



FISCAL YEAR 2023 CITIZEN-CENTRIC REPORT

October 2022 - September 2023

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The Commonwealth Utilities Corporation (CUC) is an independent agency that is self-funded and regulated by the Commonwealth Public Utilities Commission operating on the islands of Saipan, Tinian, and Rota.

Our Mission

CUC is dedicated to providing excellent customer service and delivering effective power, water, and wastewater services to the people of the Commonwealth of the Northern Mariana Islands (CNMI) at the lowest reasonable cost, all while ensuring the safety of our employees and the community.

Our Vision

Fostering excellence and trust, CUC aspires to be a leading utility by prioritizing customer service, environmental stewardship, and stakeholder value. This will be achieved through strategic planning, cutting-edge technology, and effective communication, while also recognizing and rewarding commitment, development, and fairness.

Organizational Culture

The culture at CUC is shaped by a leadership team of professional experts committed to delivering exceptional service quality, fostering a warm and receptive customer experience, maintaining outstanding communication, and understanding that the value of CUC's services justifies the monthly fees it charges.

Corporate Core Values

Core values are tied to work performance, commitment to professionalism, practiced daily, promoted without compromise and communicated through action.



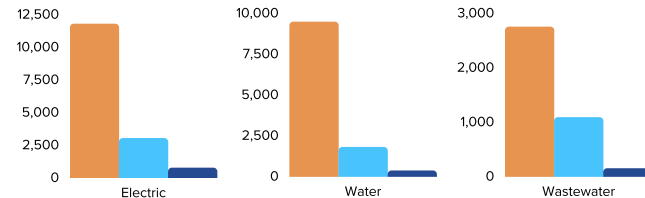
Locales of Responsibility

There are 14 islands within the Commonwealth of the Northern Mariana Islands (CNMI). CUC is responsible for providing power, water, and wastewater services to the three (3) main islands of Saipan, Tinian, and Rota. Currently, Saipan is the only island where CUC provides wastewater treatment services.

Customer Demographics

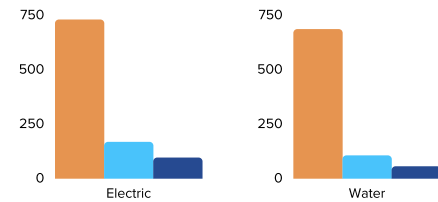
Saipan

	Electric	Water	Wastewater
Residential	11,804	9,487	2,755
Commercial	3,065	1,829	1,095
Government	802	390	158
TOTAL	15,671	11,706	4,008



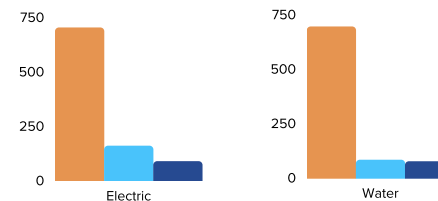
Tinian

	Electric	Water
Residential	730	686
Commercial	169	107
Government	97	57
TOTAL	996	850

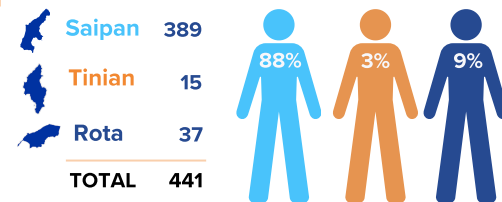


Rota

	Electric	Water
Residential	706	698
Commercial	164	87
Government	93	80
TOTAL	963	865



Total No. of Employees



Priority Objectives

- Safety** • Assuring that every employee is trained, has the tools to perform, and understands their role.
- Respect** • Treating everyone fairly, honorably, and without judgement.
- Teamwork** • Sharing a common vision, looking out for each other, operating transparently, and working together as one team toward common goals.
- Excellence** • Striving to provide quality services to our customers by producing a high-value product and consistently meeting our production targets.
- Accountability** • Being a responsible steward of critical services, long-lived infrastructure, and protector of a well-meaning and well-trained pool of professional employees.
- Integrity** • Being accountable for our actions, ethical and transparent, and honest in everything we do.
- Communication** • Open and transparent communication at all levels of the organization that is constructive and distributed out to our customers, Board, business partners and the community at large.

Board of Directors

JANICE A. TENORIO, *Chairwoman*
DONALD ROBERT BROWNE, *Vice Chairman*
ALLEN MICHAEL PEREZ, *Secretary*
RUFO T. MAFNAS, *Treasurer*

SIMON A. SANCHEZ, *Member*
REBECCA C. WHITE, *Member*
VALERIE M. ATALIG, *Member*

Management

BETTY G. TERLAJE, *Acting Executive Director / Chief of Administration*
KEVIN O. WATSON, MPA, *Deputy Executive Director*
RODOLFO URBANO, *Acting Chief Financial Officer*
ALVIN A. KING, *Resident Manager, Rota*
EVELYN B. MANGLONA, *Resident Manager, Tinian*

Administration

The CUC Administration has encountered a turnover in the executive management team during the 3rd quarter of the fiscal year. Despite being unanticipated, this turnover has not impacted the corporation's ability and commitment to maintain critical power, water and wastewater services for the people of the Commonwealth. CUC continues to work collaboratively with its federal counterparts to ensure the safety of the staff and customers. The CUC Board of Directors has demonstrated their support for the CUC management team by updating policies related to procurement, personnel compensation plans, and the overall reorganization of the CUC organizational chart.

CUC is currently in the initial stages of updating the procurement process with software to facilitate electronic signatures. Additionally, CUC is launching a corporate wide asset management program to aide with budgeting and planning of the various operations and maintenance programs.

Power Generation

CUC continues to work closely with its federal counterparts to ensure compliance with all local and federal regulations for the power production programs. In FY 2022, CUC procured a new 8.7MW generator, marking the first unit purchased for Power Plant No. 1 since its inception. With the foundation completed and crane upgrades nearly finished, the installation of the new engine is anticipated to be completed in the summer of 2024.

Furthermore, CUC has long-term goals to continue purchasing generators for the Saipan, Tinian and Rota power generation programs, as the cost of overhauling the existing gen-sets has exceeded the cost of acquiring new ones. The newly established Renewable Energy and Systems Planning Department is actively working toward CUC's goal of having 50% of the energy produced for the CNMI powered by renewable energy sources by 2030. CUC is working with state and federal counterparts to secure the funding necessary to achieve this goal of diversifying the CUC energy portfolio for the CNMI.

Power Transmission & Distribution (T&D)

CUC continues to work closely with its federal and local counterparts to secure grant funding for a more resilient power transmission and distribution system, such as the hardening of power poles on Tinian and Rota and the installation of new underground power distribution cables on the islands of Saipan and Tinian.

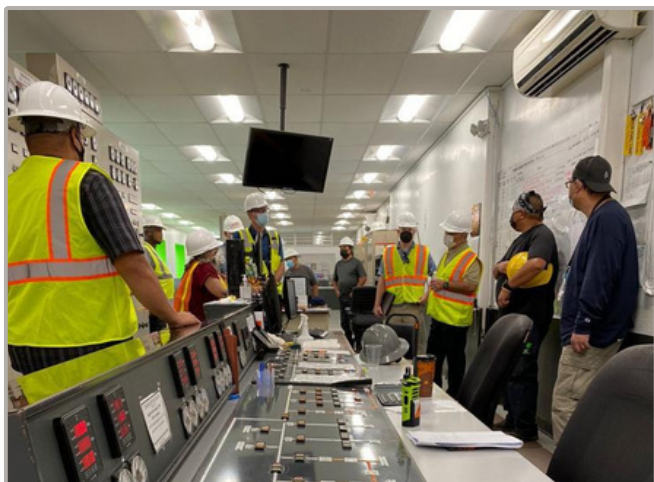
Additionally, in preparation of receiving approximately \$6.2 million from the U.S. Department of Energy (DOE) Grid Modernization Grant Program over the next 5 years, CUC is planning resiliency programs to help minimize power outages to the communities of the CNMI.

Water & Wastewater

CUC continues diligently to work with the U.S. Environmental Protection Agency (EPA) and the Department of Justice (DOJ) to fulfill the requirements of Stipulated Order No. 1 (SO 1). CUC has completed 57 of the original 69 SO1 items, with the remaining twelve (12) items considered by EPA to be in various states of non-completion or in need of updates.

The Sustainable Water Infrastructure Management Strategy (SWIMS) program, initiated in FY 2022, is making continuous improvements toward meeting the goal of reducing the non-revenue water (NRW) percentage to acceptable industry standards of 30%.

Additionally, CUC is committed to the goal of providing safe and palatable drinking water to every tap for the people of the CNMI. CUC plans to utilize the \$21 million in grant funds from the Bipartisan Infrastructure Law (BIL) over the next five (5) years to help achieve this goal and continue to improve the wastewater collections and treatment systems.



(Unaudited figures for FY2023)

OPERATING REVENUES

	Power	Water	Wastewater	TOTAL
	\$101,424,218	\$13,029,412	\$4,490,826	\$118,944,456

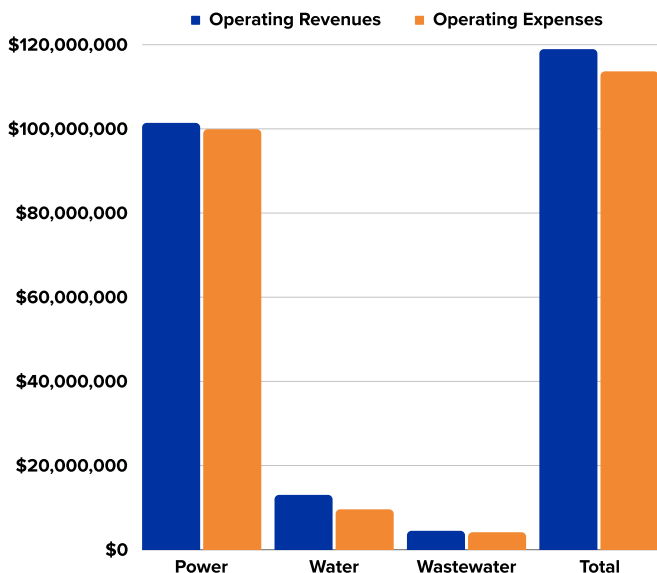
OPERATING EXPENSES

	Power	Water	Wastewater	TOTAL
Production Fuel	\$67,296,355	-	-	\$67,296,355
Salaries & Benefits	\$12,621,494	\$3,965,140	\$1,094,358	\$17,680,992
General & Administrative	\$4,218,310	\$1,041,340	\$314,415	\$5,574,065
Maintenance	\$4,595,146	\$1,669,197	\$190,872	\$6,455,215
Depreciation	\$4,922,133	\$2,291,140	\$2,321,302	\$9,534,575
Supplies	\$566,902	\$461,410	\$174,690	\$1,203,002
Other Production	\$4,436,104	\$366	\$127	\$4,436,597
Other	\$1,263,220	\$165,035	\$57,326	\$1,485,580
TOTAL	\$99,919,664	\$9,593,628	\$4,153,089	\$113,666,381

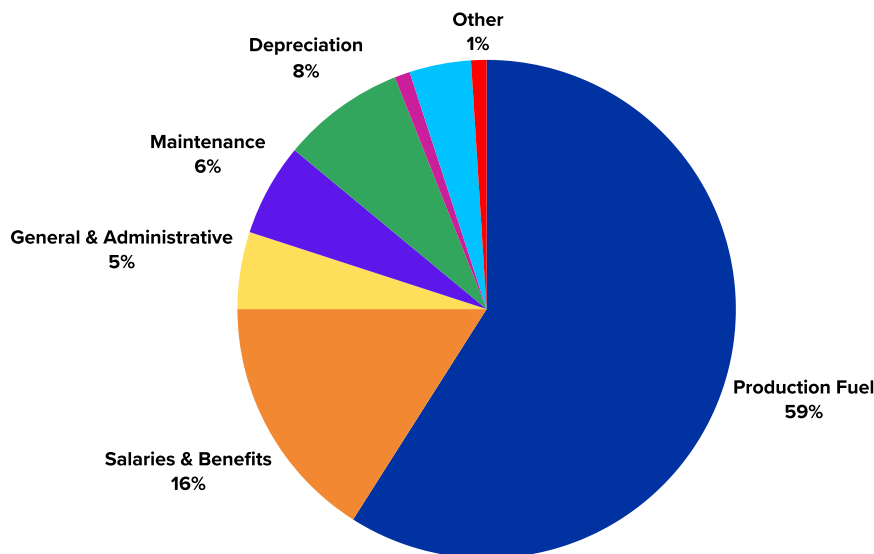
FUNDING SOURCES (FY 2017- 2023) - WATER & WASTEWATER

Environmental Protection Agency (EPA)	\$79,059,775
Economic Development Administration (EDA)	\$2,158,020
American Rescue Plan Act (ARPA)	\$8,206,268
Department of Interior-Office of Insular Affairs (OIA)	\$1,525,228
Community Development Block Grant - Disaster Recovery (CDBG-DR)	\$548,777
Hazard Mitigation Grant Program (HMGP)	\$719,113
TOTAL	\$89,217,181

REVENUES & EXPENSES



OPERATING EXPENSES



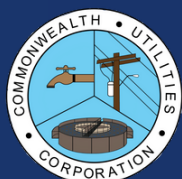
The Commonwealth Utilities Corporation (CUC) has taken measures to improve the corporation's reliability to provide essential power, water and wastewater services by securing funds or in the process of securing funds for major infrastructure project as listed below:

POWER TRANSMISSION & DISTRIBUTION AND POWER GENERATION

- Replacement of one (1) baseload gen-set at Power Plant No. 1 (8.7 MW) on Saipan is ongoing and is anticipated to be completed in July 2024.
- Replacement of two (2) gen-sets at Power Plant No. 4 (5-6 MW) on Saipan is underway.
- Update of the CUC Integrated Resource Plan for diversifying CUC's energy generation portfolio is ongoing.
- Power Plant No. 3 (1.5 MW) gen-set installation as a backup power supply for the Isley and Obyan Well Field was completed.
- Design for a new CUC headquarters and a Customer Care Center on Saipan with roof top solar PV is underway.
- The Renewable Energy and System Planning Division was established.
- The initial stages, involving property acquisition, for a 20MW utility-owned grid solar system was acquired, with additional properties pending.
- The DOE Grid Modernization and Resiliency Projects (SMART Grid Program) are underway with an approximate budget of \$6 million over five (5) years.
- The underground power supply from Power Plant No. 1 to the Commonwealth Healthcare Corporation design phase is underway.
- The Battery Storage Backup Feasibility Study for the island of Rota was completed.
- Design of the underground power supply from the CUC Tinian Power Plant to many critical facilities for the island of Tinian is ongoing.
- System Control and Data Acquisition (SCADA) for Power Plant No. 1 on Saipan is ongoing.
- Replacement of wooden power poles with concrete power poles for Tinian and Rota via Hazard Mitigation Grant Program and the Garapan Revitalization Project is ongoing.
- Replacement of AMI/AMR meters for Saipan, Tinian, and Rota is ongoing.
- Streetlight efficiency projects for Saipan, Tinian, and Rota are ongoing.
- Net metering connections for the Public School System's facilities on Saipan is ongoing.
- The final draft of the State Energy Security Plan, in collaboration with the CNMI Strategic Energy Task Force (SETF), is ongoing.
- Island-wide vegetation clearing for Saipan, funded under the American Rescue Plan Act (ARPA), is ongoing.
- The procurement of heavy equipment, including a crane and bucket trucks, for the Power Transmission & Distribution Division has been completed, and is now awaiting the arrival of the new equipment.
- Replacement of one (1) generator for the Rota Power Plant is ongoing.

WATER AND WASTEWATER

- Replacement and upgrades of the wastewater treatment plant clarifiers at the Agingan and Sadog Tasi plants are ongoing.
- Certification training of local CNMI Water and Wastewater Operators (Certification Levels 1 & 2) was completed.
- Completion of the design for the replacement of four (4) water tanks with pre-stressed concrete water tanks (Kagman, Dandan, Tinian and Kagman 50K gallon) via NMHC CDBG-DR Program.
- Hardening of three (3) water tanks (Papago, As Terlaje, San Vicente) was completed.
- Water System Mitigation Project Phase 1 to provide emergency power to help produce 70% of the island's drinking water supply to consumers after a major disaster, significantly reducing generator assistance from FEMA, was completed.
- Design phase for the Water System Mitigation Phase 2 was completed.
- Wastewater Lift stations rehabilitation for A2, A6, SR2, and Lower Base was completed
- The Isley Booster 2 rehabilitation and new transmission line were completed.
- Wastewater Feasibility Study for the islands of Rota and Tinian is ongoing.
- Infrastructure design projects, including water main installations for West San Jose in Tinian, and Plumeria Estates (As Gonno Homestead) in Saipan were completed
- Waterline replacement for San Antonio is ongoing.
- Sustaining 24-hour water services to our customers on the island of Saipan.
- Implementation of the Sustainable Water Infrastructure Management Strategy (SWIMS) to help reduce the non-revenue water (NRW) percentage.
- Replacement of the Granular Activated Carbon (GAC) media for PFOA/PFOS contaminated wells was completed.
- Repairs of sewer line collapses: Oleai/San Jose, Capitol Hill, and China Town was completed.
- Procurement of large GAC systems for additional PFOA/PFOS treatment and the replacement of the GAC media for contaminated wells were completed.
- New utility vehicles for the Water and Wastewater Division, including operations and engineering was completed.
- Procurement of heavy equipment for Water and Wastewater Division, including a sewer Vactor truck, backhoes, and mini excavator with a trailer was completed.
- Initiated major programs/projects:
 - Hydraulic Modeling with the U.S. Bureau of Reclamation.
 - Computerized Maintenance Management System (CMMS) and Asset Management with PG Environmental under the EPA contract
 - Groundwater Study with the U.S. Geological Services
 - Water Master Plan Update
 - Fats, Oils & Grease (FOG) Program
 - Cross Connection / Backflow Prevention Program
 - AMI/AMR Pilot Project
 - SCADA (Supervisory Control and Data Acquisition)



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