

TITLE 4: ECONOMIC RESOURCES
DIVISION 8: UTILITIES

§ 8443. Methods and Procedures for Establishing Rates, Charges and Rents.

(a) The Commission shall establish the procedures and methods to be followed in setting and approving rates, charges and rents for entities' services. The methods and procedures may provide for the utilization of:

(1) Price-cap formulas that result in rate adjustments based on productivity and exogenous factors such as inflation indices and/or

(2) Formulas based on rate of return. The formulas may be utilized to establish flexible prices, i.e., maximum, minimum, or both types of prices.

(b) The Commission shall be obligated to revise periodically the effect of the approved formulas for fixing rates, evaluating their effect on the entity, including rates of return on its investment, and modifying the factors and other components of said formulas on the basis of experience.

(c) For the purposes of this subsection, the formula based on rate of return means the methodology used to approve charges and rates for a service that takes into consideration the public need for adequate, efficient and reasonable service, and the need of the entity to receive sufficient income to cover all current costs for offering said service, including taxes and interest, and including adequate provisions for the depreciation of property needed for rendering said service, and for deriving a fair and reasonable return on the value of their property using as a guide the return of equivalent risk enterprises and reasonable consideration that the Commission deems pertinent.

(d) The Commission may utilize methods, analytical techniques and procedures for determining rates, rents, and charges that are different from those mentioned in this subsection, including forbearance of rate regulation and detariffing, provided it demonstrates in authentic form that the chosen method will satisfy the criteria established in this subsection for the rate structure in a more effective way than the methods mentioned herein.

(e) No entity may use current revenue earned or expenses incurred in conjunction with services subject to regulation under this Chapter to subsidize services that are not regulated or are not tariffed. Expenses incurred in conjunction with services that are not regulated or that are not tariffed under this Chapter may not be attributed to services that are subject to regulation for any reason. The Commission may not subsidize the price of any entity's service, including wholesale prices or the prices of elements, by reducing the prices to reflect an allocation or credit of revenue from the operations of an affiliated company of the entity.

(f) After first having given notice to the interested parties within the service area to be affected and affording interested parties a reasonable opportunity for a full and complete hearing, the Commission, after submission of all proofs, shall render a final decision. The Commission may, in its discretion and for good cause shown, upon written motion by any party, make a finding and enter an order granting partial and immediate relief on less than a complete record. Revenues collected upon an order for partial and immediate relief shall be collected subject to refund with appropriate interest and upon such security as the Commission may require.

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Source: PL 12-39, § 1(b) (8316), modified; repealed and reenacted by PL 15-35, § 2 (8430), modified; (f) added by PL 15-40, § 3(f).

Commission Comment: PL 15-40 was enacted on December 22, 2006, and included a short title and findings and purpose sections in addition to other enactments and severability and savings provisions. See the comment to 4 CMC § 8403 for details of PL 15-40.