

AN ACT

To further amend Yap State Law No. 4-4, Yap State Public Service Corporation, by amending Section 2 to provide further definitions, by amending Sections 4 and 5 to divest refuse collection and disposal from the Corporation, by amending Subsection (e) of Section 6 to keep the expired term of Board member active until a successor has been nominated and confirmed, and by amending Section 11 to provide for variable electricity tariff, and for other purposes.

Be it enacted by the Legislature of the State of Yap.

1 Section 1. Section 2 of Yap State Law No. 4-4 is
2 hereby amended to read as follows:

3 "Section 2. Definitions. As used in this Act:

4 (a) 'Corporation' means the Yap State
5 Public Service Corporation or its designee.

6 (b) 'Base rate' means the total cost per
7 kilowatt hour to generate and distribute
8 electricity, but excluding the cost of fuel to
9 generate electricity and the cost of electricity
10 purchased by the Corporation from an independent
11 power producer.

12 (c) 'Fuel cost' means the cost of fossil
13 fuel, or other fuel with varying prices, per
14 kilowatt hour to generate and deliver electricity,

1 considering the volume of fuel used for generation, the
2 level of renewable or alternative energy delivered to the
3 grid, and the amount of kilowatt hours produced and sold.

4 (d) 'IPP' means an independent power
5 producer, or private commercial entity, that owns
6 and operates facilities to generate electricity for
7 sale to power utilities.

8 (e) 'IPP rate' means the cost per
9 kilowatt hour at which the Corporation purchases
10 electricity from an IPP.

11 (f) 'Service' includes the production,
12 treatment and delivery of electricity and water and
13 the management, treatment and disposal of sewage
14 in the State of Yap.

15 (g) 'Variable rate' means the variable
16 cost component of the electricity tariff comprised
17 of the fuel cost and, where applicable, the IPP
18 rate."

19 Section 2. Section 4 of Yap State Law No. 4-4 is
20 hereby amended to read as follows:

1 "Section 4. Duties of the Corporation.

2 (a) The Corporation shall supervise the
3 construction, maintenance, operations, and regulation of
4 all utility services, including power, sewage, and water;
5 provided, that whenever feasible the Corporation may
6 contract for private businesses to assume its duties with
7 respect to one or more of its divisions.

8 (b) The Corporation shall within one year of
9 confirmation of all board members implement a plan by
10 which it or its designee will establish rates, metering,
11 billing, and collecting fees in a fair and rational
12 manner from all consumers of utility services so that the
13 Corporation will be financially independent of all
14 appropriations by the Yap State Legislature as soon as
15 possible."

16 Section 3. Section 5 of Yap State Law No. 4-4 is
17 hereby amended to read as follows:

18 "Section 5. Powers of the Corporation.

19 In order to carry out its duties, the Corporation shall
20 have all of the powers conferred by law on a public

1 corporation, and all powers reasonably incidental to its
2 purpose, including the powers:

3 (a) To prescribe, adopt, amend, and repeal by-laws;

4 (b) To receive and hold funds from contractors,
5 consumers, lessees, the government of the State of Yap,
6 and any other sources;

7 (c) To sue and be sued in its corporate name;

8 (d) To acquire and hold any interest allowed by law
9 in any real or personal property, tangible or intangible,
10 in connection with the activities of the Corporation, and
11 to sell, mortgage, or otherwise dispose of such interest;

12 (e) To borrow money from any private or public
13 source, either within the State of Yap or the Federated
14 States of Micronesia or in any other country, and to give
15 security in connection with such borrowing;

16 (f) Upon prior approval by resolution of the
17 Legislature, to make and issue tax exempt bonds and other
18 tax exempt obligations for sale to the general public;

19 (g) Subject to the State Contracts Act, to make
20 contracts and execute all instruments necessary or

1 convenient to exercise the powers of the Corporation;

2 (h) To hire such employees as are necessary for the
3 operation of the Corporation and to engage the services
4 of independent experts, advisors, and other contractors
5 as are necessary to the fulfillment of the purposes of
6 the Corporation and pursuant to this chapter;

7 (i) To contract to transfer to private ownership or
8 control the construction, management, and operation of
9 the water, sewer and electrical power systems, in a
10 public manner that is both timely and fair to the
11 government, its employees and consumers which transfer
12 shall be subject to the prior approval of the
13 Legislature;

14 (j) To strengthen immediately the existing system of
15 metering, billing, and collecting fees for utility
16 provided by the Corporation;

17 (k) To the extent the Corporation deems lawful and
18 necessary, to review and establish utility rates and
19 other fees for water, sewer and electrical power;

20 (l) To prepare and submit a budget as a government

1 corporation pursuant to the Yap State Budget Act and to
2 prepare and submit an annual report on operations and
3 finances to the Governor and Legislature; and

4 (m) To take such action as it deems necessary and
5 proper to operate the Corporation, further its purposes,
6 administer its services, and perform its duties."

7 Section 4. Subsection (e) of Section 6 in Yap State Law
8 No. 4-4 is hereby amended to read as follows:

9 "(e) The Governor or the Board may remove a member
10 for gross neglect or dereliction of duty, breach of
11 fiduciary duty, conviction of a felony, or mental or
12 physical incapacity. Any vacancy caused by death,
13 resignation, removal, or otherwise shall be filled in the
14 same manner as the original appointment but for a new
15 term. The Board may remove any member for missing three
16 consecutive meetings or other frequent absences without
17 the prior written approval of the Chairman. Upon
18 resignation or removal, the member shall cease to sit on
19 the Board and shall not be included in a quorum count.
20 A member, who is neither resigned nor removed but whose

1 term has otherwise expired, shall continue to hold
2 membership on the Board until he has been re-nominated
3 and confirmed, or until his successor has been nominated
4 and confirmed. The Governor has ninety (90) days after
5 a term expires to reappoint or make new appointment."

6 Section 5. Section 11 of Yap State Law No. 4-4 is
7 hereby amended to read as follows:

8 "Section 11. User fees for electrical consumption.

9 (a) Electricity tariff structure. The Board may
10 establish the type of electricity tariff that it deems
11 proper by island or island groups, and or by customer
12 class, category, or consumption level. Tariff rates for
13 each customer class, category, or consumption level shall
14 be uniform within each island.

15 (b) Variable electricity tariff. A variable
16 electricity tariff may be used for power systems that
17 distribute electricity which the Corporation generates
18 itself using fuel with varying prices and or, where
19 applicable, electricity which the Corporation purchases
20 from an IPP. The Board may not adopt a variable

1 electricity tariff for an island or island groups if the
2 Board determines that a variable electricity tariff will
3 be impractical, infeasible, or unaffordable based on
4 economic or other relevant factors. A variable
5 electricity tariff shall consist of the base rate and the
6 variable rate. Notice of the variable electricity tariff
7 shall be published each billing month, separately listing
8 the base rate and a breakdown of the variable rate for
9 the current billing month and the next billing month.

10 (c) Variable rate. The variable rate shall apply
11 equally to all customers, regardless of class, category
12 or level of consumption. The Corporation shall not apply
13 the variable rate in excess of the latest three-year
14 rolling average by a factor of one and three-fourths
15 without prior consultation with the Governor and the
16 Legislature.

17 (d) Base rate. The base rate in any electricity
18 tariff shall be uniform within each island by customer
19 class, category, and level of consumption, and shall be
20 fixed and may only be amended by the Board pursuant to

1 section 141 of this chapter.

2 (e) Consumer use. The Corporation shall take all
3 steps necessary to accurately meter and bill all
4 consumers, including government consumers and all
5 government buildings, for electrical power, sewage, and
6 water consumption by no later than two years after the
7 confirmation of all Board members at no less than the
8 cost of production, operation, and maintenance of the
9 services provided. No rate increases may be implemented
10 until the Corporation is in full compliance with this
11 subsection."

12 Section 6. This Act shall take effect upon approval
13 by the Governor or upon its becoming law without such
14 approval.

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1 **Final Passage:** May 07, 2026

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3 **Certified by:** 
4 Dee N. N. Libian
Chief Clerk

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8 Nicholas Figirlaarwon
Speaker

Approved by: _____
Francis Itimai
Governor

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10 5/12/26
Date

Date

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