

November 6, 2025

## **Docket No. AR 673: Implementing 2025 Senate Bill 845 Regarding PUC-Ordered Sale of Water Utilities**

Enacted during the 2025 legislative session, [SB 845](#) primarily authorizes the Oregon Public Utility Commission (PUC) to order the sale of a water utility that is unable to provide safe and adequate service. The PUC must establish Oregon Administrative Rules (OARs) to implement the provisions of SB 845, and has opened [Docket No. AR 673](#) to address this issue. This announcement summarizes the law changes enacted with SB 845. PUC Staff requests that anyone interested in this docket take the included survey, which will help us determine the next steps for the informal phase of this rulemaking.

### **Summary of SB 845**

SB 845 enables the PUC to order the sale of a water utility as a last resort option to protect the health and safety of customers. This new law requires the PUC to first provide written notice to a violating utility along with opportunities to take alternative actions to a sale. Alternative actions may include:

- Repair, replacement, or remedy of the violating conditions,
- Reorganization under new management,
- Contracting with another utility or management service to operate the utility,
- Appointment of an independent administrator to oversee and ensure the provision of safe and adequate service,
- Merger with one or more other water utilities, **OR**
- Acquisition of the utility by a municipality, municipal utility, co-op, or people's utility district.

If the utility fails to take appropriate alternative actions, the PUC could then open a contested case to investigate the utility's ability to provide safe and adequate service. The PUC could compel a sale only if the contested case results in a determination that:

- The utility is in violation of statutory/regulatory standards affecting safety and adequacy of service,
- The utility has failed to comply, within a reasonable period of time, with a PUC order concerning the safety/adequacy of service,
- The utility cannot reasonably be expected to furnish and maintain safe and adequate service,
- Continued operation by the utility may create unreasonable risk to public health or safety, **AND**
- Alternative actions to a sale have been considered and are impractical or economically infeasible.

Please see the attached flowchart for a summary of the process as outlined in SB 845.

SB 845 also increases the amount the PUC can use toward emergency water repairs from the current \$5,000 to \$100,000 per biennium.



### **Stakeholder Interest Survey**

Prior to drafting a schedule and new rules, PUC Staff seeks to identify interested stakeholders and understand high-level concerns or areas of interest pertaining to the provisions of SB 845. To share your interest in this rulemaking with Staff, **please take our survey!** Responses are due **by Monday, January 5, 2026.**

[Click Here for Survey](#)

### **Service List**

Anyone on the [AR 673 service list](#) will receive automatic e-mail notification of filings made in this docket. To request to be added to the service list, please email [puc.hearings@puc.oregon.gov](mailto:puc.hearings@puc.oregon.gov).

### **If you have questions about this announcement, please contact:**

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83rd OREGON LEGISLATIVE ASSEMBLY--2025 Regular Session

# Enrolled Senate Bill 845

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Tina Kotek for Public Utility Commission)

CHAPTER .....

AN ACT

Relating to water utilities regulated by the Public Utility Commission; creating new provisions; and amending ORS 757.068.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1. (1) As used in this section:**

**(a) “Incumbent water utility” means an existing water utility that may be sold to another water utility or other entity.**

**(b) “Safe and adequate service” includes the ability of a water utility or other entity to provide to its customers potable water at sufficient volume and pressure.**

**(c) “Water utility” means a public utility, as defined in ORS 757.005, that provides water service.**

**(2) The Public Utility Commission may order the sale of an incumbent water utility if the commission determines, following notice and a contested case under ORS chapter 183, that:**

**(a) The incumbent water utility is in violation of statutory or regulatory standards and the violation affects the safety and adequacy of the service provided by the incumbent water utility;**

**(b) The incumbent water utility has failed to comply, within a reasonable period of time, with an order from the commission concerning the safety and adequacy of the service provided by the incumbent water utility;**

**(c) The incumbent water utility cannot reasonably be expected to furnish and maintain safe and adequate service;**

**(d) Continued operation of service or the water system by the incumbent water utility may create an unreasonable risk to public health or safety by reason of contamination, dilapidated structures, improper or insufficient water or sanitary facilities or any combination of these factors; and**

**(e) Alternative actions to a sale as described under subsection (5) of this section have been considered and the alternative actions are impractical or economically infeasible.**

**(3) If the commission orders the sale of an incumbent water utility under this section, the commission shall establish a process for the sale of the incumbent water utility. The price of the sale shall be determined by agreement between the incumbent water utility and acquiring entity.**

(4) Prior to opening a contested case to determine whether to order the sale of an incumbent water utility, the commission shall provide a written notice to the incumbent water utility. The notice must:

(a) Specify the commission's intent to open a contested case;  
(b) Identify the specific reasons and basis for the commission's intent to open the contested case; and

(c) Provide the incumbent water utility reasonable opportunity to take alternative actions to the sale, as described under subsection (5) of this section, that the commission finds acceptable.

(5) Alternative actions to a sale that may be taken include:

(a) The repair, replacement or remedy of all conditions identified as the reasons or basis for the commission's intent to open a contested case in the notice provided under subsection (4) of this section;

(b) Reorganization of the incumbent water utility under new management;

(c) Entering into a contract with another water utility or a management or service company to operate the incumbent water utility;

(d) Appointment of an independent administrator to oversee and ensure the provision of safe and adequate service by the incumbent water utility;

(e) A merger of the incumbent water utility with one or more other water utilities; or

(f) Acquisition of the incumbent water utility by a municipality, municipal utility, cooperative association or people's utility district.

(6)(a) If an incumbent water utility receives a notice under subsection (4) of this section and files an application under ORS 757.480 for the sale, lease, assignment, mortgage, disposition, encumbrance, merger or consolidation of property of the incumbent water utility, the commission shall set the incumbent water utility's rate base at no lower than the net book value of the incumbent water utility and no higher than the acquiring entity's offered purchased price of the incumbent water utility. To determine the value of the incumbent water utility's rate base, the commission shall consider the merits of the acquiring entity's application filed under ORS 757.480 based on the benefit to the incumbent water utility's customers and the public interest.

(b) For the purposes of later recovery in rates, an acquiring entity's transaction costs associated with the acquisition of an incumbent water utility shall be deferred at the incumbent water utility's weighted average cost of capital. Transaction costs include environmental, engineering and financial due diligence costs, legal costs, financing costs and other costs associated with regulatory approval of the transaction.

(7) When carrying out the provisions of this section, the commission may appoint an independent administrator to represent or protect the interests of the customers of an incumbent water utility. An order appointing an independent administrator must specify the duties and responsibilities of the independent administrator.

**SECTION 2.** ORS 757.068 is amended to read:

757.068. (1) In each biennium the Public Utility Commission may use not more than [,\$5,000] **\$100,000** of the fees collected under ORS 756.310 to make emergency repairs to the plants of public utilities providing water service. The commission may expend moneys under the provisions of this section only if the commission determines that:

(a) Customers of the utility are without service and are likely to remain without service for an unreasonable period of time;

(b) The utility is unwilling or unable to make emergency repairs, or cannot be found after reasonable effort; and

(c) Restoration of the service is necessary for the health and safety of the customers of the utility.

(2) The commission shall attempt to recover fees used under this section from the utility providing water service. The commission may also recover a penalty as provided in ORS 756.350 from the time the fees are expended.

**(3) In addition to or in lieu of expending moneys to make emergency repairs, the commission may order the utility providing water service to make the emergency repairs.**

**Passed by Senate April 10, 2025**

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Obadiah Rutledge, Secretary of Senate

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Rob Wagner, President of Senate

**Passed by House May 20, 2025**

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Julie Fahey, Speaker of House

**Received by Governor:**

.....M.,....., 2025

**Approved:**

.....M.,....., 2025

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Tina Kotek, Governor

**Filed in Office of Secretary of State:**

.....M.,....., 2025

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Tobias Read, Secretary of State

