the amendment from the mover. The \$1 Million for Rota International Airport, what is it for?

Rep. Yumul: Thank you, Mr. Speaker. That is for the fuel farm for the aviation fuel.

Speaker Babauta: On the last sentence, Representative Yumul, it says, “and \$1 Million for the Rota International Airport.”

Rep. Yumul: That is right. If you back up four paragraphs to number 5 where it starts off, “\$10 Million dollars for the Commonwealth Ports Authority for the construction of a fuel farm at the airports on Saipan, Tinian and Rota...”

Speaker Babauta: Okay.

Rep. Yumul: Then we are specifying specifically \$8 Million and so the division of the funds.

Speaker Babauta: Did the Acting Governor request for the restoration or for that matter the Department of Finance?

Rep. Yumul: This came from CPA.

Speaker Babauta: No, the \$8 Million for the restoration of the austerity or this is just a...

Rep. Yumul: To help the people of the Commonwealth, Mr. Speaker.

Speaker Babauta: A blind folded injection?

Rep. Yumul: Yes, because our understanding was that the savings is to be realized from the austerity Friday's would go to pay PSS funding shortage. So we are basically restoring it, Mr. Speaker, so that we can bring back 80 hours to the government employees.

Speaker Babauta: Let me just clarify the last part. Is this part of the request that CPA Board made on their last board meeting?

Rep. Yumul: I was not at the board meeting, Mr. Speaker, so I could not answer that.

Speaker Babauta: Okay, because I want to be convinced on your amendment that, that is the exact price that CPA wanted to have because according to Representative Aldan, they need \$40 Million just for the harbor in itself. I was wondering if you want to divulge all of these \$22 Million to the \$40 Million project?

Rep. Yumul: I believe Representative Taman has an amendment for that \$1 Million dollars for the Tinian break water. So I defer to him if the good Congressman says that it is not needed at this time, although \$40 Million is needed eventually and the good Vice Speaker had mentioned that it might just stay with the IPP up to 25 years. I guess we need to decide today what to do with that \$1 Million, Mr. Speaker.

The Chair recognized Representative Taman.

Rep. Taman: Thank you, Mr. Speaker. If our good colleague from Tinian does not need the \$1 Million for the Tinian break water, I would like to make a subsidiary amendment to this amendment, and...

Speaker Babauta: Okay. Let us dispose of this amendment first then I would allow you to offer your amendment to the amendment. Okay. Clerk, call the roll on the written floor amendment.

The Clerk called the roll on the motion to pass the amendment offered by Representative Yumul on S. B. No. 15-62:

Rep. Martin B. Ada	no
Rep. Edwin P. Aldan	no
Rep. Francisco S. Dela Cruz	no
Rep. Florencio T. Deleon Guerrero	no
Rep. Joseph P. Deleon Guerrero	yes
Rep. Jacinta M. Kaipat	no
Rep. Jesus SN. Lizama	no
Rep. Crispin M. Ogo	yes
Rep. Arnold I. Palacios	excused
Rep. Justo S. Quitugua	yes
Just to continue discussion on the bill, Mr. Speaker, I would vote, yes.	
Rep. Benjamin B. Seman	yes
Rep. Candido B. Taman	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. Absalon V. Waki, Jr.	no
Rep. Ray N. Yumul	yes

Rep. Oscar M. Babauta

no

Rep. Torres: Mr. Speaker, point of order.

Speaker Babauta: State your point.

Rep. Torres: Can I ask the Clerk...

Speaker Babauta: Okay with Representative Quitugua voting, yes, by a vote of 9 “yes”, the amendment as offered by Representative Yumul is hereby adopted by the House. Now, I would recognize the motion to end debate so that we may vote on S. B. NO. 15-62, HD1. I am so sorry. I now recognize Representative Taman.

Rep. Aldan: Mr. Speaker. Mr. Speaker.

Speaker Babauta: Can I have order in the House? I recognize Representative Taman.

Rep. Taman: Mr. Speaker, for now, I yield to Representative Aldan.

The Chair recognized Representative Aldan.

Rep. Aldan: Mr. Speaker, I just want to make a statement in regards to this amendment. I was assuming that this amendment was not going to go through, however, now, I would like to make a floor amendment, Mr. Speaker, to this amendment that Congressman Yumul introduced. If I may, Mr. Speaker?

Speaker Babauta: Before I allow you to offer that oral amendment, did it ever occur to you in your mind politically whether or not this bill would pass the Senate?

Rep. Aldan: Excuse, Mr. Speaker, come again?

Speaker Babauta: What I am alluding to...

Rep. Aldan: No, Mr. Speaker.

Speaker Babauta: What I am alluding to is that do not make a free amendment that would not fly through.

Rep. Aldan: Thank you then, Mr. Speaker.

Speaker Babauta: It would be useless.

Rep. Aldan: I withdraw.

The Chair recognized Representative Taman.

Rep. Taman: Thank you, Mr. Speaker. I am under the impression that our good Representative from Tinian is not appreciative of the \$1 Million for the Tinian break water, so I would like to offer a subsidiary amendment to this amendment, and place that \$1 Million on...

Speaker Babauta: Let me clarify with him because as far as his comment with respect to the amendment as offered by Representative Yumul was he was alluding to the \$1 Million wherein probably the Delegation have acknowledged that the Tinian Harbor requires more than \$1 Million, maybe \$20 Million or \$27 Million. He appreciates that, but the fact is that would probably be not enough for the army corps of engineers study or for that matter the A&E.

Rep. Aldan: That is correct, Mr. Speaker.

Speaker Babauta: But unless you are willing to take it away from him, I would continue to recognize you, Representative Taman.

Rep. Taman: I would not indulge in that approach, Mr. Speaker. I would let my good colleague proceed.

Speaker Babauta: Okay.

Rep. Aldan: Mr. Speaker, I would just ask my colleague to just leave the \$1 Million in there and we will see what would happen. Thank you.

The Chair recognized the Vice Speaker.

Vice Speaker Quitugua: Mr. Speaker, I have an oral amendment. That is why I want to keep the amendment alive.

Speaker Babauta: Continue.

Vice Speaker Quitugua: Subsidiary amendment, Mr. Speaker. At the end of the previous amendment on "Rota International Airport.," the oral amendment that I am offering would read as follows: "The Governor may waive the imposition of the above to the independent power producer in the event that such actions will cause the increase of kilowatt hours to the consumers." Following this statement, "The Governor shall advice the Legislature in writing to such action taken." That is my subsidiary amendment, Mr. Speaker.

Speaker Babauta: Does everybody understand that amendment? Please, repeat again.

Vice Speaker Quitugua: Following the amendment made by Representative Yumul, I am offering a subsidiary amendment which reads, "The Governor may waive the imposition of the above to the independent power producer in the event that such actions will cause the increase of kilowatt hours to the consumers. The Governor shall advice the Legislature in writing to such action taken."

The subsidiary motion offered by the Vice Speaker was seconded and carried by voice vote.

Speaker Babauta: The motion carries. Now we will be voting S. B. NO. 15-62, HD2. Clerk, call the roll.

The Clerk called the roll on the motion to pass S. B. NO. 15-62, HD2 on First and Final Reading:

Rep. Martin B. Ada	yes
Rep. Edwin P. Aldan	yes
Rep. Francisco S. Dela Cruz	yes
Rep. Florencio T. Deleon Guerrero	abstained
Rep. Joseph P. Deleon Guerrero	no
Rep. Jacinta M. Kaipat	yes
Rep. Jesus SN. Lizama	yes
Rep. Crispin M. Ogo	yes
Rep. Arnold I. Palacios	excused
Rep. Justo S. Quitugua	yes
Rep. Benjamin B. Seman	yes
Rep. Candido B. Taman	no
Rep. Ramon A. Tebuteb	no
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. Absalon V. Waki, Jr.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	no

Speaker Babauta: By a vote of 12 “yes”, S. B. NO. 15-62, HD2 with amendment passes the House on First and Final Reading. Before we adjourn for lunch, just to officially inform you that I will be putting out a Joint Memorandum with the Senate President to inform you of the official State Service to be conducted for a Joint Session on Friday morning at 9:00 a.m. at the Multi-purpose. This is going to be a solemn and official occasion. It is going to be a coat and tie ceremony. So I urge each and everyone of you to be prompt because we would be calling the Joint Session at 9:00 a.m. sharp. This is timed by our Legislature and the Administration along with the family. So we need to be timely because there are some other programs that both the family wishes to be accommodated on that day. I think they only allowed us for an hour and a half. On the same note, I will be issuing out a postponement of our session this week in Rota. I understand the Chairman of Ways and Means would also postpone his public hearing. I will be issuing a call hopefully by the end of the week or early next week to reschedule our plan in Rota. I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Mr. Speaker, I may be mistaken, but the last action we took was to adopt the subsidiary amendment by the Vice Chair. We have not adopted the main motion. I mean, we have not dispose of the main motion yet.

Speaker Babauta: We did because after the adoption of the oral amendment by the Vice Speaker, I called the roll.

Rep. Joseph Deleon Guerrero: That was just for his.

Speaker Babauta: No. No. No. We adopt it verbally during voice vote. So after that, I said, motion carried and I hereby called for the main motion.

Rep. Yumul: Yes, that is correct.

Speaker Babauta: So the Senate Bill passes the House already as amended.

Rep. Joseph Deleon Guerrero: I do not have a problem. I just wanted to clear the procedural...

Speaker Babauta: Clerk, would you clarify that?

Evelyn Fleming, House Clerk: *Mr. Speaker, the motion by the Vice Speaker was carried by voice vote.*

Rep. Joseph Deleon Guerrero: Yes, that was the motion of the Vice Speaker.

Speaker Babauta: Yes, and the purpose of the roll call was to call the roll on the main motion.

Rep. Joseph Deleon Guerrero: Not for the main motion. That was for the subsidiary motion.

Speaker Babauta: No. That was for the main motion as amended.

Rep. Joseph Deleon Guerrero: He amended Representative Yumul's amendment.

Speaker Babauta: Short recess.

The House recessed at 12:34 a.m.

RECESS

The House reconvened at 12:34 a.m.

Speaker Babauta: We are back to our plenary session, and I recognize Representative Torres under Miscellaneous or Announcement.

Rep. Torres: Can we go back to the bills because I ask you to give me a chance to recall one bill.

Speaker Babauta: I understand from both Chairman that they will be putting out a...because your recommendation was to file it, right?

Rep. Torres: Yes.

Speaker Babauta: And I understand from both Chairmen that putting out a Committee Report at the next session to officially file it.

Rep. Torres: Okay, that would be good enough.

Speaker Babauta: Okay. Chairman Ogo and Chairman Ada, make sure that the concern of Congressman Torres is adhered on your Joint Committee, please. Thank you. I recognize Representative Torres.

Rep. Torres: Are we in Miscellaneous?

Speaker Babauta: Now we will be under Miscellaneous. Please make it short because it is 20 minutes to 1:00 p.m.

MISCELLANEOUS BUSINESS

Rep. Torres: Thank you. With the indulgence of the Majority, I have the prior approval of the Minority. Just to make it short, I pass out the letter from the Acting President of the College responding to my request on the lump-sum payment of some of their employees who got lump-sum payments from their annual leave. I took this as an insult to the trust of not necessarily the Legislature, but an insult to the trust of being entrusted of the public funds. It is a swindle, and now the Board of Regents are saying, "It is okay to swindle and corrupt public funds" to the students. I will be distributing a copy to the members of my response to this letter. If I may continue, Mr. Speaker.

Speaker Babauta: You may continue. Once again, I ask you to provide the members copies ahead of time so that we may follow you.

Rep. Torres: Mr. Speaker, it is not critical. It is just a message to alert or a warning. This is about Butch Wolf. When will we wake up to the fact that businesses are not rushing into the CNMI and businesses already here are rushing out among the many businesses that have fled elsewhere does not...the three simple letters of JAL keep bringing in our ears about the loss of a major business, enterprise, the loss of tourist and several jobs, and government income. Recently, I heard that Mr. Butch who is indirectly recommended by this same body by earlier Resolution to lead our film and T.V. commission that was enacted into law has been dismissed by our Governor's Office as an unnecessary addition to the unnecessary commission. Mr. Wolf is a bonafide CNMI resident, an award winning Hollywood Veteran has been invited to Guam to help lead its aggressive and progressive film industry. So for the record, we are sitting here watching opportunities flying off east and west out of our little dot in the middle of the vast Pacific Ocean within the larger global arena. When we are all alone, who will pay for uncomfortable – that will someday be tattered and worn out by twisting and turning of ineffective legislators who have allowed business and growth to escape? I want a show of hands who support our film industry and who will help set aside some of approximately \$60,000.00 to jumpstart this industry and give all the film veterans like Butch Wolf a chance to succeed in the CNMI. If you keep your hands down, I want it recorded by the Speaker and the House Clerk. Remember our children will hold us accountable some day and that could be tomorrow the way our economy is suffering.

Speaker Babauta: Are you finished, Representative Torres?

Rep. Torres: My hand is for a motion to appropriate...

Speaker Babauta: Let me just make some clarification on your first comment, and while I recognize the fourth paragraph is very disturbing, a letter from Mr. Wyatt to you, this needs to be continuously observed. While we all acknowledge that the NMC was empowered through the Constitution and furthermore was empowered through the creation of statute by this body, not this Legislature, but by the CNMI Legislature that have gave them those decision making authority. However, that may be,

the paragraph is really disappointing to write this kind of letter. On the issue of Mr. Wolf, was there any official act by the Administration that he was side step otherwise?

Rep. Torres: He has been waiting until now, but...

Speaker Babauta: Is that hearsay, Representative Torres?

Rep. Torres: I am making...

Speaker Babauta: I mean what you heard?

Rep. Torres: I am making it official that he is not going to be called in by our Administration.

Speaker Babauta: How do we know that?

Rep. Torres: I understand he accepted a job in Guam already.

Speaker Babauta: Okay.

Rep. Torres: I think he is in Guam.

Speaker Babauta: So it is a matter of his choice accepting before we call him? That is what you are alluding to?

Rep. Torres: Guam calls him.

Speaker Babauta: Yes. Guam calls him before we do. Is that what you are saying?

Rep. Torres: He was waiting for our call, Mr. Speaker.

Speaker Babauta: Okay. Any Announcement, and I recognize Representative Ogo.

ANNOUNCEMENT

The Chair recognized Representative Ogo.

Rep. Ogo: Due to your call this coming Friday, I just want to inform the members of Ways and Means that we will be postponing the hearing on Rota due to your call. So we will reschedule and a Memorandum would be out for the next hearing on Rota. Thank you.

Speaker Babauta: I hope you keep the member apprise. I recognize Representative Aldan.

Rep. Aldan: I believe earlier, there was a Memorandum passed out for Natural Resources to meet today at 9:00 a.m. It is postponed until 1:00 p.m. this afternoon or make it at 2:00 p.m.

Speaker Babauta: The Chairman has postponed the 9:00 a.m. to 2:00 p.m. Any more Announcement? Floor Leader.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, I call for recess subject to your call.

The House adjourned at 12:46 p.m.

Respectfully submitted,

Vicky T. Guerrero, Journal Clerk
House of Representatives

APPEARANCE OF LOCAL BILLS

First Appearance of a local bill is the day of introduction

SECOND APPEARANCE
None

THIRD APPEARANCE:
None