



HOUSE JOURNAL

SEVENTH SPECIAL SESSION, 2008

Third Day

Friday, July 18, 2008

The House of Representatives of the Sixteenth Northern Marianas Commonwealth Legislature convened its Third Day, Seventh Special Session on Friday, July 18, 2008, at 9:50 a.m., in the House Chamber on Capitol Hill, Saipan, Commonwealth of the Northern Mariana Islands.

The Honorable Arnold I. Palacios, Speaker of the House, presided.

A moment of silence was observed.

The Clerk called the roll and eighteen members were present; Representative Ray N. Yumul and Representative Ralph DLG. Torres were excused.

ADOPTION OF JOURNALS

NONE

INTRODUCTION OF BILLS

H. B. NO. 16-130: 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.

Offered by: Rep. Victor B. Hocog and eight others

H. B. NO. 16-131: To amend 4 CMC § 8182 to avail NMC CREES of the special water rates established for farmers and ranchers; and for other purposes.

Offered by: Rep. Ramon A. Tebuteb and two others

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

H. L. B. NO. 16-18: To appropriate \$900,000.00 from the Mañagaha Land Fees (PL 11-64) for the Marianas Visitors Authority and Northern Marianas College; and for other purposes.

Offered by: Rep. David M. Apatang and one other

INTRODUCTION OF RESOLUTIONS

H.COMM. Res. No. 16-4: Congratulating Michael S. Sablan for a successful tenure as CNMI Public Auditor and wishing him well in his future endeavors.

Offered by: Representative Oscar M. Babauta

(Was withdrawn on the floor by the author)

H. R. NO. 16-45: To commend and congratulate Mr. Michael S. Sablan Public Auditor of the Commonwealth of the Northern Mariana Islands for his services and dedication in proudly

representing the people of the Commonwealth and for up-holding honor and distinction for the CNMI and for all his accomplishments.

Offered by: Rep. Heinz S. Hofschneider and nineteen others

Speaker Arnold Palacios: I recognize Representative Babauta.

Representative Babauta: Mr. Speaker, with the understanding and the indulgence of the members, I noticed that there is a House Resolution Prefiled No. 16-45, without objection, I wish to withdraw House Commemorative Resolution 16-4 officially from the Calendar. I intend to support House Resolution 16-45 as introduced by one of our distinguished colleague.

Without objection, House Commemorative Resolution 16-4 was withdrawn.

Speaker Arnold Palacios: I recognize Representative Hofschneider.

Representative Hofschneider: Thank you, Mr. Speaker. I want to thank the former Speaker for being gracious in recalling that and giving me the opportunity to introduce H.R. 16-45 to commend and congratulate Mr. Michael S. Sablan, Public Auditor of the Commonwealth of the Northern Mariana Islands for his services and dedication in representing the people of the Commonwealth and for upholding honor and distinction for the CNMI and for all of his accomplishments. The resolution is introduced by myself and several others and I welcome any other member to co-sponsor the resolution.

Speaker Arnold Palacios: Thank you. We will place that resolution on today's order of business.

H. RES. NO. 16-46: To recognize Mrs. Naomi Eve Lujan-Gonzales for her outstanding contributions to the Commonwealth and to wish her the best of luck in her future endeavors.

Offered by: Rep. Rosemond B. Santos and nineteen others

H. J. R. NO. 16-9: To request that President George W. Bush and Governor Benigno R. Fitial designate Special Representatives to meet and consider the implementation of P.L. 110-229 and to make a report and recommendations with respect thereto.

Offered by: Rep. Diego T. Benavente and seven others

H. R. NO. 16-10: Respectfully requesting Admiral Robert F. Willard, the Commander of the U.S. Pacific Fleet, to assist the Commonwealth of the Northern Mariana Islands (CNMI) address and resolve the serious public utility problem plaguing the island of Saipan in order to enhance the quality of life for the U.S. Department of Defense family and the people of the Commonwealth.

Offered by: Rep. David M. Apatang and one other

Speaker Arnold Palacios: Thank you. We will take a short recess.

The House recessed at 10:00 a.m.

RECESS

The House reconvened at 10:10 a.m.

MESSAGES FROM THE GOVERNOR

NONE

SENATE COMMUNICATIONS

NONE

HOUSE COMMUNICATIONS

NONE

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

Speaker Arnold Palacios: We are back in session. We are on Resolution Calendar, Floor Leader, recognized.

Floor Leader Camacho: Thank you, Mr. Speaker. A motion for adoption of House Resolution 16-45, referenced to Public Auditor Mr. Michael S. Sablan.

The motion was seconded.

H. R. NO. 16-45: To commend and congratulate Mr. Michael S. Sablan Public Auditor of the Commonwealth of the Northern Mariana Islands for his services and dedication in proudly representing the people of the Commonwealth and for up-holding honor and distinction for the CNMI and for all his accomplishments.

There being no discussion on the motion to adopt H. R. NO. 16-45 was carried by voice vote.

Vice-Speaker Deleon Guerrero: Mr. Speaker, if there is no objection, may I be recognized?

Speaker Arnold Palacios: I recognize Vice-Speaker.

Vice-Speaker Deleon Guerrero: Thank you. Would the author agree to the resolution be sponsored by the Committee of the Whole?

Without objection, the House Resolution 16-45 is sponsored by the Committee of the Whole.

Speaker Arnold Palacios: I recognize the Floor Leader.

Floor Leader Camacho: Thank you, Mr. Speaker. A motion for adoption of House Resolution 16-46 referenced to Mrs. Naomi Gonzales.

The motion was seconded.

H. RES. NO. 16-46: To recognize Mrs. Naomi Eve Lujan-Gonzales for her outstanding contributions to the Commonwealth and to wish her the best of luck in her future endeavors.

Representative Dela Cruz: Mr. Speaker, has copies been passed out?

Speaker Arnold Palacios: No. This is just a resolution to recognize Mrs. Gonzales. I will have the author explain the substance of the resolution. I recognize Representative Santos

Representative Santos: Naomi is currently the Executive Director for the Law Revision Commission. She is unfortunately leaving the CNMI moving back to Guam and the resolution is just commending her contribution to the Commission in the last five years.

Speaker Arnold Palacios: I recognize Representative Sablan.

Representative Sablan: Thank you, Mr. Speaker. I just would like to read the resolution before we take a vote on it. If copies are being made, I am willing to wait.

Speaker Arnold Palacios: Okay, we will table the motion for now and will wait for copies of the resolution to be distributed to the members. Floor Leader, can we move on to H.J.R No. 16-9?

Floor Leader Camacho: Thank you, Mr. Speaker. Motion for adoption of H.J.R. No. 16-9 referenced to the 902 Talks.

The motion was seconded.

H. J. R. NO. 16-9: To request that President George W. Bush and Governor Benigno R. Fitial designate Special Representatives to meet and consider the implementation of P.L. 110-229 and to make a report and recommendations with respect thereto.

Speaker Arnold Palacios: A motion to adopt H.J.R. No. 16-9 has been made and seconded, is there any discussion? I recognize Representative Benavente.

Representative Benavente: Thank you, Mr. Speaker. I do hope that we will get a consensus and support this joint resolution. I do want to issue a point for the record that this is, in my opinion, has become necessary because in the recent visit by the team from the different federal agencies that will be promulgating the regulations on the federalization of our immigration, I asked the question of what participation, if any, is the CNMI have or is there such a committee where we are apart and the answer was very clear to those of us who were here that there is no such committee and that these regulations are being promulgated pursuant to any other regulations and that is basically as defined by the statute and therefore the agencies would come up with a draft after they have listened to some

of the concerns after they are done with that then there is a thirty-day comment period. And when that is done, they either incorporate those comments or not and then basically the regulations becomes effective. The immigration take-over, for the first five years, is going to be managed based on these regulations that is being put together, which is a major change in our present policy that I feel that in putting this regulation together, there should be a CNMI representative that participates in this discussion. Absent of that, I feel that Section 902 of the Covenant where the President himself appoints a representative and the Governor appoints a representative from our side and the two shall come together and discuss what possible recommendations that they would want to put together in this drafting of the regulations because the representative is appointed by the President himself I would think that this recommendation shall be at a higher level, if you will, where I believe these agencies then would have to consider very seriously the recommendations signed off by the President's representative and the Governor's representative. Also, during discussion previously by members of the House is the Governor's action in his proposal or decision to possibly challenge the implementation, we discussed other alternatives to resolve this matter rather than challenging it immediately not knowing really what the regulation is going to be like so here is one of those options, one of those ways in which we in the Commonwealth can somehow put our participation into the drafting of this regulation. Thank you, Mr. Speaker.

Speaker Arnold Palacios: Thank you. I recognize Representative Hofschneider.

Representative Hofschneider: Thank you, Mr. Speaker. While I agree with a mechanism or a set up whereby we have a venue to air our concerns and be effectively involved in the drafting or the implementation of the regulation itself, I totally agree and will support the resolution. However, the federalization on the immigration of the Commonwealth is over and done with. What we should be focusing on is internally, what we need to do is to start refocusing our attention and our resources and our energy towards beefing up the training skills or centers, particularly with the Northern Marianas College in pumping more resources into it and preparing ourselves for the inevitable, and that is, beginning the first year after the implementation of the regulation, attrition by law and through the regulation will begin. And if under the immigration act, 20,000 nonresidents will inevitably have to leave, what is ambiguous is when is the H1, H2 provision that CNMI is privy to. Does it overlap the beginning of the first year of attrition of sending back nonresident workers or do they until the fifth year, the completion of total 20,000 nonresident should be sent back and then the H1, H2 visa provision under the immigration act begins. What I am more worry about is we are focusing more in terms of challenging what is already in placed as a federal immigration law. Losing sight of the fact that we need to start putting plans together for internal human resources development so that at a minimum, we take care of those who are unemployed locally without skills and redirect our resources to Northern Marianas College or a training institute internally. Second, is that there is over 2,000 of our people that have left the island for good and obvious reasons that we are facing today. These are potentially employable if we put ourselves together and focus not really getting credence to fighting the federal side either through the anticipated lawsuit or otherwise. But I think the resolution is a diplomatic way of saying we want a voice in how the drafting, one, two, the implementation thereabouts or thereafter. I think that that is at a minimum that the Commonwealth under the Covenant should be accorded with. Keep in mind that there are sections that one may challenge and have good cause in challenging in court and one of that section Representative Benavente pointed out in the Covenant. But any disagreement thereafter or thereabouts in terms of the applicability of federal laws should be addressed in 902 Talks. And this is the right approach, the right attitude in dealing with the dramatic if not disastrous effect of the federal immigration being applied in the Commonwealth as it relates to the internal economy. We do not want to say the Commonwealth being an entitlement territory like the Puerto Ricans in Puerto Rico for many, many

years. I have seen those places, Mr. Speaker, and it is sad that we have great potential here in the Commonwealth but it is also sad at the same time that because of our twenty year failure to live up to the conditions being addressed in the Chambers of the U.S. Congress and other federal agencies that we come to conclude that the inevitable is now here. So with that, Mr. Speaker, I would like to emphasize if not impress upon ourselves and the community and that instead of exerting and expanding a lot of resources and energy trying to stall or trying to fight the federal government, we should be redirecting those resources and energy and focusing internally on what we have to do, and that is, to try and improve the human resources level here in the Commonwealth through, maybe working with the Northern Marianas College or other private endeavors whereby technical skills are being presented and offered and that will be a substitute in the right direction. Fighting it court is probably cost another \$6 to \$10 million dollars and in the midst of all economic pressures, I do not think that we can afford that. Instead, start knocking on federal agencies and U.S. Congress and articulating what needs to be done internally but we have to prove ourselves first before we start knocking, our credibility is shut. Thank you.

Speaker Arnold Palacios: Thank you. I believe that is very good point. Part of the legislation actually does allocate funding for training purposes at the Northern Marianas College, if I am not mistaken. It is incumbent upon this government to put together a plan for human resource capacity building to begin to address the eventual necessity. Is there anymore discussions?

Several members voiced “Ready.”

Without further discussions, the motion to adopt H.J.R. No. 16-09 was adopted by voice vote.

Speaker Arnold Palacios: Floor Leader, recognized.

Floor Leader Camacho: Thank you, Mr. Speaker. Motion for adoption H.J.R. No. 16-10, referenced to Admiral Robert Willard.

The motion was seconded.

H. R. NO. 16-10: Respectfully requesting Admiral Robert F. Willard, the Commander of the U.S. Pacific Fleet, to assist the Commonwealth of the Northern Mariana Islands (CNMI) address and resolve the serious public utility problem plaguing the island of Saipan in order to enhance the quality of life for the U.S. Department of Defense family and the people of the Commonwealth.

The motion to adopt H.J.R. No. 16-10 was adopted by voice vote.

Speaker Arnold Palacios: Floor Leader, can we go back to the motion for H.R. No. 16-46. Actually, Floor Leader, the motion has been made but we tabled it. Now that we have copies of the resolution, Representative Sablan you had some concern on the resolution.

Representative Sablan: Actually no, I just wanted to have a chance to read the resolution.

Without any objection or further discussion, the motion to adopt H.R. No. 16-46 was adopted by voice vote.

BILL CALENDAR

Speaker Arnold Palacios: Floor Leader Camacho, recognized.

Floor Leader Camacho: Thank you, Mr. Speaker. A motion to suspend Rules in order to place H. B. No. 16-130 on the Calendar.

Speaker Arnold Palacios: The motion to suspend rules to place H.B. No. 16-130 on the Calendar has been made and seconded. Is there any discussion on the motion? I recognize Representative Sablan.

Representative Sablan: Thank you, Mr. Speaker. H.B. No. 16-130 pertains to the earmarking of over \$3 million dollars for the purposes of purchasing power generations and addressing CUC's other contractual obligations to PMIC and Telesource. I would like to note for the record that we have just received copies of this bill this morning and just received notice of the session yesterday afternoon and pursuant to the rules, Mr. Speaker, we are entitled to at least one day's notice. My understanding of one day's notice is at least twenty-four hours and I do not believe it would be appropriate for us to place this on the Calendar today. I know that there is going to be a push to do so anyway to suspend the Rules and vote on it today, but somebody should say something for the record, Mr. Speaker, that there is something fundamentally wrong about doing that.

Speaker Arnold Palacios: Thank you. Let me clarify Representative Sablan. Yesterday morning, I issued the call before we are able to print, the power went out for three hours. I do not think delaying that and having a session today even if we have it this afternoon is going to make a lot of difference in how we approach this. But just for the record, it was our intent to call a session since Wednesday afternoon. I instructed my office to issue the call before the call was printed, the power went out. So that is the technicality. Ironic isn't it.

Representative Sablan: Regardless, Mr. Speaker. Notice was not actually received until late in the afternoon and again, the more important point is that we are proposing to vote today on a very significant piece of legislation and I know that we skipped over communications from the Governor but I find it quite interesting that on July 17, 2008, we received a letter asking us to pass legislation earmarking these funds and July 18, 2008, we called a session and doing exactly that. I do not think that demonstrates due diligence on our part.

Speaker Arnold Palacios: We will get to that under discussions of the bill. Is there any further discussions on the motion?

Several members voiced, "Ready."

Speaker Arnold Palacios: The motion to suspend Rules so that we may place H.B. No. 16-130 on the Calendar has been made and seconded.

The motion to suspend the rules to place H.B. No. 16-130 on the Calendar for today's action was adopted by voice vote with only Representative Sablan objecting to the motion.

Speaker Arnold Palacios: Floor Leader Camacho, recognized.

Floor Leader Camacho: Thank you, Mr. Speaker. Motion to place H.B. No. 16-130 on the Bill Calendar.

Speaker Arnold Palacios: The motion to place H.B. No. 16-130 on the Calendar has been made and seconded. Is there any discussions?

Several members voiced, "Ready."

With only Representative Sablan objecting to the motion to place H.B. No. 16-130, the motion was carried by voice vote.

Speaker Arnold Palacios: Floor Leader Camacho, recognized.

Floor Leader Camacho: Thank you, Mr. Speaker. Motion for passage of H. B. No. 16-130, referenced to MPLT and CUC funds on First and Final Reading.

The motion was seconded.

H. B. NO. 16-130: A Bill for 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.

Speaker Arnold Palacios: The motion to pass H.B. No. 16-130 on First and Final Reading has been moved and seconded. Is there any discussion on the motion? I recognize Representative Hofschneider.

Representative Hofschneider: Thank you, Mr. Speaker. I think that without a doubt, this is the first ever that we have attempted to earmark or appropriate regardless of the semantics that we chose from MPLT for a specific purpose other than the Constitution mandating that the Trustees shall determined the income interest and remit it to the general fund for further decision through the budgeting process as for the last two decades. But this is the first attempt that we are attempting to apply it to a very specific nature. With the indulgence of the members, Mr. Speaker, in a brief history about this legislation, first I would like to for the record, pay close attention that the initial strategy to get money from MPLT was through what we read in the media that it was through a loan instrument, quote unquote, in their fiduciary responsibility of the Trustees, they could only offer anyone in terms of meeting the investment criteria set forth in the Constitution on how the money of MPLT shall be invested and used. Having said that, we have taken the position that the Legislature historically has opposed any borrowing for operations because the Constitution speaks of prohibition. It is prohibited to borrow money for operation only if, and only if the people ratify permission through an initiative. Now, because of the need to deal with our current situation with our power generation. Power generation in this context is not about the high cost of fuel it is about the operational responsibility of CUC not being able to pay attention and appropriately deal with rehabilitation of our power generation or engines. Now as you recall, Mr. Speaker, when you came to me asking for assistance, if it is prohibited then you asked me what will be an amicable way of achieving still the same objective of giving money from MPLT to CUC. I proposed what is before you that I will not support anything in terms of going against the Constitution and that is a loan instrument, only if the people ratify that and permits us to appropriate.

End of Tape 1, Side A. Portion of Representative Hofschneider's statement was not recorded.

(Beginning of Tape 1, Side b)

Representative Hofschneider: and decide upon an investment scheme for instance, the Apple Scholarship in Rota was a failed attempt. NMHC was a recipient of a \$10 million low income moderate income housing loan that was badly run and MPLT recently took it back. Now this scheme is before us and I want to impress upon all of us and the public that is without a doubt nobody is contesting the need for an emergency power to relieve the ongoing overhauling. That we do need, and keep in mind that there is an added ante to this. We are in the midst of a typhoon season. Our current situation with the power generation may in fact poise us, if we get hit, God forbid, with a significant typhoon and the power outages may be in fact extended to two to three weeks, potentially. So why am I talking from both side of my cheeks? Not really. I do not contest the fact that we need to procure and this Commonwealth and the public needs reliable consistent power. That, I think, no one find objection to. What I am objecting is the fact that two items in the bill is a result of mismanagement. The fact that Telesource is being owed \$800 thousand dollars, why? I still could not find solutions or answers from CUC in spite of all the requests. I have requested specifically from the last session. We are using this money to pay for some mismanagement that they can not pay Telesource and PMIC. They owe them over \$800 thousand dollars for Telesource and over a million dollars for PMIC today, as we speak. The \$1.5 million dollars is for procurement of emergency power. Having said that the two items were a result of mismanagement and we are condoning mismanaging when we do this appropriation. When are we going to learn that the responsible people should be held accountable for the mismanagement. The other item about procuring emergency power is an issue in my heart that I can not support this bill. Mr. Speaker, when Aggreko first came to this body, the contract issue, when the first inference about Aggreko contract being signed, I raised one very important issue. Was it procure legally and nobody could answer. We asked our counsels to look into the legality of the acquisition of that contract, the procurement of that contract. Up until today, I still have not received any internal inquiry from our legal counsels and I asked that specifically because I could tell that the contract was signed absence of funding. Recently, the Executive Director sent a memo to us stating blatantly that it is prospective. There is no such thing as a contractual obligation with the public with a prospective payment scheme. Yes, there are a revenue generating entity but the fact is, it is quite obvious, CUC can not go to Bank of Guam and borrow \$10 dollars today. How in the world can you sign a \$6 million contract obligated the people of the Commonwealth through a debt instrument. The Constitution first states, no borrowing for operations. Illegal lingo when you give an impression or documented and you have no means of fulfilling that contract, it is detrimental reliance on the public. You are committing the people without securing the funding first. Now, our exercise today by approving this MPLT money and setting aside, earmarking it \$1.5 million dollars for Aggreko, and for the record, I have nothing to do with the Aggreko. I have no ill-feeling, I do not know any person with Aggreko. My point of discontent is the process thereabouts in procurement of Aggreko is highly questionable. At a minimum, this legislation should reflect that we, the people, through this people agree in procuring emergency power. We should mandate a re-bidding. We should demand in this legislation, a re-bidding of an emergency power and let it be clean because we give the money, it is secured, we have the means to pay for it. The fact that we are appropriating \$1.5 million dollars and having said that they procured and signed off, every single person signed off on that contract, and now they are waiting, in the last memo we received, is anticipating the appropriation from the Legislature and effectuating the contract that was signed previously without funding. That in itself is an admission of a mistake in the procurement process. Thank you, Mr. Speaker.

Speaker Arnold Palacios: Thank you. I recognize Representative Hocog.

Representative Hocog: Thank you, Mr. Speaker. In the book of Tomas Maxwell, Mr. Speaker, what lies behind and moving forward to what lies ahead is what is legislator is about to do. There is no doubt of what Representative Hofschneider has stipulated. We equally share the same concern when we did ask the question of a two-year old RFP. We are very mindful whether the two-year old RFP contain any legal sufficiency to be extended and be presented before this Legislature. I believe Mr. Speaker, out of the twelve people that expressed interest with that RFP two years ago, six have attended the pre-discussion of the RFP, and only three responded to the RFP. Where the question lies whether during that period of time the RFP was closed or the RFP remains opened. It is a legal question that the committee has inquired the Attorney General's office as well as from our legal counsels. The answer is, Mr. Speaker, there was no award made at that time. Therefore, the RFP two years ago that was issued remains to have contain validity to revisit at this point in time when critical power generation is imminent that will assist and correct the everyday load shedding and everyday blackouts. It might not be a good feeling to all of us to believe that the RFP contain validity but we have went through our legal minds people to inform us and we rely on those legal opinions. I understand and I share the same feeling that probably this is not the right approach but it is appropriate, Mr. Speaker, at this time to address the everyday problem of load shedding and blackouts. We have seen and witnessed the misgiving and mismanagement of CUC but as legislators, we are no mechanics, we are not technical people, we are not engineers, and we do not do the management and operations of CUC. We have recognized those mistakes and maybe it is not just yesterday. Maybe it is not the day before yesterday, but maybe four years. But we can not leave, Mr. Speaker, today's unresolved. When CUC tries to borrow from MPLT, I was one of the opponent against that borrowing money from MPLT. I agree with Representative Hofschneider that this legislation before us is not borrowing. It is earmarking an anticipated resources to be placed in the general fund for appropriation by the Legislature for whatever purpose it may be necessitated. But what seems eminent, Mr. Speaker, is today CUC's power generation can only produce 15 Megawatt at this very moment. Without the help of a private operated generator, Mr. Speaker, the Third Senatorial District of Saipan will face even more problem. It is very important to address this serious lack of power generation. It has caused, Mr. Speaker, our community with substantial problems both in their business area with broken computers, broken refrigerators, broken televisions because of unannounced power outage. And this is the right approach, Mr. Speaker, to provide first the community with an efficient power generation in high hope that with this decision, CUC will be able to put more attention in repairing Power Plant I and all the engines that need to be repaired. It is also important to note that the line item to pay the two providers of power generations, the PMIC is a necessary in order for them to continue to provide the community of Saipan the needed power generation. It necessitates also the appropriation for Telesource in order for the people of Tinian to continue to have power generation. The school, Mr. Speaker, is about a month away from being opened. Our hospital can not be avoided to have without power and water and it requires twenty-four hours of power generation in order also for the water to provide the people of Saipan with water services without seeing a disastrous in the near future if and so an unforeseen circumstances arises such as typhoon and other calamities. I guess to continue to blame one another we are not trying to resolve a problem. I throw my support to this legislation, Mr. Speaker, to avail and restore back power efficiency to the Third Senatorial District. I throw my support with this legislation to provide the people of Tinian with twenty-four hours power services without being shut down because of unpaid bill from CUC to the provider. I asked the committee members and all of us here today to give a hard look and whatever predicament CUC has committed, we shall pledge Mr. Speaker to go back and assist also in finding those deficiencies in the past so that we can restore integrity and responsibility to our present Commonwealth Utilities Corporation. We are provided additional incentives that will assist for a better reliable efficient power generation and perhaps we will see in

the future a lower rate of fuel cost to our community and I believed it is on its way for passage by the upper House and will head to the Governor's office for immediate implementation of such bill. I have a lot more to say, Mr. Speaker, but I believe I have my time and I will allow other of my colleagues to speak but before I leave, I will urge this honorable body to consider the imminent need in restoring power efficiency for our people, particular to the island of Saipan. Thank you.

Speaker Arnold Palacios: Thank you. I recognize Representative Salas.

Representative Salas: Mr. Speaker, this is a very important legislation that we need to work on today and I have been listening intently to Representative Hofschneider and my colleague Representative Hocog. I will like to request for recess so that I can at least read the bill. I have not read it because you just gave it to us and we are just given a few minutes, so may I ask please for recess so I can at least read the bill so I can know the substance.

Speaker Arnold Palacios: How long do you need Representative Salas?

Representative Salas: At least ten minutes.

Several members voiced, "No objection."

Speaker Arnold Palacios: We will give him ten minutes to read the bill.

The House recessed at 11:35 a.m.

RECESS

The House reconvened at 11:40 a.m.

Speaker Arnold Palacios: We are back to our session. We left off with our discussions of H.B. No. 16-130. Any further discussions? I recognize Representative Salas.

Representative Salas: I just want to thank you for giving me the privilege of more than ten minutes. I was actually going to ask for a week but I knew you were not going to give me that so thanks anyway. I appreciate that and at least now I have read the bill.

Speaker Arnold Palacios: You are welcome. I recognize Representative Benavente.

Representative Benavente: Thank you, Mr. Speaker. I think that this may be a controversial issue that we are faced with today. We must just look and try to understand just what it is we are trying to accomplish in this proposed legislation. I want to begin by just reminding all of us what our current situation is. That current situation is that we are short of power at this time for the island of Saipan. We are currently for the past several months now, experiencing two times a day, at least two hours at a time throughout the island of Saipan. Electricity or utilities is something that is a critical need by any community and so no one can say that this is perfectly fine that this situation is something that we have lived with and that we should be able to continue for another day, for several more weeks, for several more years. We can not do that. I think case laws in the past clearly prove that providing utilities to community is not the same as providing goods in stores. It serves a community a lot more greater and so what would happen then, Mr. Speaker, if this continues and the leaders do not come out and assist in this current situation. Really, common sense in my opinion says that while there is a

mandate by this Administration, there is a mandate by the Executive Director of the utilities to remove that problem and therefore provide twenty-four hours power to a community and how do you do that. You do that by making funds available, by finding money. Where does those money come from presently and that is through the rate that the customers pay. The only way that I see without this proposal in providing some subsidy some cash infusion, whatever you want to call it, some assistance to our utilities is for CUC to raise the rate to be able to continue or to be able to remove the problem of power outages and provide twenty-four hour power. And more so, you know, I am just glad that PMIC who will all owe \$1.3 million dollars in arrears, I am glad that they have big pockets because I do not know what other company you can owe over \$1 million dollars and continue to provide the service or Telesource for the community of Tinian that we currently owe \$800 thousand dollars, I am glad that they have big pockets but you know no one has that big of a pocket to where they will continue the service. It is okay, owe me a \$1 million dollars, owe me \$10 million dollars several months from now, it is okay. No it is not going to happen, Mr. Speaker, so what does CUC then do? CUC will have to increase the rate in order to pay the obligation in order to keep PMIC going, in order to pay Telesource so that the people of Tinian do not have a blackout. What this proposal does, Mr. Speaker, H.B. No. 16-130, is to provide some subsistence to the utilities by earmarking funds, cash infusion so that we avoid the possibility. I do not want to say that we will remove any opportunity for a rate increase because that is everybody knows that is not going to happen. But Mr. Speaker, any cash infusion into CUC will assist the utility, will somehow play a role in, if not avoiding a rate increase then at least reducing that rate increase because it will have to be provided. Utilities will have to be provided. I realize that it is expensive now and there must be a long term solution to the present problems that we are faced which I believe there is a solution, a long term solution and that needs to be done but we are currently looking at the present problem. So, Mr. Speaker, you read H.B. No. 16-130 which proposes to make funding available, in my opinion, so that we can avoid continuing the twice a day power outages so that we avoid PMIC shutting down so that we do not add another 15 Megawatt that will more times a day power outages, a total of four times a day power outages, two hours at a time, eight hours. Can you imagine a community without eight hours of power outages? So we have to avoid that and one way to avoid that is to assist, and H.B. No. 16-130 does nothing but assist provide utilities and funding for the utilities. Thank you, Mr. Speaker.

Speaker Arnold Palacios: Thank you. I recognize Representative Reyes.

Representative Reyes: Thank you, Mr. Speaker. Everybody that has spoken so far has made some good comments about H.B. No. 16-130. I would like to add in a few of my own and Mr. Speaker and members of this body, in the very beginning I did have some conversations with the Chairman about this bill and I do have the faith and confidence in the Chairman and the committee. I know a lot of them have expressed concerns about legal matters, about RFPs, the legality of the contract, Mr. Speaker, I will leave that to the enforcement officers of the government to look into that but this bill is only to address the problems that we have had for many, many months now and that is the power problem that we all face with everyday. It is unfortunate that we only have one power plant and that is CUC. We have nobody else' provides us with the power that we need and that, Mr. Speaker and everybody, you know, we have been suffering here individually, the business community we all suffer collectively on this and as a result it is creating further chaos financially to the islands. I hate to, we don't have to go outside of this House Chamber whenever we have a power interruption and I know the Speaker probably breaks his heart to let go of the staff for two hours or three hours compute the hourly rate that we lose of paying people because they can't work and at the same time there is no money coming in from the business community because they can not operate. We lost money on the BGR, so it is all an outgo but no income coming in. We have been given by the

Administration the budget for 2009, in my own estimate, I believe that was for \$158 million for FY 2009. In my own estimate, consider another \$20 million dollars loss because we are not getting the people to pay BGR because of the losses that they have due to power interruption and if we continue with this, and I see no light at the end of the tunnel other than what is being placed on the table here right now, I am afraid that we are going to be deeper in the hole and this is a problem that has long existed and very happy that is now being remedied and I was assured by the chairman and his committee members that this time this will work. Failures in the past, we will take a look at that but right now, Mr. Speaker and members, I personally have lost assets because of power failures at the house. My office is collecting data as to the people that are affected and these are losses of appliances only not including food that they may have lost. But if you really just look at it overall, the payment of the government and the business community on loss of wages versus the comparison of amount of losses that we are incurring pretty much justify what H.B. No. 16-130 right now proposes to get us started back on track. Otherwise, I do not know where we would be by the end of this fiscal year or comes December end. I hate to say this, Mr. Speaker, but we are also now in the typhoon season. If a typhoon would come about next week, I do not know what is going to happen here if we do not have reliable power source to give us the electricity that we need and this is one basic need of the community of Saipan, Tinian, and Rota. It is not an easy decision on my part to vote on this bill, but I look at it from the point of economics that it is going to hurt everybody further and the government. As I said the resources of the government right now is at \$158 or \$159 million and I look at it without action now, take out another \$20 million. We are not going to get it. I rather that we have a reliable power and get more productive people working because then we can get more accomplish and the people and the business community will pay their fair share of what services they are availing from CUC. Mr. Speaker, that is all I have to say and I ask everybody to please look at it in that way. I have heard other comments and I am not worried about the legality of this because the Chairman here can always bring back the people from CUC and as I said, we have the government authorities to look at after all of these things. Thank you.

Speaker Arnold Palacios: Thank you. I recognize Representative Apatang.

Representative Apatang: Thank you, Mr. Speaker. I know that everybody is aware that we are having problems with our power situation, but the question is, have we tried to seek other ways of resolving our situation. Have we tried to contact our friends at the Department of Defense, US Army Corps of Engineers see if we can seek some help from them? We know that our government is going into financial bankruptcy. We are digging money everywhere, left to right. Mr. Speaker, my question here is we are looking at using two fiscal years... *(End of Tape 1, Side b)*

(Beginning of Tape 2, Side a)

Speaker Arnold Palacios: Continue Representative Apatang.

Representative Apatang: Again, like I said, my question here is we are earmarking two fiscal years of MPLT funds to the general fund, the question is that, how can we be guaranteed that we are going to receive \$3.4 million for the next two fiscal years from public land leases transferred into MPLT and then into the general fund when knowing for the fact that if you look public land leases at this point in time, these are all actually going out for less than \$300, or \$200, or \$100 a square meters. It is not like it used to be. So the question is would this depreciate and is it a guarantee from Public Lands that there will be \$3.4 million to cover this particular earmarking? My next question is, on Line 16, the \$1.5 million for the procurement of up to 15 megawatts of emergency power services, it is common knowledge or general knowledge now in the public that this particular funding is going

to a contract number 12305Q001-SD. It has been signed by CUC and the funding was the controller has signed that there is funding available for this particular contract. So it is common knowledge why is it that we just try to hide this appropriations? If this is going to Aggreko contract then put down Aggreko Contract Number so and so because it is common knowledge that it is going for that particular company. Why are we hiding that from the public? I will support anything that will stabilize our power situation because we are suffering but let us not hide any language in appropriation to show that this contract is going somewhere else when in fact it is going to this particular contract. We should be honest about that. My next question is under rebate of earmarking funds, why would it take 18 months to implement a residential rate reduction? Why 18 months? Why that long? Thank you, Mr. Speaker.

Speaker Arnold Palacios: Chairman Hocog, do you want to respond some of those points raised?

Representative Hocog: Yes, indeed, I would like to see if I can satisfy the questions being asked by Representative Apatang. Number one, Mr. Speaker, we are not hiding anything for appropriation. This bill is earmarking. Earmarking and appropriating, if I can define it correctly is two different enemy. Secondly, I will answer his other question by saying that why 18 months on the rebate for the residential rate reduction. I believe, Mr. Speaker, if we are to put additional and provide subsidy to CUC, based on previous agreement and understanding with CUC, have lied to our faces that when we provide the \$9 million dollars supposedly subsidy for fuel to provide 30% fuel charge to our residence, it never materialized. That is \$9 million, Mr. Speaker. The \$3.4 million is necessary to provide CUC to recover hoping that there will be additional customers to hook on the grid to realize more revenue and we are just giving them ample time to return this money back to the people. Paying \$0.41 on unstable power generation versus paying \$0.41 on a reliable power generation is two big different and I hope this can be understood. I believe with providing essential power generation efficiency, I believe the confidence of the customers will be restored by using and connecting more to the CUC distribution. These are just, I know it is not immediate relief for the residence but there is hope that this \$3.4 million dollars that is being earmarked will be returned back to the people that will be using this earmarking of MPLT funds, and that is basically why I insert that to ensure that whether it is one year from today, the people deserve to receive this incentive back to them. Thank you.

Speaker Arnold Palacios: Thank you. I recognize Representative Apatang.

Representative Apatang: Thank you, Mr. Speaker. Just one more question. Do we need to get any kind of letter from the Administration identifying that these funds are available?

Speaker Arnold Palacios: Representative Hocog, go ahead and response.

Representative Hocog: If I may, I forgot to answer his question about the funds whether there is fund or is it attainable to maintain the \$1.7 million to the general funds. Yes, Mr. Speaker, to answer that, I have conferred over and over with the trustees whether \$1.7 million dollars is save to assume that the earmarking of two years for \$1.7 million is save from their anticipated earned interest that will be distributed to the general fund and they say it is very safe to put in there. Thank you.

Speaker Arnold Palacios: I recognize Representative Quitugua.

Representative Quitugua: Just some minor amendments on the bill, Mr. Speaker.

Speaker Arnold Palacios: Proceed.

Representative Quitugua: On Page 2, Line 17, after the word, “services,” insert, the phrase, “and the expenditure authority shall be the CUC Executive Director.” On the same page, Line 26 and Line 27, after the word, “under,” insert the phrase, “subsections (b) and (c) of this section shall be the Secretary of Finance.”

Representative Babauta seconded the motion.

Speaker Arnold Palacios: Is everyone clear with the amendments being offered by Representative Quitugua?

Several members voiced, “Ready.”

Speaker Arnold Palacios: The motion of the amendment offered by Representative Quitugua on Page 2, has been made and seconded, are you ready for the question?

Several members voiced, “Ready.”

Representative Sablan: Discussions.

Speaker Arnold Palacios: I recognize Representative Sablan, on the amendment.

Representative Sablan: I understand that. Can we have the mover of the amendment explain why he is making the amendment?

Speaker Arnold Palacios: Representative Quitugua, you are recognized.

Representative Quitugua: Thank you, Mr. Speaker. Since subsection (b) and (c) is an outstanding debt, to ensure that these debts are paid and CUC will not play around with the available funds. It is more prudent that the Secretary of Finance be the expenditure authority so that these debts will be paid.

Speaker Arnold Palacios: Short recess.

The House recessed at 12:53 p.m.

RECESS

The House reconvened at 1:10 p.m.

Speaker Arnold Palacios: We are back to our session.

Representative Reyes: I move to end debate.

Several members seconded the motion.

Speaker Arnold Palacios: The motion to end debate is made and we will move for the question on Representative Quitugua’s amendment.

There being no further discussion on the motion to adopt the floor amendment offered by Representative Quitugua was carried by voice vote..

Speaker Arnold Palacios: We are now back to the main motion. Is there any further discussions? I recognize Representative Salas.

Representative Salas: Thank you, Mr. Speaker, Mr. Speaker, there is really no doubt in our minds that we really need to resolve our power crisis. It is imminent. We need to do it now, in fact, we are behind the eight ball, we should have done it a long time ago. Just reading this bill, on Line 3 and Line 4, on Page 2, it says, "Any contract will be temporary and will terminate when CUC's power generators are repaired, rehabilitated, and restored to operational status." I really do have a problem with that because we do not even know when. So right now, we are assuming that if the Aggreko deal goes through that perhaps the rental generators will be 12 months but if the power plant is not repaired or rehabilitated then we are looking at 18 months, if not we are looking at 2 years or beyond that. We are looking at a minimum of probably 2 years of this and possibly a rental of \$12 million, so I have a problem with that. For the \$1.5 million for the procurement of up to 15 megawatt of emergency power services on Line 16 and Line 17, this is basically to be used for Aggreko on their deposit which they are requesting, for I believe for the first month and then the two months of energy services that they are supposed to provide, so we are then stuck with the remainder and who will pay for the remainder of the contract? I really believe that the people will be paying for it obviously because we are looking again, like I said, if it is a two-year contract, at least \$12 million. I have a little problem with that also because I really believe that CUC cannot even afford to pay fuel. You know, time after time, they are coming to us asking us for subsidy. And I understand Tony is saying, well, we are going to make the money somehow in his own ways that he has offered but I can guarantee that CUC will probably come to us again and ask for fuel subsidy because they can not even meet that obligation. Mr. Speaker, I am really not convinced that the option that the CUC and the Administration has given us to award a company to rent generators is really the best option. I say this because, again, I have been talking to many, many people that have power generation expertise and I am really just not convince that this is the best way. They have mentioned to me that Power Plant II can be rehabilitated but we are absent here from a independent power generation expertise somebody that can really, really tell us. And if they can tell me and convince me that Power Plant II cannot be rehabilitated then perhaps maybe this option is a better option, which is the rental generators. But to rely solely on CUC is really difficult for me to do that primarily because they have been making mistakes after mistakes after mistakes. We have been relying on their opinion and their options in the past and again we are going to continue to do that. This is a \$12 million dollars mistake in the making that I believe. I am just not really thorough convince that this is the only option we have. Early we passed a resolution asking for the military to help us positive a barge. That is an option. I do not know if that is the best option, but that is an option. There are options that have been given to us and I do not believe that CUC has thoroughly explored that and I am just not convinced, Mr. Speaker, and I just want to put that on record. Thank you.

Speaker Arnold Palacios: Thank you. I recognize Representative Guerrero.

Vice-Speaker Deleon Guerrero: Thank you, Mr. Speaker. Many issues have been raised, Mr. Speaker, going back to when we first started this discussion on issues ranging from the procurement process, renting versus owning, and we can perhaps go back and rebid it out to address the procurement issue, that is an option. Of the twelve bidders it came down to three and then out of that two were responsive and out of that one proposed five cents per kilowatt hours, the other was

eight cents per kilowatt hour, yes, we can go through it again, I think we may end up with the same proposals again. The only difference is, we will have stalled trying to resolve this problem for months again, and can we afford that. Second, is the issue of that I keep hearing that we are going to be throwing away \$6 million and potentially more to rent and we will not own these equipments. To compare it you would have to take it into consideration the many different factors. When you want to invest your money to own it, then you will have to go through other requirements, such as, not only going through the bidding process to get engines, you will have to have a facility to put those engines, and it is not like we can buy an engine and just stick it in Power Plant I. Some people have told me that when you build a power plant you get the engines and you build around them, you construct the facility around your engines and not the other way around, and so that takes time, but me personally I feel that the issue about renting and owning is also an issue for me this is a temporary emergency issue versus a long term permanent solution issue. This renting, yes, we may at least pay \$6 million dollars to get Aggreko who is right now not only responsive but the most cost effective company that does this for a living, one can check or Google Aggreko and you can see that this is what they do they provide temporary power when communities for whatever reason have a loss of power and then when those communities get back on then they go back out, it is not intended to be long term. Let me use this analogy, right now we cannot meet demands so this temporary solution is to do just that, to meet demands, if Power Plant I have the bigger engines running then we would be using this \$6 million dollars to pay for the fuel to have those two engines running, if Power Plant IV can provide us with this demand, then we would be paying them to provide us the power, but none of them can, that is why we are going with Aggreko. So, if you want to talk about owning then lets talk about the real long term solutions. We have a bill that this House, Representative Hofschneider, the Privatization bill, we have introduced and passed, let us look at it from that perspective. This is just to provide us with three things, one, is reliable power to meet demands, two, is give us breathing space so that we can rehabilitate those engines at Power Plant I and II, and three, I think most importantly, is to give us the time to chart our long term course of action, whether it be an IPP for Independent Power Producer to come here and propose one would sell us power for nineteen cents per kilowatt or fifteen, we would look at the best options. It could be for a cooperative like some of the members would like to have, a Power Plant Cooperative where we own it. There are many different solutions, but what we need right now is time to be able to do just that. Let me state for the record there has been concerns about how would this affect our rates, our consumers that one of the reasons that I supported this was because it propose that it be rate neutral to our consumers that it would not affect our consumers rate either positively or negatively, meaning, it will not go up or it will not go down, and those are things that needs to be understood here. This is just a temporary solution, if PMIC can do it then by God lets give it to them. Mr. Speaker, I have more, but I think my time is short so we will allow perhaps for another round of discussion.

Speaker Arnold Palacios: I am going to allow for other members before I go back again. Representative Dela Cruz.

Representative Dela Cruz: Thank you, Mr. Speaker. I agree with the members here on their sentiments both for and against. It appears that we are stuck between a rock and a hard place, no doubt about that. My big concern here is that each one of us in this House is basically the cat left holding the empty bag, and we are basically cats that have to fill out that bag. Even the title of this legislation House Bill No. 16-130 could have been a lot clearer, it should have spelled out Aggreko, because this is the intent. This is the intent of this legislation, is to give Aggreko \$1.5 million in order for them to mobilize twelve 1.25 mega watt engines here. I have heard the talks out there in the community, I have listened to the concerns of the people, some for, some against, is this the right

thing to do, maybe it is the right thing to do. If we look at it yesterday we are so used to two hours of power outages in Saipan, and then we found that it went up a little, two and half hours, and you know what my gut feeling is that it will continue to increase it might jump up to four hours next week or six hours, we do not know. Somebody had mentioned about the schools opening in a month or two in September, what do we do, thirty six days to move the mini plants to our islands just to sustain the electrical needs of Saipan, \$6 million I do not really agree of having to pay \$6 million for temporary power, power that is going to go away when all is said and done, but this is only option right now staring at us in the face there is no time, I do not believe there is time. It would be nice if we had other options to look at and say, well you know this will save the Commonwealth more financially in the long run. It would be nice if we can say, okay after that we own the plants, but it is not, that is not the case. The case right now is \$6 million for one year that is what we have to deal with right now. We all know the frustrations of our people when power goes out and goes on, appliances break down and so forth, I live through that myself also, but the thing is there is a bigger picture to this where the whole economy of the Commonwealth is threatened whenever we have power outages. I want to state for the record that I do not agree how this Aggreko CUC contract came about, I do not agree with it. It was consummated June 19th I believe, I found out during our last two sessions about this deal and at that time I was reading it, I said, wow this is great they have money to get this. Just to find out later that it was up to us to figure out where are we going to get the money for this after the fact signed sealed and delivered, well maybe not delivered, but it has been signed and sealed and this is where we are at. Now, the question is, what do we do, do we say, this is the last straw for CUC, do we say, no, that is the big question, what do we do now, since we are holding the bag. I think we need to look at this very carefully and strike a balance, whether we want to continue having the power outages as we do now and having to have increased power outages is that what we want. Earlier I was seriously contemplating on voting this legislation down, but we need to ask ourselves also and I looked at the funding source for this and basically the funding source is coming from MPLT, which is basically then moving it to Finance and this Administration it would be in the best interest if this money was used to at least alleviate the power outages that we have been having and this does not stop here. I would ask our Chair of PUTC to be on the ball with this issue to ensure does not loose the ball. This is a very critical issue that we face right now, it is probably unpopular at best but we need to make that decision. We were voted in here to represent our people and to make decisions the best that we can do. Mr. Speaker, and colleagues, I know that this is not the best solution at this time, but I also know that we do not have too much options at this time, that is all Mr. Speaker.

Speaker Arnold Palacios: Thank you. State your point, Representative Benavente.

Representative Benavente: Several of the comments were made about not coming out or misleading people with regards to not mentioning Aggreko in this legislation. I believe Mr. Speaker that the original bill actually had that inside, but in our meeting yesterday with the Senate Leadership and with some concerned citizens we talked about the possibility or the proposal by this one company or actually a banker which the Governor had invited over who is supposed to be arriving here shortly sometime---(*End of Tape 2, Side A*) (*Beginning of Tape 2, Side b*) rather than put a language that would limit CUC's ability to consider that. In yesterday's meeting with the Senate Leadership we felt that providing this kind of language where we do not mention Aggreko and that if this option should be a real option the Administration can then proceed forward with that option with the same again the same objective and that is, to provide the subsidy, the cash infusion to CUC.

Speaker Arnold Palacios: Thank you. Representative Dela Cruz.

Representative Dela Cruz: Thank you Mr. Speaker, and on that clarification I just want to point out that the bill's title basically is for emergency power generation. I am sure most of us have received a copy of a letter a continuing interest of CUC to Aggreko, let us make that perfectly clear that this is for Aggreko, no doubt, that is all Mr. Speaker.

Speaker Arnold Palacios: Thank you. Representative Sablan.

Representative Sablan: Actually just a quick point of clarification then I can yield to Representative Hofschneider, but some members have said that this contract is for \$6 million for a year and I just wanted to get some clarification from our PUTC Chair and the author of this bill if it is true it has been reported that the contract amendment has already been signed that extends this contract for up to eighteen months and also increases the original 10 mega watt proposal to 15 mega watt, can we please have that answer for the record.

Speaker Arnold Palacios: Representative Hocog.

Representative Hocog: I do not know Mr. Speaker the answer whether they have extended this to eighteen months, all I know is twelve months.

Speaker Arnold Palacios: Okay, that is clarified. Before I go around for the second time to the others I am going to give everyone their first crack, so Representative Santos.

Representative Santos: Thank you Mr. Speaker. There is a lot of question about the procurement process with the bidding. There is a venue to attest the validity of this contract that venue is by the other bidders who has submitted to contest the validity of this contract and so far no one has filed a complaint with any enforcement bodies and of course that is always welcomed and the process will always be there and available. The funding I find this to be very interesting, it is an appropriation it seems to be legitimate since the bill was signed off by our legal counsel, MPLT held by fiduciary duty has entertain the idea and deems it to be appropriate, so who are we to question that, at least from what it seems. We look at temporary power the downside of it is they are just temporary we are investing millions of dollars on something that we are not going to own. So the question is, why do it, why debate about it, why even think about it, as we all know ownership is an important aspect of one's sense of existence I suppose, but it is more than that when we talk about utilities and providing basic government services. The only positive thing I see on this short term power source is that it provides for a venue that the engines need to be completely shut down and that is what I have been hearing, that is what I have been reading, and that is what I have been told because the engines right now as they are, are only being rehabilitated piece by piece, which in of itself is self-defeating. So that would give the power plant the full attention that it needs. The question that I have though is, do we have the labor force to do that, do we have the expertise to rehabilitate the engines as has always been said, I do not know. The other positive that I see it is a reliable source of power, we will have 24 hours a day maybe it will address and it will address the economic impact that we have been suffering so far. Is it affordable, according to the Vice Speaker our rates will not be affected, I do not know. So you look at all these things and you try to weigh a decision and either way this bill goes it is not going to be easy, whether or not you say yes, whether or not you say no, but the bigger picture as Representative Reyes had mentioned earlier and I like this, collective suffering. Do we continue on with the way things are, we could hold off another two weeks, we could hold off a month, but how many more businesses are we going to loose, how much more power outages we can handle, and personally, power outages for me, I do not mind, because I grew up around that, you know in Papago, but realistically speaking we have the livelihoods of a lot of

people, including the business industry. Is this the best, maybe not, it is not perfect that is for sure, but I would hope that we are diligent in addressing our power crisis, it is overwhelming sometimes for me to and I listen to both sides of the argument, both sides have very good points and I consider them seriously, but the bigger picture is that whatever happens to this proposed legislation that the action in the end by both Houses is justifiable, is practical, and is forward looking, and that we do look towards long term solutions. Thank you.

Speaker Arnold Palacios: Are there anymore? Floor Leader.

Floor Leader Camacho: I hear the members talk and discuss and debate this and it really is a hard decision. Everybody here wants to solve the power problem we would not be here if we did not care enough, but I am reminded Mr. Speaker, that in every law school in every year your first year you take contracts 1, contracts 2, and for an entire year it is drilled into your head that contracts have three elements. Whether you are buying a fifty cents newspaper or six million dollar engine, every contract has three elements. There has to be an offer, there has to be an acceptance, and there has to be a consideration, and consideration is a fancy legal word for value an exchange of value. And there is serious issues in regards to the Aggreko contract, in regards to the offer, there were statements that were made that it was laid on the shelf for two years and there is no specific statute to say that it expires, I beg to differ, acceptance can become stale, conditions can change that make that offer no longer valid and we can debate that almost endlessly. Acceptance too, you have to accept the offer the way it was intended, if you change the acceptance it is a counter offer. The biggest problem I have with this Aggreko contract and I have not held that back I have shared that with the members, is the consideration and I have asked this from Tony Muna and I asked him on the very day, June 19, 2008, it says on page 14, I hereby certify that this contract is budgeted line item, on page 15, he says I hereby certify that there are funds available for the execution of this contract. Now, Tony had already sent us a letter saying I did not mean it that way, I meant the funds will be available. There is a reason people put stuff down on paper so that you do not re-event things as you go along. If we go forward on this the only public policy that we are creating and we can debate whether we should take the money from Medical Referral, from PSS, from CHC, those are public policy calls. The only public policy decision we are making here is, do we now ratify an invalid contract, that magically if you do not get the contract you like you go to the Legislature and they will sprinkle fairy dust on it and puff it is a valid contract, that is not the forum, the Legislature was not intended for that, \$1.5 million dollars, there are members who have pointed out to me that, on page 13, it says this is not a real contract until we give them \$1.5 million, page 13, paragraph 12, "this contract shall be effective as of the date the last party execute this contract", it is executed June 19th, this contract is valid, they said, but we have not given them the money, that is the condition for Aggreko to start working, not an element of the contract. Like, if you work for McDonald's a condition for you to work there you have to wear the uniform it has nothing to do whether you have a valid employment contract. I have no problem, Mr. Speaker, I will sit here, I have been here everyday and we will find solutions to the power problem, but please I beg the members let us appropriate funds within the bounds of the law. It is very different to walk to a bank with a shot gun and say, give me the money, because that is basically what we are doing. Thank you very, Mr. Speaker.

Speaker Arnold Palacios: Thank you. Representative Hofschneider for the last time.

Representative Hofschneider: Thank you Mr. Speaker, for the last time let me impress upon you because specifically I asked you for a very specific and significant document that you ask and impress upon the CUC Director to put it in writing before we act on this legislation, his strategic

financial and operational plan, how do they get out of the hole, if we give them this, what is in place, what is in store for us the people, particularly this because we have to consider this and mind you we are going to come back in déjà vu we are going to bail them out again. Does anybody really know what is happening with DCM contract on the ongoing overhauling? Some said they cancelled it, so who is doing the overhauling? There are five existing contracts that are being paid or funded by the Interior Department, what is happening with that contract, does anybody really know before you vote on this second bail out? They said that the anticipated revenue CUC said, that to pay for the \$6 million or minus the \$1.5 million we are going to give them today the entire value of the contract will be paid on a monthly basis to a tune of \$500,000, now that maybe be achievable or attainable, my problem here today is how did we owe Telesource and PMIC and then add on this \$500 thousand dollars for the emergency power. In the absence of a contract yet, \$500 thousand dollars they are already in arrears that is why I asked you specifically Mr. Speaker, to put your feet down and require CUC Director to submit a plan of action and I have not seen that. I have before me a scheduled of ongoing maladies and ongoing rehabilitation of the power plant. Even without the emergency power today ongoing rehabilitation can be achieved, you have, I, II, III, IV, V Engines down, that means that they are not performing at all, rehabilitation can go on because the engines are completely down you do not need emergency power to rehabilitate it but, it will facilitate on those existing running engines that are not performing, true, and to quiet the hardship out there on this scheduled or unscheduled and repeated surges of power outages and that is the only merit we can argue today on the procuring emergency power, but in conclusion Mr. Speaker, everyone sees this with a tunnel vision and not willing to look at, how did we get here. We are only focusing on the urgency of procuring emergency power to relief the pressure out there and the outcry and the hardship of the people with the unscheduled or scheduled power outages but what I process through my contentions in terms of voting for any legislation on the floor, particularly on this legislation, is how did we get here. In the State of the Commonwealth not too many months ago they did a power point and presented the public on a schedule of completions of overhauling without even one iota of mentioning procurement of emergency power, yet someone's urgency puts us in a bind. Now, the word out in the streets is this is all commandeered and crafted so that privatization to someone waiting in the wings can be achieved hastily, whether we buy that, but that is general opinion out in the public. Mr. Speaker, a responsible body like ours must conclude, if it is true that DCM was cancelled, does anyone of you know why that a contract that was legally procured again maybe I do not know illegally procured, why was it cancelled if it is cancelled, if it is still valid and ongoing what is the status of the rehabilitation? In Mr. Muna's last communication he mentioned something very disturbing that in the plan of action that he has submitted he said, rehabilitation will proceed with the remaining \$1.5 million dollars I thought it was \$6 million. So do not loose site of the bigger picture, the bigger picture Mr. Speaker, back in February, I introduced a legislative initiative 16-3, that proposes to ask the people an initiative to be presented out to the people to ratify them in last April 19 anticipated special election to ask the people to allow us to take the very \$3 million that we are now supporting to give to CUC because that is the incompetential of MPLT go to a bond market and say, we have a dedicated \$3 million on an annual basis, how much can you give us? At that time I sat with CUC and MPLT they all agreed in principal subject to the approval ratification of the people this initiative got stuck in this body. Had the special election been done in April we would not be asking for peanuts now and subjecting ourselves to hasty decisions. Long terms solutions, we have it sitting in committees, short term solutions, transparency, what is going on with all the moneys from the Interior Department and locally that we have given. We just gave them Public Law 16-2, to buy fuel and subsidize the consumers. Mr. Speaker, I know that some of us are pressed between the arguments that the school is opening, the schools are going to open anyway every year it is expected to open, hospital is supposed to open 24 hours, but the ineptness of management should not be protected by voting yes on this legislation. Thank you.

Speaker Arnold Palacios: Thank you. We need to wrap up, does anybody want to comment anymore? We have been at this for almost two and a half hours, Representative Sablan.

Representative Sablan: Thank you Mr. Speaker. Several comments, one is, that I find it interesting that even as members have criticized Mr. Muna for making a certification of funds that was prospective in nature, here we are proposing to do exactly that. Is this not earmarking of funds, Mr. Speaker, prospective in nature as well, earmarking future revenues for fiscal year 09 and fiscal year 2010, sounds very prospective to me and I have noted with interest the assurance that Mr. Muna has already given Aggreko as Representative Dela Cruz has pointed that funding will be available by the end of this month that CUC is still interested in procuring these emergency generators from Aggreko and I like to know what really was the basis for this assurance and if passing this legislation would in fact make this funding available. No one disputes the fact that we are in a severe crisis right now what we should be asking ourselves is, does this proposed bailout of \$3.4 million taken from future revenues of our public lands trust really solve the problem and is this really the only option as some members have argued, \$1.5 million of this \$3.4 million is supposed to be used for 15 mega watts of power and is that really sufficient. Suppose all of the engines go down and we need more than 15 mega watts, so there is really nothing to say that we cannot reasonably anticipate the rolling black outs will not continue even after this funding is made available if it is made available. Mr. Speaker, there is a definition of insanity I think applies very well to the CNMI and that is, doing the same thing over and over again and expecting a different result and if we look at the history and the present reality of CUC and what we are proposing to do now Mr. Speaker, I think qualifies as an act of insanity. We know that under present management and here I am speaking about the Administration because we know that the Administration really calls the shots at CUC. The contracts for DCM, CISCO countless other contracts that are presently being investigated the same people are in power and have signed onto another contract that the Floor Leader has very eloquently described as, questionable. We know that CUC has failed to produce audited financial statements and most recently failed to meet the deadline for this single audit report even with an accountant at the helm, Mr. Speaker, CUC cannot give us an accurate up to date picture of their finances. We know that hundreds of millions of dollars have been poured into CUC in repairs and consultancies various contracts including the \$9 million that we recently made available to them in Public Law 16-2, where has that money gone. Procurement irregularities long history of that and every protested contract award cost us money, Mr. Speaker, and here we are deliberating on a contract that has been awarded and signed possibly already amended before the money has even been made available two years after the RFP was originally issued and it is my understanding that the proposal that we have agreed to apparently in this contract is different from what was originally submitted. CUC's cash flow problems are no secret we know and it is acknowledged in this bill that they could not even pay Telesource and PMIC. They could not even figure out how to pay their credit that we required under Public Law 16-2 and here we are proposing a rebate program. There is no plan, Mr. Speaker, there are no qualified experts running CUC, we do not know the progress of the rehabilitation project again more contracts in millions awarded over the years and now we are down to \$1.5 million to complete, we think, the overhaul of the engines. Mr. Speaker, there is no credibility at CUC, and we have come to this point now where we have to admit we do not have the answer and we are hopelessly embroiled at this point in local politics and failed leadership and it is time for us to ask for help. Representative Apatang mentioned asking the Army Corps of Engineers for help, the US Department of Defense, and Office of Interior Affairs. Office of Interior Affairs (OIA) helped us find a qualified water and waste water utilities engineer to run that part of CUC and help us meet the demands of the stipulated order, they can do the same for power, we can ask them, we have we not ask them, members had said that this is the only option available, but is it really, why have we not

ask for the help that we could ask for help as members of the American family under the terms of our Covenant. Mr. Speaker, we still do not have a plan and if the Governor has been derelict in his duty then it is incumbent upon this Legislature to defend the public interest, safe guard public funds, and not endorse his failures and ratify violations of law after the fact. Mr. Speaker, last night at the CUC forum in Kagman, people said that they have lost faith in this government and they are quickly loosing faith in this Legislature. They said, that seems that this government is bent on pouring more money into CUC with no plan in site no end in site to their suffering there is no accountability, no respect even for the public process, they noted that there is no public hearing for this proposal and asked if we even know how much we are in fact going to end up paying, because it is not just this \$1.5 million it is not just the \$3.4 million for including the contractual obligations and we do not have that full picture because we do not even have their financial statements. I like to note, Mr. Speaker, that we have some of those concern citizens who showed up at the forum last night they are now here in the gallery and they have asked if they could be allowed to speak and express their own thoughts on the proposal that is at hand that involves their public funds out of MPLT and I would like ask that we move into committee of the whole and hear those people, give them a chance in the absence of a formal public hearing.

Speaker Arnold Palacios: Before you do that we still have other members that want to say a few words.

Representative Sablan: I like to note though Mr. Speaker it is as you pointed out earlier 12:30 pm and these people have sat in the gallery very patiently for the last two and a half hours and so I move Mr. Speaker, if the members will indulge and listen to their constituents that we dissolve into committee of the whole and listen to these people and then we can go back to---

Speaker Arnold Palacios: Are you done with your speech?

Representative Sablan: I am done with my comments, Mr. Speaker, can we please dissolve into committee of the whole.

Speaker Arnold Palacios: So you are making a motion to dissolve into the committee of the whole.

Representative Sablan: Yes, and give the people in the gallery the opportunity as they have requested to comment of this bill.

The motion was seconded.

Speaker Arnold Palacios: Discussion. Representative Babauta.

Representative Babauta: Mr. Speaker I would support a motion something like to allow individuals to join us in our official session, but there is a condition also on my part, and I hope these people can answer what I have to ask them and I hope that is understandable.

Speaker Arnold Palacios: Thank you. We are under discussion and before I recognize anybody let me share my thoughts before we go into this. We can vacillate we can talk about how to resolve this issue and there has been so many thoughts that have been shared, so many sense of frustrations from every member. The public rightfully so has lost confidence in CUC because of not just years perhaps decades of derelict management, that is where we are today. When you have a rated capacity of a 100 mega watts producing 50 mega watts, do not fool yourself about transparency, do

not fool yourself about who is responsible on who you can distrust, you better fix that problem today and allow the enforcement agencies to resolve these issues of investigations of mismanagement, that is where we are today. I think everybody has expressed major concerns about how our once illustrious CUC has managed to drive this community's infrastructure to the ground. We can debate about this all day and all night and into tomorrow, but at the end of the day are we still short 14 mega watts, are we still going to go through three hours and in some villages---(*End of Tape 2 Side b*) (*Beginning of Tape 3, Side a*) and the Administration and make no mistake about it, Representative Sablan, I am not the biggest fan of what the Administration has done, but I will cooperate and dialogue with this Administration now, because I believe and I have to believe that they are beginning to see the failures of the past two years. In January of 2006, I shouted after the Governor, declared an emergency declaration to fix the problems and the chaos that is CUC as we know it today, but I also sat there and said, well maybe something good is going to happen. Frustration, I am just as frustrated as everybody in this chamber asking for an emergency declaration since the 15th Legislature probably five spanning back to the previous Administration. To sit here and really chastise this Administration and chastise Mr. Muna for what we believe are misdeeds is not going to solve our problem I am glad that the Office of the Auditor has not just one auditing investigation ongoing, by revelation in the paper yesterday there is a potential criminal charges under the CISCO contract. The CISCO contract was supposed to fix Power Plant II low and behold that was one of the solutions, was it not. That was one of the solutions even some people out there in the community continues to insist, but as far as I can remember we have attempted and CUC has wasted three contracts in trying to fix the Power Plant II. As we sit here today and deliberate on this particular legislation, let me tell you Power Plant II is now generating zero kilo watts of power. I took it upon myself in calling Mr. Muna earlier this morning before this session to find out exactly what is the present situation of our power generation on Saipan - Power Plant I, is producing 15 megawatts, Power Plant IV, which we owe \$1.3 million continues to stay online and is now producing 12.2 megawatts. Our peak load is about 41 megawatts. You do the math and we are short very close to 14 megawatts daily, that means that we will continue our rolling blackouts to our community. About a week or two ago there were four engines running at Power Plant I. Last week when they were unannounced rolling load shedding – call it what ever you want – black outs, brown outs – no power, I called up Mr. Muna and found out that engine II had just been taken off line because – so we are only down to about three engines, which is what we got today. I am not going to personally strong arm or demand that we pass this legislation. I am going to leave it up to each and every one of us. I respect every individual's position. I only hope that we consider the bigger picture to resolve this power shortages that we have to give ourselves the breathing room then to go after the misdeeds of recent and even distant pass and to fully begin to come up with a plan. Mr. Muna, sent a two page letter to the Governor which we have been given courtesy copies basically giving us a framework of what he anticipates to do. Do we believe him – I think each and every one of you must seek that in yourselves. So much has been said about the many options, some from Rhode Island, Tinian, Guam, and Singapore, but at some point in time we have to make the decision. We have been with this rolling blackouts for over six months – make no mistake when we came into the Sixteenth Legislature I personally asked the Lieutenant Governor and then former Executive Director to give us some time so that we can discuss where we are heading to. Do you not think that is upsets me too that six months after that date I come to find out that DCM contract has been terminated is basically a screwed up contract. I think I have said my message I will leave it up to this body. There is no question that it is not going to be a popular decision one way or the other and I sincerely hope that the members of our community that are here and potentially we will allow to speak before us and also understand the gravity of the decisions of what we are making and the gravity of the situation that we as decision makers must face in voting or not voting for this

legislation. With that the question is on the floor to resolve into committee of the whole. I recognize Representative Benavente.

Representative Benavente: Mr. Speaker, I will not object to the any opportunity for our constituents and the members of the public to speak before the body, but I would like to remind members of some of the consideration in making that decision and one of them is that it is now 12:45 p.m. and while I am willing to sit here through lunch and through the end of the day I do not think that it is fair for the staffers that are working for us. The second consideration, Mr. Speaker, we have been meeting with the Senate Leadership and the decision to go back to back today I was made necessary because several members of Legislature will be leaving this weekend and an opportunity for a critical legislation that some of us believe that we have before us is necessary for us to pass immediately. So that is a consideration and I hope that we will be able to finish early so that the Senate may take this legislation up in time before this weekend so that they can act on it and one more thing, I wish to ask and if there is no objection from the members here as we look back to the gallery and ask for all those who wish to speak to please raise their hands so that we could have some idea on how many would be speaking.

Speaker Arnold I. Palacios: Two.

Representative Benavente: I yield at this time.

Speaker Arnold I. Palacios: Thank you. Chairman, this is your legislation.

Representative Hocog: *Mr. Speaker, esti gui talo na matto esti huegon diamattok ni para ta koni halom iyota constituents yan para ta resutta gi halom gi komiti para ta na fanguentos gi anai gi disision gaigi gi man maili'e na taotao. Anai hasso esti Mr. Speaker na hugondo i reflano i man'amko nai gi entalo i lancheru simentirero yan i lambandera. Gi lambandera Mr. Speaker yangin uchan ti man magof sa ti man anglo i tinala magago. Lao man sen magof i lancheru yan i sementareru Mr. Speaker sa man la'la i tinanom. We are at this stage pago to use the constituents in making decisions. We are entrusted with that leadership to carry forward. What are we doing here if we cannot lead our constituents – what are we doing here if we cannot provide the most basic essential needs that the people of the Third Senatorial has long suffered – the load shedding and power outages. Let each one of us make the decision. The time will come when our constituents will again have the chance to place who they want to place. To use our constituents at this time, Mr. Speaker, we are not going to move forward also and I cannot believe and allow that. I believe that they elected us leaders, we must lead them as we are the leaders of today. I do not want to be a leader that wonders what had happened. I do not want to be a leader who does not care what happens. I say today, this leadership today, this august body, these members, honorable people, they are here leading the community to provide them the essential and basic necessity of life. Mr. Speaker, maila yan basta fan man kubatdi bai hu bira yu talo yan para bai hu sanga'an talo esti Mr. Speaker na para tafan ma sponta pago guini. Ti man espontao hit, ilekkña si OB ti spontao gui. Maila yan ta chule esti na direksion Mr. Speaker yan ta fan ñui i taotao'ta na i disision'ta para ta chule pago i direksion na para ta na'i i sagi – i ma'matmos na depatamento na ha nisisita i ayudu na para u ma ekstendi kominida ni para na guaha bienti kuattro oras na setbision ilektrisidat. Hafa mohon, Mr. Speaker ya agupa gi halom kurenta dias yan taya na aksion ma disidi pago na dia – yan interamenti i yenareta gi CUC pakpak ma ma botkan sangini hit, Mr. Speaker hafa iyo siha na los prohimus ni man gaigi gi lamasan operasion hayi para u man responsatbi ni iyo? I mas checho disentirihis esti Mr. Speaker, yangin chemocho'cho hao yan i familian mo matai i kandit. I mas insutu Mr. Speaker gi kada familia yan gi kada tao'tao umega hao bonito na show matai i kandit.*

Bai hu mañao gui pago pot ma kuni magi tao'tao – no, Mr. Speaker and members. I am here to lead the people of the Commonwealth. I will make that sound decision whether it is popular or not – a decision must be rendered so we can move forward. Thank you.

Speaker Arnold I. Palacios: Thank you. Let me assure you, Representative Hocog that we will make the decision – popular or not. Floor Leader.

Floor Leader Camacho: Thank you, Mr. Speaker. I have no problem if we are going to move into the committee of the whole to hear some comments from the public, I would like to ask and maybe we can inform the public and we do vote in favor of this motion – some time limits – some condition are to be followed – not to exceed---

Speaker Arnold I. Palacios: I will give them five minutes at the most and you will be in charge of taking the time and informing them.

Floor Leader Camacho: Also to ask the members of the public that before us now is, H. B. No. 16-130 and to limit their comments to that bill and relevant matters and that we do not spiral out of control when start talking about things that is not before the present body. Thank you, Mr. Speaker.

The House dissolved into the Committee of the Whole at _____ p.m.

COMMITTEE OF THE WHOLE

The House returned to plenary session at _____ p.m.

Speaker Arnold I. Palacios: We are now back to plenary session. Are we ready?

Several members voiced ready.

Speaker Arnold I. Palacios: Representative Tebuteb, recognized.

Representative Tebuteb: I will make it short, Mr. Speaker. I certainly appreciate the comments made by the public and I thank the members for allowing that - I for one do agree having this kind of forums one way or the other. Some of the comments made by one of the gentleman saying that this is a sinking ship I would beg to differ that this is not yet a sinking ship it is more like a troubled ship with no engine running. So we look at logic as suggested by our general public with the four engines that is on such as the 15 megawatts available at this point – let me just give a brief description of what is transpiring right now at least with two of the engines that are up. For example, engine 6 is designed to produce 13 megawatts, right now it is only producing 5 megawatts and engine 8 is also designed to produce 13 megawatts – so engine 5, 6, 7, & 8 are designed to produce 13 megawatts – with all this there is only 10 megawatts available. Engines 1 through 4 individually they are designed to produce 7 megawatts, right now, only one engine within those 1 through 4 is producing only 5 and that is a total of about 15 megawatts. So some of the members are looking at and again I certainly appreciate the comments made. I strongly agree with the comments made by Mr. Stewart with regards to the suffering on the financial side as well as the human suffering side of this and I believe Representatives Reyes and Santos suggested also on the collective suffering therefore on login I think it does require the collective vision for us to address this logical problems that we are faced with today – somebody had mentioned that we do not have

solutions – well this is the leaderships solution – this is one solution that the leadership is offering and Representative Hofschneider also touched some basis on the legislative initiative that is with my committee I would also like to extend my appreciation to the committee members who I have asked to refrain from doing some public comments specially with all the initiatives assigned to the Natural Resources until we finish with the committee report. As such it is ironic in the public hearing conducted on one specific legislative initiative addressing CUC – MPLT opposed it. As we speak and we all know the situation the tolerance rate for the generators down there continue and I believe one of the constituents who also made comments is also a Captain of a boat. So my analogy is that we are on a ship that is not sinking but has two engines, a radio, and three tourists – so the logic behind it I think everybody can come to conclude how do you handle a situation when you are down with both of your engines – do you use the extra engine or do you call for help or do you throw down the three tourists so that you save the ship or save your engine. Thank you.

Speaker Arnold I. Palacios: I am now going to end debate. Representative Babauta had asked that we end debate so I am going to the main question. Clerk, please call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 16-130, HD1 on First and Final Reading.

Representative Edwin P. Aldan	Yes
Representative David M. Apatang	Absent (Excused)
Representative Oscar M. Babauta	Yes
Representative Diego T. Benavente	Yes, with reservation
Representative Joseph N. Camacho	Yes
Representative Francisco S. Dela Cruz	Yes

Representative Deleon Guerrero: Mr. Speaker just a very short comment.

Speaker Arnold I. Palacios: Please.

Representative Deleon Guerrero: I just want to state for the record, even though the bill was introduced today this decision did not come up overnight. This decision came after long hard thought and consultation with my constituents which includes the people in the gallery but not just you but including many others and my vote is a yes with absolutely no reservations.

Representative Joseph P. Deleon Guerrero	Yes
Representative Victor B. Hocog	Yes
Representative Heinz S. Hofschneider	No
Representative Raymond D. Palacios	Yes
Representative Justo S. Quitugua	Yes

Representative Reyes: Mr. Speaker

Speaker Arnold Palacios: Pot fatbot sa man nananga’.

Representative Reyes:

Representative Joseph C. Reyes	Yes
Representative Christina Marie E. Sablan	Yes
Representative Edward T. Salas	Yes
Representative Rosemond B. Santos	yes
Representative Ramon A. Tebuteb	yes
Representative Ralph DLG. Torres	yes
Representative Stanley T. McGinnis Torres	Abstained
Representative Ray N. Yumul	Absent (Excused)
Speaker Arnold Palacios	Yes

Speaker Arnold Palacios: By a vote of seventeen (17) “Yes”, House Bill 16-130, HD1, passes on First and Final Reading. I recognize the Floor Leader.

Speaker Arnold Palacios: Clerk, please call the roll on the motion to pass House Bill 16-130, HD1 on First and Final Reading.

The Clerk called the roll on the motion to pass H. B. NO. 16-44, HD1 on First and Final Reading.

Representative Edwin P. Aldan	Yes
Representative David M. Apatang	Absent (Excused)
Representative Oscar M. Babauta	Yes
Representative Diego T. Benavente	Yes, with reservation
Representative Joseph N. Camacho	Yes
Representative Francisco S. Dela Cruz	yes
Representative Joseph P. Deleon Guerrero	Yes
Representative Victor B. Hocog	Yes
Representative Heinz S. Hofschneider	yes
Representative Raymond D. Palacios	yes
Representative Justo S. Quitugua	yes
Representative Joseph C. Reyes	Yes
Representative Christina Marie E. Sablan	Yes
Representative Edward T. Salas	Yes
Representative Rosemond B. Santos	yes
Representative Ramon A. Tebuteb	yes
Representative Ralph DLG. Torres	yes
Representative Stanley T. McGinnis Torres	Abstained
Representative Ray N. Yumul	Absent (Excused)
Speaker Arnold Palacios	Yes

Speaker Arnold Palacios: By a vote of seventeen (17) “Yes”, House Bill 16-44, HD1, passes on First and Final Reading. I recognize the Floor Leader.

Floor Leader Camacho: Thank you, Mr. Speaker. I now make a motion for passage of House Bill 16-90 on First and Final Reading.

Motion was seconded by a member.

H. B. NO. 16-90: A Bill for an Act to provide flexibility to the governor and other expenditure authorities to reprogram funds for the remainder of fiscal year 2008; to suspend earmarking of certain non-general fund revenue; to authorize CUC to use a portion of customer security deposits to pay for its fuel expenses; to set the government employer contribution rate at 11% for fiscal year 2008; to increase certain government services fees; for other purposes.

Speaker Arnold Palacios: A motion to pass House Bill 16-90 has been made and seconded. Is there any discussion on the motion?

Representative Sablan: Mr. Speaker, I would like to ask that we consider not passing this on First and Final Reading. We can pass it on First Reading but I think that a bill like this could use a little bit more time and deliberation.

Speaker Arnold Palacios: Okay, we will take that into consideration. Since the motion has already been made and we are under discussion, let us discuss the bill.

Representative Sablan: Are we discussing the motion to pass the bill?

Speaker Arnold Palacios: Yes, we will be passing it either under First and Final Reading or just under First Reading. The motion has been made and we will continue discussion. If the outcome of the discussion indicates any complications or if the members are uncomfortable and still have a lot of questions, then we can act on the bill under First Reading. Is there any further discussion on the bill? I recognize the Floor Leader.

Floor Leader Camacho: Mr. Speaker, I would like to offer a motion to amend the bill to adopt the language from Section 9 (b) of House Bill 16-83, HD5, and I will read it, for the record.

Speaker Arnold Palacios: Floor Leader, can you please tell us which page you will be making the amendment on?

Floor Leader Camacho: Okay. I guess we can add a new subsection “(g)” on page six (6) of House Bill 16-90, on the subsections that are referring to retirement. We can add a new subsection “(g)”, for aesthetic reason. Right after Line fifteen (15), insert a new subsection “(g)” to read, “Section 2(b) of Public Law 15-126 shall remain in effect. The Government acknowledges its obligation to the Retirement Fund for deficient employer contributions and statutory penalties.” That is the exact same language that was used in House Bill 16-83, HD5.

The motion was seconded by a member.

Speaker Arnold Palacios: Okay. The motion for the amendment has been made and seconded. Can I have a short recess?

The House recessed at 2:44 p.m.

RECESS

The House reconvened at 2:55 p.m.

Speaker Arnold Palacios: Floor Leader, please be kind enough to repeat the amendment you offered for clarity.

Floor Leader Camacho: Mr. Speaker, for clarity, my amendment is adding a new subsection to “Section 5” on House Bill 16-90, to be labeled as “(g)” that will appear on page six (6) and will read as, “Section 2(b) of Public Law 15-126 shall remain in effect. The Government acknowledges its obligation to the Retirement Fund for deficient employer contributions and statutory penalties.” That is the same language that was used in House Bill 16-83, HD5.

Speaker Arnold Palacios: Is everyone clear on the amendment offered by Floor Leader Camacho?

The motion was seconded by a member.

Speaker Arnold Palacios: The motion has been made and seconded. Is there any discussion on the motion? I recognize Representative Hofschneider.

Representative Hofschneider: Mr. Speaker, I guess this is a legal question. Is that essentially a license to kill?

Speaker Arnold Palacios: I recognize the Legal Counsel Antonette Villagomez.

Legal Counsel Villagomez: I do not know what a license to kill is.

Representative Hofschneider: A license to create deficit spending.

Recording of the session proceeding was temporarily interrupted.

Speaker Arnold Palacios: A question has been raised and I ask Representative Hofschneider if you are satisfied with the answer?

Legal Counsel Villagomez: Public Law 15-126, Section 2(b) states that “any difference between the actuarially calculated contribution rate and the sum remitted by the employer shall accrue as a liability for the government and shall not be excused or waived by this provision.” So this is the provision that we are saying will stay in effect. Basically, we are saying that if we suspend the difference between the eighteen percent (18%) and eleven percent (11%), it will become a liability of the government.

Representative Hofschneider: No. I refer back to the provision of Public Law 15-126 that has an overreaching protection for the Administration not to pay as it acknowledges that even with setting the eleven percent (11%), for purposes of this Act, the overreaching language in existence under Public Law 15-126 allows for the Administration not to remit. It is all inclusive, in other words. This Act, if it becomes law, is a subset of the entire Public Law 15-126 provision’s limitation. Is that correct?

Legal Counsel Villagomez: Yes. The Floor Leader’s amendment, I believe, will just expand the government’s liability by stating that the government acknowledges its obligations to the Retirement Fund for deficit employer contributions and the statutory penalties insist....

Representative Hofschneider: Okay. If we do not repeal that language and just strictly confine it to the provision of this Act, based on the language in existence under Public Law 15-126, the Administration may look the other way and retain the 11% instead of remitting it to the Retirement Fund. That is because Public Law 15-126 permits the Administration to continue not remitting to the Retirement Fund, even if the limit is set at 11%. That is what it means. Unless Public Law 15-126 is repealed to confine it to the eleven percent (11% given under this Act, it limits the Administration to the acknowledgment of the liability to Retirement Fund.

Speaker Arnold Palacios: I recognize Representative Quitugua, you are on record.

Representative Quitugua: Mr. Speaker, when I was listening to the Trustees and their consultant this morning, the consultant made it clear that even if there is a difference in what we set to pay from the actuarial percentage, the government is still liable for the difference.

Representative Hofschneider: Mr. Speaker, there is something greater to understand. Public Law 15-126 pretty much provides a legal shield for the Administration not to remit any portion, whether it will be 11% or 1%. The Administration can in fact retain the entire 11% because Public Law 15-126 continues to be in existence that acknowledges that whatever the amount the government owes, whether it pays in or not or whether it reduces it and the difference shall be booked as a liability, is

beside the point. The point is, as long as Public Law 15-126 is in existence, bringing House Bill 16-90 underneath it is just a subset of the overreaching legal protection of not paying or remitting to Retirement Fund. The clause in Public Law 15-126 has a greater legal protection not to pay so long as the government continues to acknowledge that it is a liability that it has to pay sometime in the future. That is what it means. I am glad that the mover of the motion brings to our attention the need to take it off, if it is not taken off, and just confine the language of Public Law 15-126 to this Act.

A member requested for copy of Public Law 15-126 to be provided to all members.

Speaker Arnold Palacios: Recess.

The House recessed at 3:03 p.m.

RECESS

The House reconvened at 3.09 p.m.

A portion of the session proceeding after Recess was not recorded.

Representative Sablan: and if I could ask the Floor Leader.....

Speaker Arnold Palacios: I recognize Floor Leader Camacho.

Representative Camacho: Mr. Speaker, subsection (a), subsection (c), subsection (d), subsection (e), all say the same thing that Section 2 (d) or subsection (e) of Public Law 15-126 shall remain in effect. I understand what the Congresswoman is concern about but on subsection (b), it is referencing Northern Marianas College (NMC) and we do not want to confuse the reference to NMC in regards to the reference that states that the government acknowledges its obligation. If we put it at the tail end of that section that is being referred to, it could be construed that it is only referring to NMC. To be very clear, the obligation being acknowledged is by the central government and not by NMC.

Speaker Arnold Palacios: Okay. Representative Sablan still has the Floor.

Representative Sablan: Section 2(b) of Public Law 15-126 states that “any difference between the actuarially calculated contribution rate and the sum remitted by the employer shall accrue as a liability for the government and shall not be excused or waived by this provision.” Maybe this subsection is worded in a confusing way but I think it can be clarified. I feel that we will confuse people even more if the language is stated twice. Correct me if I am wrong and the author of this bill can clarify, but I think we included NMC. The NMC has stated that since there is nothing explicit in our laws that states the difference between what was recommended by the actuarial and what the government is actually contributing, the difference ends up as a liability on the book of NMC. If this could be worded differently, we do not have to say it twice in the section.

Speaker Arnold Palacios: Go ahead, Vice Speaker.

Vice Speaker Deleon Guerrero: if the author has no objection, on page five, line 22.

Several members began discussions.

Speaker Arnold Palacios: Let us just give him time to give the recommendation to the author.

Vice-Speaker Deleon Guerrero: I am just going to ask the author to have it reworded so that it states that Section 2 (b) of Public Law 15-126 shall remain in effect provided further that the liability for the NMC shall accrue under the central government instead of under the NMC. Instead of “except that”, strike out “except”, and insert “provided further that the liability shall accrue for the central government for NMC.” That way there is no confusion, the whole section of 2(b) of Public Law 15-126 shall remain in effect in addition to that. Does that address your concern?

Representative Sablan: Yes.

Representative Hofschneider: Mr. Speaker, can I offer further suggestions before we entertain the amendment?

Speaker Arnold Palacios: Okay.

Representative Hofschneider: This morning, the Chairman of the Retirement Fund suggested that it would be in the government’s interest to provide for a rate on a level playing field. The chairman shared that the Commonwealth Ports Authority (CPA) is quite uneasy on its observation or understanding of a tiered rate instead of a one rate system. Inserting this general language that acknowledges the difference hereto forward would be an accrued liability by the government owed to the Retirement Fund. So, I think we need to set a single rate. It is one and the same because the NMC is in the same position as the CPA is on.

Speaker Arnold Palacios: Floor Leader, are you amendable to... Let me call for a short recess.

The House recessed at 3:14 p.m.

RECESS

**(Representative Yumul took his seat in the Chamber at 3:15 p.m.)*

The House reconvened at 3:21 p.m.

Speaker Arnold Palacios: We were discussing the amendment submitted by the Floor Leader. I recognize the Floor Leader.

Floor Leader Camacho: Thank you, Mr. Speaker. I would like to withdraw and restate my motion to amend.

Speaker Arnold Palacios: Is there any objection?

There was no objection on the Floor.

Floor Leader Camacho: After much discussion with other members, for aesthetic reason, it probably is better to insert the language I am trying to amend on page five (5) of House Bill 16-90, subsection (b) on line 22. I will read out the amendment. “Section 2(b) of Public Law 15-126 shall remain in

effect. The government acknowledges its obligation to Retirement Fund for deficient employer contributions and statutory penalties; provided further that the difference for the Northern Marianas College shall accrue as a liability for the central government.”

Speaker Arnold Palacios: Is everybody clear with the amendment?

Floor Leader Camacho: I can read it out again for Representative Sablan.

Speaker Arnold Palacios: Do you want to repeat your amendment?

Floor Leader Camacho: Yes. “Section 2(b) of Public Law 15-126 shall remain in effect. The government acknowledges its obligation to Retirement Fund for deficient employer contributions and statutory penalties; provided further that the difference for the Northern Marianas College shall accrue as a liability for the central government.”

Speaker Arnold Palacios: Is there any discussions?

Several members voiced, “Ready.”

There being no further discussion, the motion to amend House Bill 16-90 was carried by voice vote.

Speaker Arnold Palacios: The motion carries. We are back to the main motion. Are we ready? I recognized Representative Dela Cruz.

Representative Dela Cruz: Thank you, Mr. Speaker. I have a couple of concerns on the \$80,000 that is being proposed for the Public Utilities Commission (PUC). One of the things that I discussed with the new Chair of PUC is on page six (6), line twelve (12) of the bill. My concern is that we are trying to give some start-up funding for the PUC. The predecessor of PUC, which is the Commonwealth Telecommunication Commission (CTC), has a bank account, I believe with First Hawaiian Bank. At this moment, nobody seems to know how much is in the account. For all we know, it could be a very minimal amount or it could be a substantial amount. We do not know. After speaking with the Chair of PUC, she informed me that the bank requires the minutes of the PUC’s organizational meeting in order for the bank to release and move the account over to the new PUC. In the past during CTC, I remember that CTC was realizing close to half a million dollars per year on just one utility company in the Commonwealth. I really have no problem trying to give them seed money to start up and operate but the thing is, if we do find out that there is a substantial amount of money, the \$80,000 could be better used at our school areas that are more in need. But like I said earlier, we do not know what is there right now until the bank’s requirement is met.

End of Tape 1, Side A. A portion of Representative Dela Cruz’ statement was not recorded.

Representative Dela Cruz: on page five (5), line six (6), and that is, the return of the fifty percent (50%) of security deposits back to its rightful account or the trust account at CUC. I believe three (3) years is too long of a period for CUC to bring back the funds as it was. I was talking to the Director of CUC yesterday morning and he informed me that at the end of May this year, he is hoping to have additional fifteen (15) megawatt of capacity and basically what that means is, as soon as the fifteen (15) megawatt capacity of power is realized at Power Plant I, they will send a notice to PMIC that runs Power Plant IV to stop running the engines. Right now, CUC is paying about \$2.3

million dollars per month, \$2 million of which is used for diesel fuel that Power Plant IV uses and about \$300 thousand dollars as per their contractual agreement. The reason I point that out is because once CUC gives notice to the operators of Power Plant IV to stop running those engines, that will save CUC \$2 million dollars. Of course, diesel would still have to be procured with the activation and by bringing additional engines online but based on my discussion with CUC, the additional expenses would only be about \$1 million dollars. Therefore, that would somehow save CUC, at a minimum, \$1 million dollars. The three (3) year period to revert the fifty percent (50%) used for fuel back to its rightful account is, I feel, quite a lengthy period of time. I believe a two (2) year period is sufficient and I will be moving for an amendment to change the time period.

Speaker Arnold Palacios: Would you like to offer an amendment?

Representative Dela Cruz: Yes, Mr. Speaker. On page 5, Line 6, strike out “three-year period” and insert “two-year period.” That is all, Mr. Speaker.

Speaker Arnold Palacios: Is everybody clear on the amendment motion offered by Representative Dela Cruz? On page 5, Line 6, cross out “3” and instead insert “2”. So it becomes a two-year period that would require CUC to return the used funds from the security deposit back to its account. Is there any discussions? I recognize Representative Stanley Torres.

Representative Torres: I just want to contribute more information along with Representative Frank Dela Cruz. There is also money coming to PUC as soon as they organized. The PTI telephone company is holding back the fees that it supposed to be depositing into the account of CTC. So there is money available for PUC. If the PUC is fully and legally organized, it can send the bill for collection from PTI. I am pretty sure that there is probably more than \$80,000. Thank you.

Speaker Arnold Palacios: Thank you for the information. I recognize Representative Hocog.

Representative Hocog: Thank you, Mr. Speaker. I know that Representative Dela Cruz mentioned about the \$80,000 and I am a bit unsure as to whether he would like to take that out or have the \$80,000 remain as is on the bill.

Speaker Arnold Palacios: Apparently, he is offering the amendment on page five (5) that only affects the fifty percent (50%) security deposit. Therefore, we will be entertaining his amendment on the residential security deposit only.

Representative Hocog: I am just concern, Mr. Speaker. His suggestion for the \$80,000 to best earmarked for education is probably good but I will probably never accept to remove the \$80,000 out of the bill since none of us know how much funding is there in the CTC account. My good colleague, Representative Torres, just informed us that there is money forthcoming but has yet to be received. I will maintain that the \$80,000 be retained in this particular legislation for now.

Speaker Arnold Palacios: Thank you. The amendment is only on page five (5) and that is what we are discussing. I recognize Representative Benavente.

Representative Benavente: Thank you, Mr. Speaker. I know that Representative Dela Cruz tried to articulate the possible savings that CUC may have to be able to repay the security deposits in two (2) years. However, we all know the seriousness of the current financial condition of CUC as well as the continued rise in fuel price. As you are the author of this legislation, I wondering if the three-year

time period is a suggestion made by CUC. If it is and based on all those information, then I do not think we should be jeopardizing. I know that we can come back in two (2) years and allow it by making amendments but in this case, I disagree that we should be stanching if the recommendation came from the agency.

Speaker Arnold Palacios: I understand your concern Representative Benavente as well as the issues brought up by Representative Dela Cruz. But I personally believe that his recommendation will not hurt the legislation or CUC. In fact, this is coming from the security deposits and we are basically unbundling this. He is recommending that instead of three (3) years, we reduce it to two (2) years only given the potentials because these are security deposits and we will be giving flexibility to CUC for two (2) years. I recognize Representative Hofschneider.

Representative Hofschneider: I agree with Representative Benavente, for two (2) reasons. First reason is that we inquired with CUC about the rate of terminated customers that have availed of their security deposits and CUC informed us that is roughly around thirty percent (30%) or less of customers that terminated their service with CUC and have requested for their deposits to be refunded. CUC said that three (3) years would probably be the most workable solution for the agency to get back on track. The other thing that I failed to recognized or impressed upon the CUC that I want to raise here is how we are confronted with bad weather every year. CUC has to provide sufficient supplies, such as, transformers, wires, and telephone poles. To my curiosity, I did some research and found that typhoon season is just around the corner and CUC is really pressed to the point where it is in fact very scary because it does not have enough supplies on hand needed for replacement if we go through the typhoon season. This, coupled with what Representative Dela Cruz echoed regarding Power Plant I picking up the slack and Power Plant IV subsequently reducing its output, will be saving CUC ‘X’ amount of dollars. In the same token, we would like to see that CUC uses that money not only for fuel expenses that is escalating daily but also for supplies in preparation for this year’s typhoon season that we anticipate to occur in less than five (5) months as we approach the peak of typhoon season. Not only do we have power outages due to fuel but also catastrophic incidents where a lot of the dilapidated transmissions, telephone poles, and supplies of transformers may in fact further cripple the ability of CUC to provide services to our people. Relieving that cash by extending it to three (3) years is the most sensible way of helping CUC. Two (2) years is kind of pushing it. It is doable but it is pushing it because I honestly do not see any light at the end of the tunnel, let alone see the tunnel right now. So I would like for the mover of the motion to reconsider on the basis of giving CUC as much latitude to get back on track, if that is amendable to the mover of the motion.

Speaker Arnold Palacios: I recognize the mover of the motion.

Representative Dela Cruz: I guess I can re-track that motion, Mr. Speaker.

Representative Babauta: No objection, Mr. Speaker.

Speaker Arnold Palacios: With no objection, we will allow the mover to withdraw his motion. I now recognize Representative Reyes.

Representative Reyes: Actually, Mr. Speaker, I was about to support Representative Hofschneider’s request but I am glad that the mover of the motion withdrew it. However, I just want to register a little concern. Mr. Speaker, we have been talking about CUC almost every day and I recommend that the PUTC Chairman perhaps continue communicating with CUC. The bottom line is, I think we

need to have a so-called Risk-Consultant to look into this matter. The discussion about anticipated savings from the commissioning of Power Plant IV and rehabilitation of the new engines, I do not know and I may question that a little bit because when you have another engine up and running, you are going to need more fuel too. The fuel that we are going to be saving from the Power Plant IV will be shifted to the new engines, not knowing how fuel-efficient the engines would be. So let us also take a look at that because there may not be as much savings as we think. Mr. Speaker, I noticed that this bill, House Bill 16-90, only applies to residential security deposits which I have yet to hear how much money we are really talking about. My question is how much money is there on the residential security deposit account and would that be enough to finance the request to rescue CUC of its needs. I wonder if perhaps we can also include commercial clients' deposits and not just limit it to residential. Again, Mr. Speaker, the concern is that we do not know how much money is in the account, if any, and chances are that the deposits from the commercial accounts is much greater than residential deposits. Let us give CUC all the deposits, if necessary.

Speaker Arnold Palacios: Representative Yumul, do you have those numbers? Were you able to get those numbers?

Representative Yumul: No, Mr. Speaker.

Representative Yumul: I am sorry, I do. The deposit as of right now is a total of \$1.7 million.

Speaker Arnold Palacios: Representative Dela Cruz already withdrew his amendment. Can I call for a short recess, I have a concern.

The House recessed at 3:43 p.m.

RECESS

The House reconvened at 3:50 p.m.

Speaker Arnold Palacios: Representative Hofschneider, do you have an amendment to offer?

Representative Hofschneider: Thank you, Mr. Speaker. I have a floor amendment to offer on page 4, Section three, pursuant to your request, Mr. Speaker, because you do not want to amend it. The amendment shall read, "Add a new subsection (e) under Section 3 to read, "Fifty percent (50%) of the fees pursuant to Section 6 of this Act shall be deposited into a special account within the general fund and appropriated to the Commonwealth Utilities Corporation to pay for its fuel expenses.""

Representative Babauta: Second. Mr. Speaker, can I make a statement under discussion, please?

Speaker Arnold Palacios: An amendment motion has been made and seconded. I recognize Representative Babauta for discussions.

Representative Babauta: I just want to clarify with the mover of the amendment, Mr. Speaker. Representative Hofschneider injected the word, "appropriated," is that an automatic appropriation of the 50% of fees once this bill is enacted into law?

Speaker Arnold Palacios: Yes, it is. It is basically earmarked to a special account for CUC's fuel expenses.

Representative Babauta: Okay, so let the record reflect that so that we do not have to come back and appropriate the funds. Thank you for the clarification.

Representative Hocog: I was going to ask the same question but that kind of amendment is

Speaker Arnold Palacios: Point of order.

Representative Hocog: Am I out of order?

Speaker Arnold Palacios: No, not you. Please maintain some decorum.

Representative Hocog: Can you have the courtesy to extend respect when your chairman is speaking?

Floor Leader Camacho: I have respect for you, chairman.

Representative Hocog: Thank you, sir. What I was saying Mr. Speaker is that that kind of amendment offered by Representative Hofschneider by request is long overdue.

Representative Hofschneider: The amendment is on page 7 and not on page 3.

Speaker Arnold Palacios: On page 7?

Representative Hofschneider: Yes.

Speaker Arnold Palacios: Is it a new subsection (d)?

Representative Hofschneider: It is a new subsection (e), Mr. Speaker.

Speaker Arnold Palacios: Okay. Is there any more discussion on the amendment motion?

Several members voiced, "Ready."

There being no further discussion, the motion to amend House Bill 16-90, HD1 was carried by voice vote.

Speaker Arnold Palacios: We are back to the main motion. Are we ready for the question?

Representative Babauta: Yes, we are ready for the question?

Speaker Arnold Palacios: I recognize Representative Yumul.

Representative Yumul: Thank you, Mr. Speaker. I would like to offer two amendments. The first of which, on page six, Line 4, after the word, "physical management," to strike out the rest of that sentence and to insert, "to prudently reallocate the Retirement Fund asset as needed in order to protect from diminishment and impairment the retirement benefits of its members."

Speaker Arnold Palacios: Please repeat the amendment motion.

Representative Yumul: On page six, line 4, after the words, “sound physical management practices” and instead insert, “to prudently reallocate the Retirement Fund’s asset as needed in order to protect from diminishment and impairment the retirement benefits of its members.” Therefore, the new Section 5 (e) of Public Law 15-126 shall remain in effect. “The Board of Trustees of the Northern Mariana Islands Retirement Fund shall be authorized to use sound fiscal management to prudently reallocate the Retirement Fund asset as needed in order to protect from diminishment and impairment the retirement benefits of its members.”

Speaker Arnold Palacios: Is there any second to that motion?

Several members voiced, “Second.”

Speaker Arnold Palacios: An amendment motion has been made by Representative Yumul and has been seconded. Ready?

Several members voiced, “Ready.”

The motion to amend House Bill 16-90, HD2 was carried by voice vote.

Speaker Arnold Palacios: We are back to the main motion. I recognize Representative Yumul.

Representative Yumul: Thank you, Mr. Speaker. I have one more amendment, which is a handout. Please disregard the first roman numeral in its entirety and instead work with the second roman numeral. Do you want me to read it out?

Representative Babauta: Second. I so move.

Speaker Arnold Palacios: Short recess.

The House recessed at 3:51 p.m.

RECESS

The House reconvened at 3:53 p.m.

Discussions made immediately after recess was not recorded.

Speaker Arnold Palacios: Is there any further discussion on the amendment motion made by Representative Yumul.

Several members voiced, “Ready.”

Representative Sablan: Mr. Speaker.

Speaker Arnold Palacios: I recognize Representative Sablan.

Representative Sablan: Can the mover of the amendment explain what the difference is exactly. I am still a little bit confused.

Speaker Arnold Palacios: Representative Yumul, please explain.

Representative Yumul: What is your question?

Representative Sablan: What is the difference between what is in the current draft from what you are proposing?

Representative Yumul: Under the existing page six, line 6, subsection (f), basically states that if this remains, the savings between the 18% and 11% namely, the 7% retirement contributions payments of the government, departments, divisions, offices, autonomous agencies, which is PSS and the college, will be deposited into a special account. That is 100% of which one, two, and three, the first year will be the 50% will go to CUC. The remainder will help pay the \$80,000 to PUC and then whatever is left over will go into the remaining section two, basically the reprogramming of the governor. My amendment basically will say, 50% of the 7%, 50% of that will go to CUC. The other 50% stays with PSS and the college, respectively.

A member spoke but recording was not able to pick up statement.

Representative Yumul: Yes, exactly. It is the same thing.

Representative Sablan: What does this come out to in dollars then?

Representative Yumul: It is close to \$9 million.

Representative Sablan: Close to \$9 million? Okay, so we are giving half of that \$9 million dollars to CUC for fuel, is that right? Or are we giving a quarter of that for fuel?

Vice-Speaker Deleon Guerrero: No. It is the difference of seven and eleven.

Speaker Arnold Palacios: I recognize Vice-Speaker.

Vice-Speaker Deleon Guerrero: Basically, it allows for half of the difference. Half of the seven percent will stay with PSS and NMC and the other half goes towards what is stated in the bill. Now, how much is that? According to NMC and PSS, it is \$9 million.

Representative Babauta: Clarification, Mr. Speaker.

Speaker Arnold Palacios: Short Recess.

The House recessed at 4:00 p.m.

RECESS

(Representative Aldan was excused for the rest of the day's session.)

The House reconvened at 4:09 p.m.

A portion of the session proceedings after recess was not recorded. However, The Clerk's record indicates that Representative Yumul's amendment was adopted and incorporated into the final version of the bill, thus, the motion to amend House Bill 16-90, HD3 was carried by voice vote.

Speaker Arnold Palacios: I recognize Representative Sablan.

Representative Sablan: I actually like to offer another amendment, Mr. Speaker.

Speaker Arnold Palacios: Okay.

Representative Sablan: In the interest of fairness which everybody has talked about in setting one rate as the Retirement Fund noted in their presentation this morning, I wanted to propose that we delete on page five from lines twenty-five through lines twenty-eight, everything after Fiscal Year 2008. Does that make sense? So it would just read, "Section 2 (c) of Public Law 15-126 is suspended and superseded by Section 5(a) of this Act for Fiscal Year 2008."

Speaker Arnold Palacios: The amendment motion offered by Representative Sablan has been seconded. I recognize Representative Hofschneider.

Representative Hofschneider: I do not have a problem with that, Mr. Speaker, but if the federally funded employees do not have a problem with resources, why are we taking it out?

Representative Sablan: My understanding, oh, I am sorry.

Speaker Arnold Palacios: Proceed. Thank you for recognizing the need to be first recognized before you speak. Thank you very much.

Representative Sablan: I am learning. My understanding, Representative Hofschneider, is that it is the federal agencies that have a problem with paying a different rate from all the other agencies. Other members can correct if I am wrong, but they would prefer their employees also follow commonwealth law.

Speaker Arnold Palacios: Correct.

Representative Hofschneider: I remain zipped.

Speaker Arnold Palacios: Okay. I recognize Representative Quitugua on the amendment.

Representative Quitugua: I need clarification. The Retirement people and consultant that were here this morning said that the difference is still an obligation that remains with the government. So who is going to be obligated with the difference of these employees that are under these programs? So we are increasing the unfunded liability of the government by giving everybody the same rate?

Speaker Arnold Palacios: Yes. Those in favor of the motion to amend offered by Representative Sablan, please say, "Aye."

Several members voiced, "Aye" while one member voiced, "Nay."

There being majority voicing “Aye”, the motion to amend House Bill 16-90, HD4 was carried by voice vote.

Speaker Arnold Palacios: We are back to the main motion.

Representative Sablan: I have another amendment to offer, Mr. Speaker.

Speaker Arnold Palacios: Is this going to be the last one?

Representative Sablan: Are we voting on First and Final Reading after all?

Speaker Arnold Palacios: Yes, so make your amendment.

Representative Sablan: Alright, so I have a couple of amendments that we can discuss. On page five, my understanding of Section four is that we are trying to address CUC’s cash flow problem, by allowing CUC to use some funding that is readily available through the customer service deposits, is that correct? What I wanted to ask is, I know that under existing law, CUC is required to pay back deposit refunds with interest. I am wondering if that is something that we would like to reconsider and perhaps we could delete on line eight, the part that pertains to requiring them to pay with interest.

Vice-Speaker’s statement was not picked up by the recording.

Speaker Arnold Palacios: Representative Deleon Guerrero, I know you are very eager. Thank you, you are hereby recognized.

Vice-Speaker Deleon Guerrero: It is only right that when you as a customer put in your security deposit that you are entitled to the interest. CUC is not a bank and CUC should not be making interest on your money.

Speaker Arnold Palacios: Okay, let me recognize Representative Benavente, perhaps you can further clarify.

Representative Benavente: I guess the vice-Speaker’s point is clear that if we, as customers, are asked to put a deposit and if those deposits earn interest, then those interest should go back to the rightful owners of those funds, which are the customers, and not for CUC to keep. I guess it is a policy call right now, I mean it can be a policy call but you would think that because it is my money that I am asked to put in there that I should keep the interest that it earns. Thank you.

Speaker Arnold Palacios: I recognize Representative Quitugua.

Representative Quitugua: When this law was proposed to also require the return of the interest earned from the residential deposits, it was done, I believe, for fairness. At the time, deposits of commercial customers are refunded with interest while deposits of residential customers are not refunded with interest. Therefore to be fair, this law was proposed to make the requirement the same for refunds on both residential and commercial customers’ deposits.

Speaker Arnold Palacios: Go ahead, Representative Sablan, you still have the floor.

Representative Sablan: Thank you. I guess by the same logic then, Representative Benavente, I mean you could also argue that because it is my money I do not want CUC to use it for anything other than for what it is there for security to return it upon disconnection. But we are already going down that road and if the reason why we are going down that road is because CUC is having a cash flow problem, then conceivably requiring CUC to pay earned interest whether to residence or to businesses would make that cash flow problem worse. So I would like to ask this body to consider that. If that is our reason for making this amendment to also consider amending this part about requiring earned interest.

Speaker Arnold Palacios: I recognize Representative Ralph Torres. You have been very quiet this afternoon, it is about time you start saying something.

Representative Torres: Thank you, Mr. Speaker. I have a question. Are we earning interest right now? If we are not, where are the dollars sitting? Is it in an account? If we are earning interest, where is that interest and how much is that?

Speaker Arnold Palacios: I recognized Representative Deleon Guerrero.

End of Tape I, Side B. A portion of session proceeding was not recorded.

Representative Hofschneider:dollars, then the accrued interest stays with that, you the customers, so it can not be used for any other thing. So it stays with the customer and it stays as a consolidated account, as a security deposit account. But for accounting purposes, it stays with the individual customer and it accrues interest overtime.

Speaker Arnold Palacios: I recognize Representative Reyes.

Representative Reyes: Thank you, Mr. Speaker. I think it is worth looking into this because I, for one, have never gained a penny of interest on my deposit since fifteen or twenty years ago. For the record, it is worth looking into this and that I do not really know whether it is a policy, but according to the information I received from CUC, it does not pay interest.

Speaker Arnold Palacios: Let me clarify that. That was probably before Public Law 15-80 was enacted. So with the enactment of Public Law 15-80, it does require that customer deposits earn interest. I recognize Representative Benavente.

Representative Benavente: Thank you, Mr. Speaker. I want to respond because Representative Sablan actually questioned the concern I raised or the comments I made. Again, I reiterate that it is a policy call. I am just saying that we made a plicy call to allow the use of fifty percent (50%). The biggest difference is that while we allow CUC to use it, we are not allowing it to keep it. We are allowing CUC to use it but to also return it because those are monies that belong to the customers and so should the interest earned from the deposits be returned to the customers. Thank you.

Speaker Arnold Palacios: I recognize Representative Dela Cruz.

Representative Dela Cruz: Thank you, Mr. Speaker. On my amendment, I must say that it is almost like we are adding salt to injury. When Public Law 15-80 was enacted, the intention was to preserve the security deposits of customers. In the past, before the legislation was introduced and

subsequently passed into law, CUC was using all the deposits at its own discretion, to pay fuel and to do repairs. We came up with that legislation because we felt that the people were not being compensated fairly in as far as putting out a security deposit. In fact, we felt that CUC was overcharging security deposits and that is why we came up with a one (1) year deposit that CUC can require. To try and take this away, it is almost inconceivable to think that the customers making the deposits are not going to be paid interest but the interest instead is supposed to go to CUC? The intent of the security deposit is for the off-setting of your CUC's account balance that was unpaid after your account is terminated. That was the intent but interest earned from the deposits should be returned back to the customers. We are taking away fifty percent (50%) of security deposit from each customer and the people are not even aware of this. We do understand that we have to do this in these trying times but let us not go any further and add more damage to it, please. Thank you, Mr. Speaker.

Several members voiced, "Ready."

Speaker Arnold Palacios: Representative Sablan, with all that, would you be willing to withdraw your amendment?

Representative Sablan: Well, I never actually made the amendment. I wanted to get a feel from the members about whether or not they will consider it.

Speaker Arnold Palacios: Oh, okay. I will give you the floor back. You still have the floor for one more amendment?

Representative Sablan: Is that all I am allowed? I have two major concerns about this bill. First, is the serious misgiving that I can not help but have about borrowing from Retirement Fund to pay for fuel and for the other expenses of the government. We have just heard a presentation this morning from the actuary. My preference, although I sense that this body will not go for this anyway, is to not borrow from a Fund that can not afford it but to go back to the drawing table and not vote on this on First and Final Reading. But since it does not look like it is going to go there, I would like to point our attention to the next issue and that is the unlimited reprogramming authority that we are giving the governor in this bill. And if I could ask for justification as to why we are doing that? Why we can not at least, even if we have not follow the Planning and Budgeting Act in any sense of the word, in recent memory, we could at least follow the spirit of the Planning and Budgeting Act. Include some provisions that would require at least the approval of the Ways and Means Chair and the Fiscal Affairs Chair whenever reprogramming beyond what is authorized whenever the governor proposes to do that. So if I could get some clarification from the author of the bill why unlimited reprogramming is necessary, I would appreciate that.

Speaker Arnold Palacios: On page three (3), Line twelve (12), Section 2 (b) (2), it states, "Shall make a full report of reprogramming of lapsed funding and fund balances under subsections (b) (1) of this section to the presiding officers of the legislature, the chairperson of the House Committee on Ways and Means, and the Chairperson of the Senate Committee on fiscal Affairs on or before the end of each month." So he will be required to be making those reports. Representative Yumul, do you want to elaborate more on the reprogramming issue?

Representative Yumul: I yield to Representative Hofschneider.

Representative Hofschneider: The logic, Mr. Speaker, is to meet the governor half way. You can not really strap the governor entirely as he may, in fact, run out of budget authority. In fact, some departments, specifically if CHC continues to run beyond the control of actual resources and is operating at a higher level over the reduction in force made by the Secretary of Finance due to actual collection governing the activity of the expenditure. CHC is a very good example of an animal that will continue to expend beyond the reduction and that requires the governor to have the flexibility to reprogram into CHC from other agencies that may have held back within the fiscal year. The language in the bill may allow, should allow the governor at the end of the fiscal year, unlimited reprogramming to lapse funds to apply to those over-run departments that are deemed deficit. So exhausting twenty-five percent (25%) under the Planning and Budgeting Act, the governor, in fact, is prevented, as we speak, in repeatedly using the twenty-five percent (25%) for departments that have exceeded the Planning and Budgeting Act authority which may complicate matters because although there are lapses at the end of the fiscal year, the governor can not move those monies in. So this bill is to meet the governor half way by giving him the flexibility, but not entirely, to reprogram new resources that are identified under this Act.

Speaker Arnold Palacios: I recognize Representative Benavente.

Representative Benavente: Thank you, Mr. Speaker. We must also not forget that this is a proposal that both the House and the Senate entertained but the governor vetoed because of all of the restrictions that we have imposed in the bill. The most important thing to remember is that during our deliberation of the bill that we passed, we discussed about the short fall for the remainder of the fiscal year. We discussed about how the short fall may jeopardize critical public services and we are now beginning to see that. We hear of CUC's inability to pay for the fuel. We hear of the PSS Board's decision to open the school year a month later because it does not have the funds to operate the school. We know of others, and I realize that not everyone are privy to all of this information but the Speaker and several of the members here have been meeting with representatives from the Administration and that explains the reason for what we are doing right now. I personally would like to see the governor sitting back here pushing for this and answering any concerns that we may have. I am disappointed because that is not the case. But I am also ready to support this legislation. As a matter of fact, I support the idea of passing it on First and Final Reading because I know that this is necessary and I do not want to be a part of the leadership or government officials that would jeopardize public service. So that is why this is important. That is why it is necessary to pass this on First and Final Reading. Thank you.

Speaker Arnold Palacios: Thank you. Representative Salas, do you have any to offer?

Representative Salas: Yes, is Representative Sablan done?

Representative Sablan: [Inaudible]

Representative Salas: I just like to offer an amendment on the Floor. My amendment is actually not really datable because it is just a typo error, I believe.

Speaker Arnold Palacios: Okay.

Representative Salas: On page three (3), Line seventeen (17) should be (3) instead of (4) and the remaining to be numbered accordingly. It is very simple.

Speaker Arnold Palacios: I will allow the Clerk and the Counsel when they are going through it to make some of these typos or inconsistencies.

Several members voiced, “No objections.”

Representative Salas: There is a motion to allow for some minor corrections on typos and inconsistencies have been seconded. Is there any discussion?

Several members voiced, “Ready.”

Speaker Arnold Palacios: Representative Reyes, on that amendment? Ready?

There being no objections, the motion to allow the Clerk and the Legal Counsel to make some minor corrections on typographical errors and inconsistencies was carried by voice vote.

Speaker Arnold Palacios: I recognize Representative Reyes.

Representative Reyes: Mr. Speaker, I move to end debate.

Several members voiced, “Second.”

Speaker Arnold Palacios: I recognize Representative Hofschneider.

Representative Hofschneider: I do not know whether this is another request from Chairman Yumul, but I do not know if we can treat this as a typographical error or just go ahead and move on his floor amendment that was written out and passed, beginning with the first sentence, “the difference between the eighteen percent (18%) or to be stricken out eighteen percent (18%) or stricken out and the language continues.

A member voiced, “Second.”

Representative Sablan: To strike out “or”?

Speaker Arnold Palacios: We will allow Short recess.

The House recessed at 4:30 p.m.

RECESS

The House reconvened at 4:37 p.m.

A portion of the session proceeding after Recess was not recorded.

Representative Sablan: just to tightened up the requirement for reprogramming.

Speaker Arnold Palacios: Okay, proceed.

Representative Sablan: I am taking this from the Planning and Budgeting Act. On page three (3), Line sixteen (16), after the period (.), insert, “such report shall include a description of each item

reprogrammed, the reason for each reprogramming, the change in the approved budget caused by the reprogramming.”

Speaker Arnold Palacios: Excuse me, Representative Sablan, I did not realize our Clerk is gone and we need her to be here. Okay, she’s back. Representative Sablan please proceed with the final amendment.

Representative Sablan: Thank you. On page three (3), Line sixteen (16), after the period (.), insert, “such report shall include a description of each item reprogrammed, the reason for each reprogramming, the change in the approved budget,” or I guess, it would not apply since this is not a budget. Okay, “the reason for each reprogramming, the cumulative amount of all reprogramming during the fiscal year, and such other information as may be requested by the Chairmen.” Again, this is from the Planning and Budgeting Act.

Speaker Arnold Palacios: The amendment motion offered by Representative Sablan on page three (3), Line sixteen (16), basically to tightened up the language and make it consistent with some of the language of the Planning and Budgeting Act has been seconded.

Representative Sablan: Actually, Mr. Speaker, I am sorry, but to continue with the final sentence, “The Governor shall submit to the Chairmen an annual summary of all reprogramming activity within sixty (60) days after the end of a fiscal year.

Speaker Arnold Palacios: Okay, it has been moved and seconded. Is there any discussions? I recognize Representative Benavente.

Representative Benavente: Mr. Speaker, as mentioned by the mover of the amendment, this language is coming out of the Planning and Budgeting Act. My question is, is that necessary? Is the Planning and Budgeting Act applicable even with this legislation and it should be

Speaker Arnold Palacios: She actually just wants to make it clear in the legislation. She would like to have the language to be comfortable so she can vote on it.

Representative Benavente: Do you want me to stop, Mr. Speaker?

Speaker Arnold Palacios: Yes.

Representative Benavente: Okay.

Speaker Arnold Palacios: I recognize the Floor Leader for the last time.

Floor Leader Camacho: Mr. Speaker, I just want to clarify from Representative Sablan the language that you used other than words like budget are taken out?

Representative Sablan: Right.

Floor Leader Camacho: So we are not turning this into a budget bill? Is that correct? Is that what we are saying?

Representative Sablan: I took out the reference to the budget because this is not really a budget bill.

Speaker Arnold Palacios: It is just a reprogramming language. She wants to tighten up the reporting requirement. Ready? Those in favor of the amendment motion offered by Representative Sablan, please say, “Aye.” Those oppose, say, “Nay.”

Several members voiced, “Aye.” and the motion to amend House Bill 16-90, HD5 was carried by voice vote.

Several members voiced, “Ready” after Speaker Palacios declared the adoption of the motion.

Speaker Arnold Palacios: We are ready to vote on House Bill 16-90, House Draft 6

Representative Sablan: Mr. Speaker, I would like to move that we not pass this on First and Final Reading. Can we pass it on First Reading? And then we can look at

The House recessed at 4:40 p.m.

RECESS

(Representative Raymond Palacios left the Chamber and was excused for the rest of the day’s session.)

The House reconvened at 4:43 p.m.

Vice-Speaker Deleon Guerrero: Mr. Speaker.

Speaker Arnold Palacios: I recognize Vice Speaker.

Vice-Speaker Deleon Guerrero: I move to end any and all debates.

Several members voice, “Second.”

Speaker Arnold Palacios: I will move that, okay. We will be voting now on House Bill 16-90, HD6. Clerk, please call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 16-90, House Draft 6 on First and Final Reading:

Representative Edwin P. Aldan	Absent during voting
Representative David M. Apatang	Absent (excused)
Representative Oscar M. Babauta	Yes
Representative Diego T. Benavente	Yes
Representative Joseph N. Camacho	Yes
Representative Francisco S. Dela Cruz	Yes
Representative Joseph P. Deleon Guerrero	Yes
Representative Victor B. Hocog	Yes
Representative Heinz S. Hofschneider	Yes
Representative Raymond D. Palacios	Absent during voting
Representative Justo S. Quitugua	Yes
Representative Joseph C. Reyes	Yes

Representative Christina M. Sablan	No
Representative Edward T. Salas	Yes
Representative Rosemond B. Santos	Yes
Representative Ramon A. Tebuteb	Yes
Representative Ralph DLG. Torres	Yes
Representative Stanley T. McGinnis Torres	Yes
Representative Ray N. Yumul	Yes
Speaker Arnold Palacios	Yes

Speaker Arnold Palacios: By a vote of sixteen “Yes,” H. B. NO. 16-90, HD6 hereby passes the House on First and Final Reading. Is there any comment under the Miscellaneous Business?

Representative Yumul: Mr. Speaker, just real quick if we can go to Resolution Calendar. I would like to just introduce it. There is no need to act on it today.

Several members voiced, “No objection.”

Speaker Arnold Palacios: Without objection, we are back to Resolution Calendar for introduction of a House Joint Resolution. I recognize Representative Yumul.

INTRODUCTION OF RESOLUTIONS

H. J. R. NO. 16-4: To create a joint focus group within the Legislature to study the Guam military build-up and to help prepare the Commonwealth for the military expansion in the Marianas

Offered by: Representative Ray N. Yumul

Representative Yumul: Thank you, Mr. Speaker. I have a House Joint Resolution No. 16-4, entitled, “To create a joint focused group within the legislature to study the Guam military buildup and to help prepare the Commonwealth for the military expansion in the Marianas. I would like to place it on Calendar for action at the next convenience of this body.”

MISCELLANEOUS BUSINESS

Speaker Arnold Palacios: Is there any comment under Miscellaneous Business? I recognize Representative Stanley Torres.

Representative Torres: Mr. Speaker and members, some of us here remember that during the last legislature, I criticized the Attorney General for allowing one of his Assistant Attorney General to violate the CNMI Labor Law by herding an illegal alien. Last night, I saw him at the Godfather’s establishment dancing with the lady. I would like to request that this be looked into to determine if it was fixed locally to enable the illegal alien to become his legal dependent. If that is the case, then I would like to see that the Attorney General be sanctioned for allowing such illegal activity in the Commonwealth. The second concern that I have is the bill that was introduced yesterday by Representative Sablan and three others to allow contract workers to freely roam around for five years. I think that the bill has already been implemented and is being exercised by the Attorney General and is probably the result of the Assistant Attorney General freely coming out publicly with his overstaying friend. On another matter, the former DPS Commissioner is now working for the Attorney General and right under her husband’s supervision as an Assistant Prosecutor. There is no separation of her employment. She was hired right back as Assistant Attorney General under the prosecution office with the same salary of \$65,000 per year. I understand that she refused to undergo

drug test. I am pretty sure that she took one month of leave with pay at the same salary. Her hiring process is very questionable. I was told that she refused to under drug test because she did not depart from government employment. That is probably the basis of her refusal. I think that the concerned committee should look into it while I am gathering more documents to present to this body.

Speaker Arnold Palacios: Thank you, Representative Torres. We can perhaps sit down and maybe next week and we can see where we can go with this. I recognize Representative Benavente.

Representative Benavente: Thank you, Mr. Speaker. I know that we are not allowed to debate under the Miscellaneous part of the Order of Business. I just want to make one short statement and that is, we need to act responsibly in the comments and the allegations that we are making. Representative Torres is referring to the legislation that was introduced yesterday that proposes to grant permanent residence status or certain additional status to individuals that have been here more than five years. That is clearly illegal but more importantly, it is something that is sensitive at this point in our community and we do not need to send out wrong messages to the community and create any kind of an alarm. If you do not know for sure on something that is serious then you should not be making the allegations. I speak out not because Representative Torres claims I do not like him, but because when a member of the body comes and speaks and no one else says anything, it basically becomes a position or statement of this body and I hope, we here, as members of this legislature, do not tolerate it and does not allow it. At some point we need to be more responsible.

Speaker Arnold Palacios: Thank you for your points. Certainly, I agree with you that at some point at time we must be very careful that we do not smear people or any member of our community for that matter. That is why I asked Representative Torres to have a private talk with him so if necessary, really necessary, we can officially take his concern up with the Attorney General and perhaps that is where we should go. Thank you. I recognize Representative Sablan, privilege speech.

Representative Sablan: Thank you, Mr. Speaker. Very briefly, I agree with Representative Benavente's comments and I just like to have it state for the record that I do not know anything about the allegations that Representative Torres has raised but I can say for a fact that they have nothing to do with the bill that was introduced yesterday. Thank you.

Speaker Arnold Palacios: Thank you, points well taken. Representative Hocog, do you have any under Announcements?

Representative Hocog: Mr. Speaker, it is a serious accusation and allegation made of a legislator introducing a bill that people do not understand and to come in a public opinion to ablaze the legislators that cosponsored the bill introduced by Representative Sablan. I would say, Mr. Speaker, it is like a gun being shot with a blank bullet. Although the accusations or allegation really does not mean anything to me, in the eyes of the body of this legislature, I believe it warrants an investigation by you, Mr. Speaker, the Legal Counsel and perhaps the Standing Committee on JGO to determine whether Representative Tina Sablan, Representative Heinz Hofschneider, Representative Edward Salas, and I committed treason. I do not know if there is any disrespect to coauthor any legislation of your disbelief. While I do not want to make a big deal about this, Mr. Speaker I want this body to at least come up with something because we do not deserve to be labeled as such. I will go to prison if that is what it is called for.

Mr. Speaker, the one I would like to ask the Speaker to, this is a serious accusations and allegations that a legislator introducing a bill that people do not understand and to come in a public opinion to ablaze this legislators that cosponsored particularly the bill Representative Sablan introduced is just a, I would say, Mr. Speaker, a gun being shot with a blank bullet. However, the words that has been used is, it is not really mean anything to me but in the eyes of the body of this legislature, I believe it warrants that you Mr. Speaker and the Legal Counsel, I request through whatever committee, maybe the JGO, will come up with an investigation whether Representative Sablan, Representative Heinz Hofschneider, and Representative Edward Salas and myself really committed treason. And if that is so, Mr. Speaker, I do not know if there is any disrespect to coauthor any legislation of your disbelief. I do not want to make a big thing about this but at least Mr. Speaker I want this body to at least come up with something that we do not deserve to be labeled as such. I will go to prison if that is what it is called for.

Speaker Arnold Palacios: Thank you, Representative Hocog. I was also disturbed that they are people in the public that are making those statements in the media. Perhaps I will look into it and if necessary, the Chair will consider responding appropriately in a very statesmen-like and courteous manner to those individuals but I will seriously consider that. I recognize Representative Babauta.

Representative Babauta: Thank you, Mr. Speaker. I just want to clarify from Representative Hocog about his comments alluding to what, Mr. Speaker.

End of Tape 2, Side A. A portion of the session proceeding was not recorded.

Representative Babauta: May I ask who wrote the Letter to the Editor, Mr. Speaker?

Speaker Arnold Palacios: I will allow Representative Hocog to respond.

Representative Hocog: He is called, Taotao Gonno, or Taotao Tano, I do not know. To be exact, his name is Gregorio Cruz, and he is an alliance of Representative Babauta.

Speaker Arnold Palacios: Do not worry. Representative Babauta also had many letters written about him on the “Dear Abbey” section of the Marianas Variety.

Representative Hocog: That is why I said, his alliance.

ANNOUNCEMENTS

Speaker Arnold Palacios: Is there anymore under Miscellaneous Business? I have a short announcement. I have the Joint Session Resolution with the Joint Session Rules passed out to the members. Please go through it so that when we get to the State of the Commonwealth, this is for the State of the Commonwealth, we will not have much of a problem with it. With that, I recognize the Floor Leader for the motion to adjourn subject to the call.

ADJOURNMENT

Floor Leader Joseph N. Camacho moved to adjourn subject to the call of the Chair; it was seconded and carried by voice vote.

The House adjourned at 4:59 p.m.

Respectfully submitted,

/s/

Evelyn C. Fleming, House Clerk

APPEARANCE OF LOCAL BILLS

FIRST APPEARANCE: 1st Legislative appearance of a local bill is on the day it is introduced.

SECOND APPEARANCE:

H. L. B. No. 16-10: A Local Appropriation Bill for an Act for the Third Senatorial District to appropriate \$4,752,000.00 from revenues collected pursuant to Saipan Local Law 11-2 as amended for Fiscal Year 2008; and for other purposes. (Rep. David M. Apatang)

THIRD APPEARANCE:

H. L. B. No. 16-9: A Local Appropriation Bill for an Act for the Third Senatorial District to reappropriate \$500,000.00 from the \$1,780,425.00 under Saipan Local Law 15-5 SHEFA for the payment of salaries of certain government employees and for other purposes.