



Commonwealth Utilities Corporation

Proposed Typhoon Sinlaku and Bavi Restoration Surcharge

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Typhoon Restoration Surcharge



\$20M

Total surcharge requested

12 mo.

Recovery period, then sunset

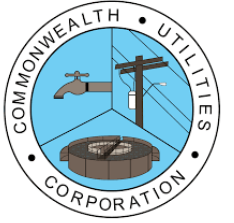
Electric, Water and WW

Utility divisions assessed

What CUC Is Requesting

- A \$20,000,000 Typhoon Sinlaku and Bavi Restoration Surcharge, filed as a supplement to pending General Rate Increase application before the CPUC
- Recovered over a one-year period through a separate, clearly identified line-item charge on customer bills
- Allocated across electric, water, and wastewater customers in proportion to each division's share of restoration costs
- Intended to bridge CUC's cash shortfall so restoration can resume and finish for the remaining customers without power

Why CUC Needs the Typhoon Restoration Surcharge



\$

Uncollected government receivables

Approximately \$30 million billed but uncollected, more than 120 days past due — revenue on the books, not cash in hand.

F

Fuel Adjustment Clause caps

Statutory caps limit recovery of current fuel costs, forcing CUC to pay for fuel that would otherwise fund restoration.

R

Slow FEMA reimbursement timing

CUC must pay contractors and vendors now; federal reimbursement, while expected, follows well behind the expense.

THE RESULT

15%

of electric customers
(~3,500) remain without power

Restoration has been suspended for these customers — not for lack of materials or crews, but because CUC lacks the cash on hand to pay for the work.

Total Restoration Cost by Division



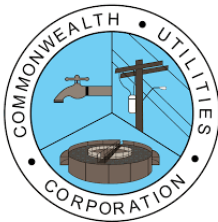
Division	Total Estimate	% of Total
Power Generation	\$12,272,517	19.3%
Transmission & Distribution	\$39,138,346	61.6%
Total Electric	\$51,410,863	80.9%
Water	\$7,433,499	11.7%
Wastewater	\$4,183,009	6.6%
Administrative	\$534,810	0.8%
GRAND TOTAL	\$63,562,181	100.0%

A MULTI-YEAR PROGRAM

The \$63.6 million total reflects the full, multi-year restoration program, executed over an estimated two to three years.

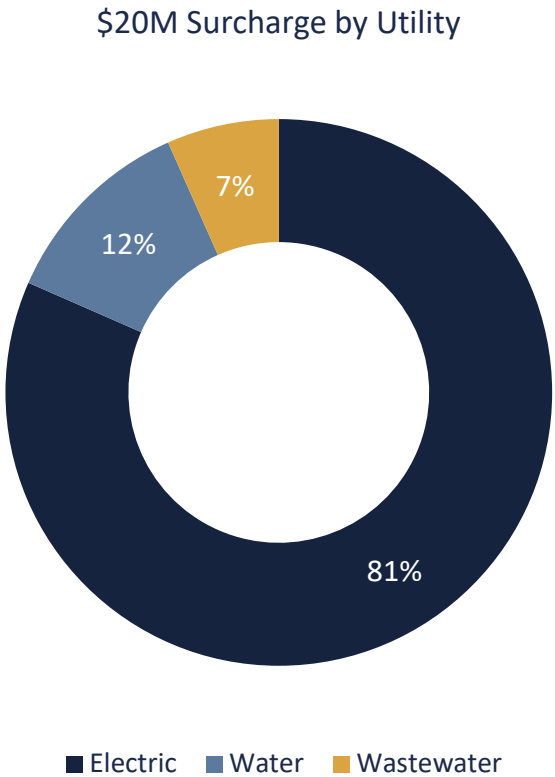
The \$20 million surcharge requested is only CUC's estimated cash need for the next twelve months, not the full program cost.

Surcharge Allocation by Customer Class

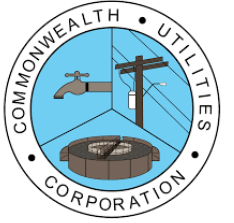


Customer Class	Allocation	% of Surcharge
Electric	\$16,313,821	81.6%
Water	\$2,358,816	11.8%
Wastewater	\$1,327,363	6.6%
TOTAL	\$20,000,000	100.0%

Allocated in proportion to each division's share of total restoration costs, including administrative costs allocated pro rata. Electric bears the largest share because it sustained the substantial majority of storm damage and mutual aid cost.



Estimated Monthly Bill Impact



Based on CUC's test-year 2026 sales volumes and typical monthly usage by customer class.

Customer Class	Electric	Water	Wastewater
Residential	\$31.25	\$8.90	\$13.55
Commercial	\$156.26	\$35.59	\$54.21
Government	\$293.76	\$62.28	\$135.52

Assumed Average Monthly Usage

Customer Class	Electric (kWh)	Water (kgal)	Wastewater (kgal)
Residential	500	5	5
Commercial	2,500	20	20
Government	4,700	35	50

UNIT COSTS

Electric: \$0.0625 / kWh

Water: \$1.78 / kgal

Wastewater: \$2.71 / kgal

These figures are illustrative averages. Actual bill impact varies by individual usage and rate schedule; detailed rate design will accompany the supplemental rate filing.

Recovery Period & Reconciliation/True Up



1

One-year recovery, then automatic sunset

Matches rate recovery to CUC's near-term cash need rather than embedding storm costs permanently in base rates.

2

Separate, clearly identified line item

Assessed alongside the pending general rate increase, so customers can see exactly what the charge funds.

3

Reconciliation and true-up

CUC will track surcharge revenue, actual costs, and FEMA reimbursements by division and report to the CPUC.

4

No double counting

Any FEMA reimbursement for costs already recovered from customers is credited back through the reconciliation.

Accounted for in reconciliation:

Surcharge revenue by division • actual restoration expenditures • amounts paid to GPA and other mutual-aid providers • FEMA and other reimbursements received • any remaining over- or under-recovery

Pending Legislation on Borrowing Authority



\$500K

Current statutory borrowing cap



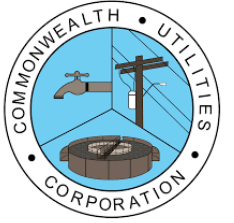
\$40M

Proposed borrowing cap

CUC is separately asking the CNMI Legislature and Governor to raise its statutory borrowing authority from \$500,000 to \$40,000,000.

If enacted, this would give CUC an additional tool to finance typhoon restoration through debt, potentially reducing or eliminating the need for this surcharge.

Because the outcome and timing of the legislation are uncertain and CUC's cash needs are immediate, the surcharge request cannot wait on it. If the legislation passes and CUC borrows under it, that funding will flow through the same reconciliation process, and CUC will petition to reduce, terminate, or refund the surcharge as appropriate. **NO double counting.**



Questions and Discussion