



# Clatsop County

## Board of Commissioners

800 Exchange St., Suite 410  
Astoria, OR 97103  
(503) 325-1000 phone / (503) 325-8325 fax  
[www.ClatsopCounty.gov](http://www.ClatsopCounty.gov)

April 24, 2025

House Committee On Agriculture, Land Use, Natural Resources, and Water  
Oregon State Legislature  
900 Court Street NE  
Salem, OR 97301

### **RE: Oppose Senate Bill 845 A – Risk of Unfunded Mandates on Local Governments from Expanded PUC Authority**

Co-Chairs Helm and Owens, Vice-Chair McDonald, and Members of the Committee,

The Clatsop County Board of Commissioners strongly opposes Senate Bill 845 A unless it is amended to protect local governments from potentially being forced to assume financial and operational responsibility for failing small water systems without sufficient resources, a clear process, or defined authority.

#### **CONCERNS ABOUT SCOPE AND AUTHORITY**

SB 845 A seeks to address the failure of small water systems by granting the Oregon Public Utility Commission (PUC) expanded oversight and intervention powers. Under this bill, the PUC would have the authority to determine whether a water system has failed and recommend—or potentially require—another entity to assume ownership and operation. While we support efforts to safeguard public health and ensure reliable water service, the bill’s current language is overly broad and raises significant concerns for local governments that could be left with expensive, long-term responsibilities.

A central issue is the lack of clarity around the scope of the PUC’s authority and the types of entities the bill applies to. Section 1(1)(3) defines “water utility” by referencing the definition of a “public utility” in ORS 757.005, which is broad and appears to include private utilities. It is unclear whether the bill applies to public systems operated by cities or special districts. Additionally, SB 845 A does not clearly establish whether the PUC has the authority to mandate a transfer of ownership or if its role is limited to making recommendations. Section 1(2) states the PUC “may order the sale” of a qualifying water utility, but Section 1(3) does not clarify whether the proposed acquiring entity has the discretion to decline the acquisition.

Section 1(5) outlines alternative options to a sale, such as reorganization under new management, contracting with another “service company” for operations, appointing an independent administrator, or transferring ownership to a municipality. However, it does not specify whether the PUC can compel another entity to take these actions or if they are simply recommendations.

## **UNFUNDED MANDATES AND FINANCIAL RISK TO LOCAL GOVERNMENTS**

If a local government is required to acquire a failing system, the financial burden could be significant. For example, Clatsop County staff estimate that necessary improvements to one private water system in the County, which is currently unable to meet the standards outlined in the bill, would cost at least \$300,000. There is also a public system in the County in need of major upgrades that are likely to exceed that amount. These costs far exceed the \$100,000 maximum for emergency repair assistance offered in the adopted -1 amendment under Section 2(1).

Moreover, this funding is not guaranteed, and it is unclear whether acquiring entities are eligible to receive it after a transfer has occurred. Section 2(2) states the PUC “shall attempt to recover” these funds and may also pursue penalties. This structure fails to provide reliable support to acquiring entities and instead increases the financial risk for local governments, making it even harder to take on distressed systems.

## **POTENTIAL FOR UNINTENDED CONSEQUENCES**

Additionally, the bill could unintentionally encourage struggling systems to delay critical maintenance, hoping that the PUC will eventually step in and shift responsibility elsewhere. This may further degrade infrastructure and increase the likelihood of emergencies—leaving local governments with the expectation to respond, often without advance notice, authority, or the means to fund repairs.

## **RECOMMENDATIONS**

To avoid these unintended consequences and provide necessary safeguards, Clatsop County recommends the following amendments to SB 845 A:

- Clearly define the process and criteria for identifying an acquiring entity, including a requirement that the entity confirms its ability to meet financial, operational, and regulatory obligations.
- Clarify whether the bill applies to public, private, or both types of water systems.
- Clarify whether the PUC has authority to mandate an acquisition or only recommend one.
- Increase the emergency repair funding cap to at least \$500,000.
- Specify that acquiring entities are eligible for emergency repair funding.
- Require the PUC to confirm the amount of available emergency funding prior to acquisition so acquiring entities can assess whether they have sufficient resources to close the remaining funding gap.

Without these changes, the bill exposes local governments—especially rural counties like Clatsop—to costly mandates, vague responsibilities, and undue risk.

**For these reasons, we strongly urge your NO vote on SB 845 A unless it is amended to provide clarity, funding, and authority protections for local governments.**

Thank you for your time and consideration.

Sincerely,



Mark Kujala, Chair  
District 1



Anthony Huacuja, Commissioner  
District 2



Pamela Wev, Commissioner  
District 3



Courtney Bangs, Vice Chair  
District 4



Lianne Thompson, Commissioner  
District 5