

ELEVENTH LEGISLATURE OF THE STATE OF YAP
Fourth Regular Session
2026

Bill No. 11-211¹

RED

A BILL FOR 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 hereby
2 amended to read as follows:

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

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

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

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

¹Governor's Communication No. 11-543

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

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

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

11 ~~(b)~~ (f) 'Service' includes the production,
12 treatment and delivery of electrical/ electricity and
13 water/ and the management, treatment and disposal of
14 sewage sewer/ and refuse collection and disposal in the
15 State of Yap.

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

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

21 "Section 4. Duties of the Corporation.

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

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

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

16 "Section 5. Powers of the Corporation.

17 In order to carry out its duties, the Corporation shall
18 have all of the powers conferred by law on a public
19 corporation, and all powers reasonably incidental to its
20 purpose, including the powers:

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

1 (b) To receive and hold funds from contractors,
2 consumers, lessees, the government of the State of Yap, and
3 any other sources;

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

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

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

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

16 (g) Subject to the State Contracts Act, to make
17 contracts and execute all instruments necessary or convenient
18 to exercise the powers of the Corporation;

19 (h) To hire such employees as are necessary for the
20 operation of the Corporation and to engage the services of
21 independent experts, advisors, and other contractors as are

1 necessary to the fulfillment of the purposes of the
2 Corporation and pursuant to this chapter;

3 (i) To contract to transfer to private ownership or
4 control the construction, management, and operation of the
5 water, sewer, ~~refuse collection~~ and electrical power systems,
6 in a public manner that is both timely and fair to the
7 government, its employees and consumers which transfer shall
8 be subject to the prior approval of the Legislature;

9 (j) To strengthen immediately the existing system of
10 metering, billing, and collecting fees for utility ~~and refuse~~
11 ~~collection services~~ provided by the Corporation;

12 (k) To the extent the Corporation deems lawful and
13 necessary, to review and establish utility rates and other
14 fees for water, sewer, ~~refuse collection~~ and electrical power;

15 (l) To prepare and submit a budget as a government
16 corporation pursuant to the Yap State Budget Act and to
17 prepare and submit an annual report on operations and finances
18 to the Governor and Legislature; and

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

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

3 “(e) The Governor or the Board may remove a member
4 for gross neglect or dereliction of duty, breach of fiduciary
5 duty, conviction of a felony, or mental or physical
6 incapacity. Any vacancy caused by death, resignation, removal,
7 or otherwise shall be filled in the same manner as the
8 original appointment but for a new term. The Board may remove
9 any member for missing three consecutive meetings or other
10 frequent absences without the prior written approval of the
11 Chairman. Upon resignation/ or removal of expiration of the
12 term of appointment, the member shall cease to sit on the
13 Board and shall not be included in a quorum count. A member,
14 who is neither resigned nor removed but whose term has
15 otherwise expired, shall continue to hold membership on the
16 Board until he has been re-nominated and confirmed, or until
17 his successor has been nominated and confirmed.”

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

20 “Section 11. User fees for electrical consumption.

21 (a) ~~Publication of schedule~~ Electricity tariff structure.

1 Within three months after a Board has been confirmed pursuant
2 to this chapter, the Board shall approve a new schedule of
3 user fees more accurately reflecting the fuel costs of
4 providing electrical services to the people of the state.
5 Within three years, the new user fees shall charge all
6 consumers an amount at least equal to the marginal costs of
7 providing them utility services. The Board may establish the
8 type of electricity tariff that it deems proper by island or
9 island groups, and/or by customer class, category, or
10 consumption level. Tariff rates for each customer class,
11 category, or consumption level shall be uniform within each
12 island.

13 (b) Electrical power charges Variable electricity tariff.
14 A variable electricity tariff may be used for power systems
15 that distribute electricity which the Corporation generates
16 itself using fuel with varying prices and/or, where
17 applicable, electricity which the Corporation purchases from
18 an IPP. The Board may not adopt a variable electricity tariff
19 for an island or island groups if the Board determines that a
20 variable electricity tariff will be impractical, infeasible,
21 or unaffordable based on economic or other relevant factors.

1 A variable electricity tariff shall consist of the base rate
2 and the variable rate. Notice of the variable electricity
3 tariff shall be published each billing month, separately
4 listing the base rate and a breakdown of the variable rate for
5 the current billing month and the next billing month.

6 (c) Variable rate. The variable rate shall apply equally
7 to all customers, regardless of class, category or level of
8 consumption. The Corporation shall not apply the variable
9 rate in excess of the latest three-year rolling average by a
10 factor of one and three-fourths without prior consultation
11 with the Governor and the Legislature. Subject to the
12 limitations provided in paragraphs (1) through (3) of this
13 subsection, the Board shall determine whether to impose a fuel
14 surcharge fee of up to \$1.035 per kilowatt hour for all
15 consumers of electricity. Once imposed, the Board may annually
16 adjust the fuel surcharge fee to reflect the total costs of
17 purchasing fuel for the production of electricity; provided,
18 that fuel surcharge fees shall not increase for consumers of less
19 than 2001 kilowatt hours per month at a rate of more than
20 \$.02/per kilo watt hour per calendar year; and provided further
21 that:

1 (1) THE MONTHLY TOTAL FUEL SURCHARGE FEE CHARGED TO A
2 CONSUMER SHALL NOT EXCEED 20% OF THE ACTUAL MONTHLY CHA
3 RGES FOR POWER CONSUMPTION FOR THE SAME PERIOD.

4 (2) THE MONTHLY CHARGES FOR FUEL SURCHARGE FEE SHALL BE
5 LISTED AS A SEPARATE ITEM ON EACH CONSUMER
6 MONTHLY BILLING AND

7 (3) THE CORPORATION SHALL NOT IMPOSE ANY OTHER TYPE OF
8 FUEL CHARGE OR SURCHARGE OR FEE FOR THE COST OF PURCHAS
9 ING FUEL FOR THE PRODUCTION OF ELECTRICITY, EXCEPT AS PR
10 VIDED UNDER THIS SECTION.

11 (d) Base rate. The base rate in any electricity tariff
12 shall be uniform within each island by customer class,
13 category, and level of consumption, and shall be fixed and may
14 only be amended by the Board pursuant to section 141 of this
15 chapter.

16 (4) (e) Consumer use. The Corporation shall take all steps
17 necessary to accurately meter and bill all consumers,
18 including government consumers and all government buildings,
19 for electrical power, sewage, refuse collection and disposal,
20 and water consumption by no later than two years after the
21 confirmation of all Board members at no less than the cost of

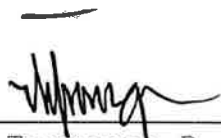
1 production, operation, and maintenance of the services
2 provided. No rate increases may be implemented until the
3 Corporation is in full compliance with this subsection.”

4 Section 7. This Act shall take effect upon approval by
5 the Governor or upon its becoming law without such approval.

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8 Date: 4/07/20

Introduced by: 

Terrence R. Fong
(By Request)

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