

DRAFT CSC, Title 30. Public Utilities

TITLE 30 PUBLIC UTILITIES

CHAPTER 1 Public Utilities Corporation

Subchapters:

- [A](#) General Provisions (§§ 1001-1002)
- [B](#) Public Utility Corporation (§§ 1011-1016)
- [C](#) Board of Directors (§§ 1031-1041)
- [D](#) Budget and Accounting (§§ 1061-1065)
- [E](#) Rates (§ 1081)

Subchapter A General Provisions

[§ 1001.](#) Short title.

[§ 1002.](#) Statement of purpose.

§ 1001. Short title.

This Act Chapter may be cited as "The Chuuk Public Utility Corporation Act of 1996."

Source: CSL 3-97-05, § 1, modified.

§ 1002. Statement of purpose.

The purpose of this Act Chapter is to correct the deficiencies of CSL No. 192-12, "The Chuuk Public Utilities Corporation Act of 1992." The Legislature finds that adequate provision, maintenance, and improvement of public utilities are vital to the economy, health, and environment of Chuuk State. It is also necessary that if the State is to establish a public corporation that it is imperative that the public corporation act in the best interests of the people of Chuuk State. Accordingly, this Act Chapter establishes a public corporation that shall be responsible for providing reliable utilities at reasonable cost to its customers and the public corporation shall be responsive to the needs and concerns of the people of Chuuk.

Source: CSL 3-97-05, § 2, modified.

Subchapter B Public Utility Corporation

[§ 1011.](#) Chuuk Public Utility Corporation established.

[§ 1012.](#) Powers and duties of the CPUC.

[§ 1013.](#) Legal capacity.

[§ 1014.](#) Chief Executive Officer of the CPUC.

[§ 1015.](#) Commencement of operation and transition.

[§ 1016.](#) Employees; Board members; CEO; Transition.

[§ 1017.](#) Comptroller.

§ 1011. Chuuk Public Utility Corporation established.

There is established a public corporation to be known as the "Chuuk Public Utility Corporation" or "CPUC" , subject to the laws of the state.

Source: CSL 3-97-05, § 3.

§ 1012. Powers and duties of the CPUC.

The CPUC shall:

- (a) (1) Operate as a provider of all public utilities within the State including providing, maintaining and improving the water, electric, and sewerage systems;
- (b) (2) Operate and manage such systems in accordance with acceptable commercial practices, treating all users and customers of such utilities equally in accordance with this law and established utility rates;
- (c) (3) Require all customers to pay for services provided;
- (d) (4) Prepare and institute plans for the feasibility, establishment, maintenance, and improvement of public utilities on all Chuuk State Islands;
- (e) (5) Prepare and institute plans for maintenance and improvement of public utility facilities and services;
- (f) (6) Establish five year strategic financial plans to guide the CPUC, the Governor, and the Legislature in utility matters.
- (g) (7) Train and improve the skills of the CPUC's employees in their respective fields;
- (h) (8) Establish and implement a rate and fee structure for public utility customers. Such rate and fee structure shall balance the needs of the people for such utilities services with the needs of the corporation to maintain and improve its operations in an economically feasible manner. The CPUC shall provide each customer a monthly bill detailing the utility rate, services received, and amount due;
- (i) (9) Invest all surplus revenues of the corporation in the establishment, maintenance, and improvement of said public utilities;
- (j) (10) Incur indebtedness for the purposes of establishing, improving, and maintaining said public utilities;
- (k) (11) Adopt rules for the effective collection of utility fees and other debts owed the CPUC;
- (l) (12) Employ professional technicians or experts for the purpose of establishing, maintaining, and improving public utilities including, but not limited to, auditing, accounting and collection services;
- (m) (13) Cooperate with other entities, governmental or private, to achieve the purposes of the CPUC;
- (n) (14) Establish and maintain a 24-hour emergency hotline to receive emergency telephone calls from users and establish a customer service office and public telephone line to answer customer questions and complaints;
- (o) (15) Exercise other powers and duties as may be prescribed by law.

Source: CSL 3-97-05, § 4, modified.

§ 1013. Legal capacity.

In the performance of its duties, the CPUC may exercise all powers normally exercised by a corporation, including but not limited to, the following:

- (a) (1) To adopt the amend bylaws governing the conduct of its business and the exercise of its powers;
- (b) (2) To sue and be sued in its corporate name;
- (c) (3) To adopt, alter, and use a corporate seal;
- (d) (4) To acquire, in any lawful manner, real, personal, or mixed property, either tangible or intangible; and to exercise any and all rights incident to the ownership of such property;
- (e) (5) To acquire and take over in any lawful manner the business, property, assets, and liabilities of any entity, including the Government of Chuuk State, relating to the public utilities herein provided;
- (f) (6) To borrow or raise money by any lawful means and to issue corporate bonds on such security and upon such terms as may from time to time be deemed necessary for the establishment, improvement, and maintenance of these public utilities;
- (g) (7) To hire, retain and terminate the services of employees, agents, attorneys, auditors, and independent contractors upon such terms and conditions as it may deem appropriate; and
- (h) (8) To do all such other acts which are incidental, proper, and necessary to accomplish the duties and functions of the CPUC.

Source: CSL 3-97-05, § 5, modified.

§ 1014. Chief Executive Officer of the CPUC.

- (a) (1) The Board, by majority vote, shall select a Chief Executive Officer with the advice and consent of the Senate. Compensation, term of office, and other pertinent matters shall be set by the Board.
- (b) (2) The Chief Executive Officer shall be responsible to the Board in carrying out such duties and functions as are assigned by the Board and the bylaws.
- (c) (3) The Chief Executive Officer may be removed for good cause by the Board by a 2/3 vote of all members.
- (d) (4) The Chief Executive Officer shall have at least the following minimum qualifications:
 - (1) (a) a college degree in business or public administration, engineering, or a related field; and
 - (2) (b) three years of utility or business management experience.

Source: CSL 3-97-05, § 17, modified.

§ 1015. Comptroller.

The Chief Executive Officer shall appoint, with the concurrence of the Board, a comptroller, for such terms as shall be provided in the bylaws of the CPUC. The Comptroller shall discharge the duties and responsibilities relating to the financial affairs of the CPUC and shall receive and disburse all funds of the CPUC, and shall perform other duties as may be assigned by the Board. The Comptroller shall serve under the direct supervision of the Chief Executive Officer.

Source: CSL 3-97-05, § 18.

§ 1016. Commencement of operation and transition.

Upon the effective date of this ~~Aet~~ Chapter, the CPUC shall acquire control over the facilities, equipment, and related property of the Chuuk State Public Utilities Corporation and commence the provision of public utilities services in the State. The Chuuk State Public Utilities Corporation shall complete the transfer of control of such matters within seven 7 days of the effective date of this ~~Aet~~ Chapter.

Source: CSL 3-97-05, § 24, modified.

§ 1017. Employees; Board Members; CEO; Transition.

(~~a~~) (1) All employees of the Chuuk State Utilities Corporation and the Chief Executive Officer shall be transferred to and become employees of the CPUC on the effective date of this ~~Aet~~ Chapter with their positions and pay levels. The CPUC may change an employee's position and pay level on the effective date of this ~~Aet~~ Chapter, provided there is a personnel merit system in place adopted by a majority vote of the Board. The Board may, by a majority vote of its members, adopt the State Personnel Merit System as its own, or establish its own different from the State Merit System. All employees of the CPUC shall continue to receive the same benefits enjoyed as employees of the State, subject to change in accordance with the CPUC merit system.

(~~b~~) (2) The Chuuk State Public Utilities Corporation Board members shall serve as Board members of the CPUC until the Senate has confirmed at least three CPUC Board members.

Source: CSL 3-97-05, § 25, modified.

Subchapter C Board of Directors

[§ 1031.](#) Board of Directors.

[§ 1032.](#) Board of Directors; Qualifications.

[§ 1033.](#) Board of Directors; Appointment.

[§ 1034.](#) Board of Directors; Organization.

[§ 1035.](#) Board of Directors; Terms of Office.

[§ 1036.](#) Board of Directors; Vacancies.

[§ 1037.](#) Removal of Board Members.

[§ 1038.](#) Regular and special meetings of the Board.

[§ 1039.](#) Quorum of the Board.

[§ 1040.](#) Record of meetings.

[§ 1041.](#) Compensation of Board members.

§ 1031. Board of Directors.

The administration and management of the CPUC shall be controlled and its corporate powers exercised by a Board of Directors.

Source: CSL 3-97-05, § 6.

§ 1032. Board of Directors; Qualifications.

(~~a~~) (1) The Board shall consist of the following five members, one from each of the five senatorial districts:

(~~1~~) (a) (i) Two members who shall be knowledgeable of utility management; or

(ii) shall have at minimum a degree in business administration or a related field.

~~(2)~~ (b) Three members who shall have business or professional work experience.

~~(b)~~ ~~(2)~~ The Chief Executive Officer shall be an ex-officio Board member without voting rights.

~~(e)~~ ~~(3)~~ No Board member may be an employee of the CPUC.

Source: CSL 3-97-05, § 7, modified.

§ 1033. Board of Directors; Appointment.

~~(a)~~ ~~(1)~~ The Governor shall nominate persons for appointment to the Board of the CPUC with the advice and consent of the Senate within 15 days of the effective date of this Act Chapter.

~~(b)~~ ~~(2)~~ The Governor shall nominate a replacement for appointment to a vacancy on the Board with the advice and consent of the Senate within 45 days of the vacancy.

~~(e)~~ ~~(3)~~ If the Governor fails to nominate a member pursuant to subsections ~~(a)~~ ~~(1)~~ or ~~(b)~~ ~~(2)~~ of this Section, the Speaker of the House shall nominate such member for appointment to the Board with the advice and consent of the Senate.

Source: CSL 3-97-05, § 8, modified.

§ 1034. Board of Directors; Organization.

Within seven 7 days after at least three of the Board members are confirmed, the Board shall hold its first organizational meeting and shall elect from among its members a chairman, vice chairman, and secretary/treasurer. The Chairman shall preside over all meetings of the Board and in the Chairman's absence, the Vice Chairman shall preside. The bylaws of the Board shall provide who may preside at Board meetings in the absence of these officers. During its first organizational meeting, the first confirmed Board member shall preside as chairman until a chairman is elected.

Source: CSL 3-97-05, § 9.

§ 1035. Board of Directors; Terms of office.

Members shall serve for a term of three years. Board members may be reappointed and shall serve until their successor has been appointed. The first appointments to the Board shall serve the following terms according to their order or appointment:

~~(a)~~ ~~(1)~~ Three members for a period of three years; and

~~(b)~~ ~~(2)~~ Two members for a period of two years.

Source: CSL 3-97-05, § 10, modified.

§ 1036. Board of Directors; Vacancies.

~~(a)~~ ~~(1)~~ A vacancy exists when a member:

~~(1)~~ ~~(a)~~ dies;

~~(2)~~ ~~(b)~~ resigns;

~~(3)~~ ~~(c)~~ is removed; or

~~(4)~~ ~~(d)~~ is incapacitated or disabled.

~~(b)~~ ~~(2)~~ A vacancy shall be filled in the same manner as provided in Section 1033 of this Chapter 8 and for the duration of the term.

~~(e)~~ ~~(3)~~ The terms "incapacitated" or "disabled" as used in subsection ~~(a)~~~~(4)~~ ~~(1)~~~~(d)~~ of this Section refer to the physical or mental condition of a member which renders him unfit or unable to perform the duties of his position, the same to be declared by a majority of the Board.

Source: CSL 3-97-05, § 11, modified.

§ 1037. Removal of Board Members.

~~(a)~~ ~~(1)~~ A Board member may be removed for the following reasons:

- ~~(1)~~ ~~(a)~~ Unexcused absence from three consecutive Board meetings.
- ~~(2)~~ ~~(b)~~ Misconduct during the transaction of the Board's business or neglect of duty.
- ~~(3)~~ ~~(c)~~ Being incapacitated or disabled.
- ~~(4)~~ ~~(d)~~ Any other good cause.

~~(b)~~ ~~(2)~~ A member may be removed pursuant to subsection ~~(a)~~ ~~(1)~~ of this Section in the following manner:

- ~~(1)~~ ~~(a)~~ By a majority vote of Board members upon the written request of any Board member or the Governor.
- ~~(2)~~ ~~(b)~~ By a majority vote of Board members upon a joint resolution requesting removal from the Chuuk State Legislature.
- ~~(3)~~ ~~(c)~~ By a written demand from the Governor, the President of the Senate and the Speaker of the House of Representatives.

~~(e)~~ ~~(3)~~ The Board shall adopt rules necessary to perform its duties under this Section.

Source: CSL 3-97-05, § 12, modified.

§ 1038. Regular and special meetings of the Board.

~~(a)~~ ~~(1)~~ Regular meetings of the Board shall be held not less than once per calendar quarter and at such other times and places as shall be determined by the bylaws or by a majority of all the Board members.

~~(b)~~ ~~(2)~~ A special meeting may be called by the Chairman or by petition of a majority of all members of the Board pursuant to notice as shall be provided in the bylaws.

Source: CSL 3-97-05, § 13, modified.

§ 1039. Quorum of Board.

Three members present in a meeting shall constitute a quorum for the transaction of business of the Board.

Source: CSL 3-97-05, § 14.

§ 1040. Record of meetings.

The Chief Executive Officer shall ensure that full and accurate minutes of all meetings of the Board are maintained and preserved.

Source: CSL 3-97-05, § 15.

§ 1041. Compensation of Board Members.

(a) (1) A public sector member of the Board shall receive an allowance of not more than \$15.00 per meeting day.

(b) (2) A private sector member shall receive not more than \$25.00 compensation per meeting day.

(e) (3) All members of the Board may receive travel and per diem expenses while traveling on business of the CPUC outside or within the State, at established rates of the State Government.

Source: CSL 3-97-05, § 16, modified.

Subchapter D Budget and Accounting

§ 1061. Budget preparation.

§ 1062. Supplemental budget request.

§ 1063. Accounting and records.

§ 1064. Debts and obligations of the CPUC.

§ 1065. Tax liability.

§ 1061. Budget preparation.

The Comptroller shall prepare by September 1 of each year the CPUC fiscal year budget. In preparing the budget the Comptroller shall consider anticipated capital and operational expenditures and anticipated revenues. The CPUC shall use the same fiscal calendar as the State Government. The budget shall indicate the operational, capital, and maintenance requirements of the CPUC that shall be met with the anticipated revenues or outside financial assistance including surplus revenues.

Source: CSL 3-97-05, § 19.

§ 1062. Supplemental budget request.

The CPUC may seek and accept appropriations from the State Legislature and may receive grants or other financial assistance from sources outside of the State as are necessary to supplement revenue and to provide for the establishment, operation, maintenance, and improvement of public utilities in the State.

Source: CSL 3-97-05, § 20.

§ 1063. Accounting and records.

(a) (1) The Board shall adopt, establish, and implement a computerized accounting system.

(b) (2) The Board and the Chief Executive Officer shall ensure that the Comptroller prepares proper and complete books of accounts reflecting all incomes, expenditures, assets, and liabilities of the CPUC.

(e) (3) The Board, not later than 60 sixty days after the close of each fiscal year, shall submit to the Governor and the Legislature a complete report showing CPUC activities during the fiscal year, the

present financial status and condition of the CPUC, a financial accounting of any funds provided by the State to the CPUC, and such other matters as the Board deems appropriate, or as requested by the Governor or the Legislature.

~~(d)~~(1) ~~(4)~~(a) The Board shall appoint a certified public accountant to audit the financial records of the CPUC annually and transmit a copy of the audit report to the Governor and each house of the Legislature.

~~(2)~~ (b) The State Auditor may audit the financial records of the CPUC. The CPUC shall cooperate fully with the State Auditor and provide all requested financial records.

Source: CSL 3-97-05, § 21, modified.

§ 1064. Debts and obligations of the CPUC.

~~(a)~~ (1) Unless otherwise expressly provided by law, the debts and obligations of the CPUC shall not be debts or obligations of the Chuuk State Government, nor shall the Chuuk State Government be responsible for any such debts or obligations.

~~(b)~~ (2) Debts and obligations incurred by the Chuuk State Government pursuant to its public utilities responsibilities prior to the establishment and operation of the CPUC shall remain the debts and obligations of the Chuuk State Government.

~~(c)~~ (3) Debts and obligations incurred by the Chuuk State Public Utilities Corporation before the effective date of this Act Chapter shall be assumed by the CPUC.

Source: CSL 3-97-05, § 22, modified.

§ 1065. Tax liability.

The CPUC exists and operates solely for the benefit of the public and shall be exempted from any State or Municipal taxes or assessments on any of its property, operations or activities. Nothing in this Section shall be deemed to exempt employees and independent contractors of the CPUC from tax liability for services rendered to the CPUC. The CPUC shall be liable for employees' contributions to the National Social Security System or other employees' benefits of the National or State Government, if any, in such manner as provided by law.

Source: CSL 3-97-05, § 23.

Subchapter E Rates

§ 1081. Utility rates.

§ 1081. Utility rates.

~~(a)~~ (1) The Board shall establish utility rates provided that the proposed initial rate and any subsequent rate change shall take effect only after a public hearing. Notice of such public hearing shall be published in any newspaper of general circulation, and on the local radio station, and posted at public places at least 10 days before such hearing.

~~(b)~~ (2) In considering any proposed initial utility rate or change in any proposed utility rate the Board shall consider the following:

~~(1)~~ ~~(a)~~ The overall economic condition of the State.

~~(2)~~ ~~(b)~~ The financial condition of the CPUC's current operation under the current rate.

~~(3)~~ ~~(c)~~ How the new rate would improve the operation and economic efficiency of the CPUC.

~~(4)~~ ~~(d)~~ The ability of consumers to pay for the proposed increased in utility rates.

~~(5)~~ ~~(e)~~ Any other related factors.

~~(e)~~ ~~(3)~~ Each new rate shall be published in any newspaper of general circulation, on a local radio station, and posted at public places.

~~(e)~~ ~~(4)~~ Each new rate shall take effect not less than 30 days after publication.

~~(e)~~ ~~(5)~~ Rates for private schools shall not be greater than residential rates or the rates for public schools, whichever rate is lower.

Source: CSL 3-97-05, § 26, modified.