

§ 82101. Commonwealth Healthcare Corporation Commercial Rate.

Notwithstanding any law or regulation to the contrary, the Commonwealth Utilities Corporation shall charge the Commonwealth Healthcare Corporation, as established in 3 CMC § 2823, the commercial rate for power, water, and wastewater.

Source: PL 23-30, § 2 (Nov. 18, 2024), modified.

Commission Comment: In codifying PL 23-30, the Commission assigned the statute number pursuant to 1 CMC § 3806(a). In addition to the severability clause, PL 23-30, contained the following findings and purpose section:

Section 1. Findings and Purpose. The Legislature finds that Public Law 16-51, as amended by Public Law 19-78, established the Commonwealth Healthcare Corporation (CHCC) in 2011 and transferred the functions of then Department of Public Health & Environmental Services (DPH) to CHCC. Specifically, CHCC was created as an independent public healthcare and medical services provider, financially self-sufficient, professionally managed, and nationally accredited whose purpose is to develop and regulate, as necessary, a high-quality, efficient, and market-oriented public healthcare delivery system in the CNMI, and to coordinate the delivery of quality healthcare and medical services to all Commonwealth residents in a financially responsible manner.

The Legislature further finds that prior to the establishment of CHCC, the utility bills including the power, water, and wastewater billing of the Department of Public Health and its offices, divisions, hospital, clinics, and facilities were part of the CNMI central government's utility bills and paid for by the CNMI government at the government rate established at the Commonwealth Utilities Commission (CUC). After CHCC was established, all its utility billing including power, water, and wastewater was separated from the CNMI government and CHCC was mandated to pay its CUC utility bills from its own financial resources at the same higher government rate. The Legislature finds that, as a financially self-sufficient independent public healthcare and medical services provider, CHCC should not have to subsidize CUC by paying the higher utility government rate. Instead, CHCC should be classified as a commercial entity and charged commercial utility rates since the establishment of CHCC in 2011 similar to every other healthcare provider in the CNMI.

According to the rates effective July 1, 2020, if the CHCC were designated as a commercial entity, the base rate for power consumption for the CHCC would be 8.8% lower per kWh, water charges would be 98.4% lower, and wastewater would be 95.6% lower. The CHCC should be billed as any other healthcare provider in the CNMI, at a fair and reasonable utility rate which is not more than the cost of the CUC to provide utility services to the corporation.

The Legislature finds that CHCC's struggle with paying the higher CUC government rate was also experienced by the CNMI Public School

TITLE 4: ECONOMIC RESOURCES
DIVISION 8: UTILITIES

System (PSS). For many years, PSS could not afford to pay its utility bills because CUC applied the higher government rate to its utilities. In order to assist PSS settle its CUC billing disputes and allow PSS to pay a utility rate that all other educational institutions are required to pay, Public Law 18-19 was enacted in 2013 to authorize PSS to pay its utility bills at the lower commercial rate instead of the higher government rate.

Similar to Public Law 18-19, Legislature finds that CHCC should pay the lower utility commercial rates – the same utility rates applicable to all other commercial medical providers in the CNMI. The lower commercial rates for CHC would ensure that CHCC only pays for the utility services it receives from CUC and allow CHCC to pay in full and on time its current CUC utility bills. More importantly, CHCC can focus on its obligation to deliver accessible quality health services to the CNMI residents.

The Legislature finds that this legislation is critically necessary to advance the significant and legitimate public purpose of ensuring the continued operations of CHCC and access to quality healthcare for all residents of the Commonwealth. CUC has threatened to disconnect CHC from utility services for CHCC's failure to pay its utility bills at the higher government utility rate. The Legislature finds that any disconnection of CHCC from utility services would create a broad and general social health crisis throughout the Commonwealth.

The Legislature finds that this legislation is an appropriate and reasonable way to advance the state public purpose because the current government utility rates for CHCC are unreasonable and unsustainable in light of CHCC's status as an autonomous public corporation. CUC has been able to continue operations after the passage of PL 18-19 which changed PSS's utility rates to the commercial rates. Further, CUC has been able to continue operations without CHCC paying at the government rate given that CHCC has been financially unable to pay the higher government rate since its inception. Thus, the Legislature finds that this legislation will not substantially impair CUC, as CUC has been able to provide utility services in the Commonwealth without collecting the government utility rates from CHCC. Accordingly, the purpose of this legislation is to change the power, water and waste water rate for the CHCC from the higher government rate to the sustainable commercial rates.