

ORDER NO. 25-497

ENTERED Dec 09 2025

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP 436

In the Matter of

AVION WATER COMPANY, INC.,

Application for Approval of the Sale of  
Avion Water Company, Inc., Shares to  
NW Natural Water of Oregon, LLC.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on December 9, 2025, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



**Alison Lackey**

Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA19

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 9, 2025**

**REGULAR** \_\_\_\_\_ **CONSENT**   X   **EFFECTIVE DATE** \_\_\_\_\_ **Upon Commission Approval**

**DATE:** November 25, 2025

**TO:** Public Utility Commission

**FROM:** Steph Yamada

**THROUGH:** Bryan Conway and Russ Beitzel **SIGNED**

**SUBJECT:** AVION WATER COMPANY, INC.:  
(Docket No. UP 436)  
Request for approval for the sale of shares to enable NW Natural Water of Oregon, LLC to acquire a 50 percent ownership interest in Avion Water Company, Inc.

**STAFF RECOMMENDATION:**

Staff recommends that the Oregon Public Utility Commission (the Commission) authorize the sale of shares to enable NW Natural Water of Oregon, LLC (NWNW OR) to acquire a 50.0 percent ownership interest in Avion Water Company, Inc. (Avion or Company), subject to the following conditions, and waive, to the extent necessary, the requirement to attach all easements and water rights to the sale application.

**Staff's Recommended Conditions:**

1. Avion shall provide the Commission access to all books of account as well as all documents, data, and records that pertain to transactions between Avion and NWNW OR and any other affiliate.
2. Avion will notify the Commission of any substantive changes to the Proposed Transaction, including any change in the price of shares.
3. Avion will provide notice to the Commission within ten days of the close of the proposed stock issuance and sale (Proposed Transaction).
4. The Commission reserves the right to review for reasonableness of all financial aspects of this arrangement in any rate proceeding.

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## DISCUSSION:

### Issue

Whether the Commission should authorize the sale of shares to enable NWNW OR to acquire a 50.0 percent ownership interest in Avion, and whether to waive, to the extent necessary, the requirement to attach all easements and water rights to the sale application.

### Applicable Rule or Law

ORS 757.480(6) and OAR 860-036-2120(1) require water utilities doing business in Oregon to obtain Commission approval prior to selling or otherwise disposing of the water utility. The Commission has traditionally applied a public interest “no harm” standard when considering whether to approve such a transaction.<sup>1</sup>

OAR 860-036-2120(3) requires the water utility or other party to the transaction to request authorization for the sale using the application form available on the Commission’s website. The application form requires the applicant to, among other things, attach all easements and water rights to be transferred.

Pursuant to OAR 860-036-2120(4), the utility must provide the Commission and its customers with notice of the sale no less than 60 days prior to the closing date of the transaction.

### Analysis

#### *Background*

Avion is a privately-owned, rate- and service-regulated water utility serving approximately 17,000 residential, commercial, and irrigation customers in the vicinity of Bend, Oregon. On August 15, 2025, Avion submitted its Application for Approval of the Sale of Avion Water Company, Inc. Shares to NW Natural Water of Oregon, LLC (Sale Application). Avion also concurrently submitted an Application for Authority to Issue Stock, Bonds, Notes, or Other Securities to NWNW OR and Jordan Wick (Financing Application), which is addressed separately in Docket No. UF 4363. While the Financing Application seeks Commission approval for the issuance of securities, the present Sale Application addresses the resulting increase in NWNW OR’s ownership of Avion to 50.0 percent.

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<sup>1</sup> See *In re Cline Butte Water, LLC*, OPUC Docket No. UP 345, Order No. 17-156 at 3-4 (May 1, 2017) (“[W]e apply a ‘no harm’ standard in approving water utility transfer applications”).

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Avion states that the stock issuance and sale will not close until the Commission issues approval orders in both dockets.<sup>2</sup> Avion and NWNW OR request expedited consideration, with a Commission decision no later than December 31, 2025.<sup>3</sup>

*Scope and Terms of the Sale*

The Proposed Transaction will increase NWNW OR's ownership interest in Avion from the current 47.883 percent to 50.0 percent. As discussed in the Financing Application, the Proposed Transaction also includes a stock issuance to minority owner Jordan Wick to enable NWNW OR to reach a 50.0 percent ownership interest.

The Proposed Transaction is pursuant to the Company Common Stock Purchase Agreement between Avion and NWNW OR, which was provided as a confidential exhibit to the Sale Application. NWNW OR has gradually increased its ownership interest in Avion through several Commission-approved stock acquisitions since 2022.<sup>4</sup> Staff notes that while the Proposed Transaction will increase NWNW OR's ownership percentage in Avion to 50.0 percent, NWNW OR is already the largest current individual shareholder, as reflected in Avion's recent Annual Results of Operations Reports.<sup>5</sup>

Following the Proposed Transaction, Avion will continue to exist in its current form, with no change to utility property, management services, or rates. In response to Staff's IR 9, the Company stated that "Avion Water and NWN Water of Oregon do not expect that the proposed transaction will impact the way in which decisions regarding the operation and direction of Avion Water are made." Avion states that, in the event of a 50/50 split decision between NWNW OR and all other shareholders (who collectively own a 50.0 percent interest in the Company), the disagreement would be resolved as set forth in the Shareholders Agreement, which was provided as a confidential attachment. Staff reviewed the process described there and has no concerns. In response to Staff's IR 10, Avion stated that NWNW OR's ownership interest in Avion is expected to continue increasing in the future, though there is no established long-term plan or timeline for such increases.

*Transfer Pricing and Allocation of Gain*

The number of shares and total consideration associated with the Proposed Transaction is provided in Confidential Exhibit A to this memo. Avion states that its total net book value, as reported in its most recent Annual Results of Operations Report, is \$18,065,479.<sup>6</sup>

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<sup>2</sup> Sale Application, Page 4, Lines 9-12.

<sup>3</sup> Sale Application, Page 11, Line 4.

<sup>4</sup> Docket Nos. UF 4330, UF 4338, UF 4344, and UF 4358.

<sup>5</sup> Docket No. RW 12.

<sup>6</sup> Sale Application, Page 8, Line 12.

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Since the Proposed Transaction will result in a capital infusion associated with a stock issuance, the issue of an acquisition adjustment is not relevant. Avion states that the proceeds from the transaction “will be added to the general funds of the Company and used for corporate purposes, including for the construction, completion, extension, or improvement of the Company’s facilities, transmission and distribution mains, and other capital assets.”<sup>7</sup> Consequently, the proceeds from the Proposed Transaction will only appear in rate base to the extent that the resulting investments meet the usual “used and useful” standards for rate base inclusion. This issue will be examined during the rate case process.

*Ability and Financial Fitness of Purchaser*

NWNW OR and its affiliates currently own and operate water and wastewater utility systems in five states,<sup>8</sup> and are experienced in operating Commission-regulated water utilities. In Oregon, NWNW OR’s parent company, NW Natural Water Company, LLC (NWN Water), also owns Salmon Valley Water Company. Furthermore, NWNW OR directly owns Sunriver Water LLC, Sunstone Water LLC, South Coast Water Company, LLC, Lakeshore Water Company, LLC, and Seavey Loop Water Company, LLC. These entities are all PUC rate-regulated utilities.

Additionally, NWN Water is a wholly-owned subsidiary of Northwest Natural Holding Company (NW Holdings), which possesses significant financial resources and access to capital markets to support the capital needs of its subsidiaries.<sup>9</sup> To complete the Proposed Transaction, NW Holdings will provide funds to NWN Water (and consequently, to NWNW OR).<sup>10</sup> Unaudited financial statements submitted with the Sale Application demonstrate that the purchaser is able to carry out the proposed transaction to acquire a 50.0 percent interest in Avion.

*Public Interest Compliance*

As discussed previously, NWNW OR and its affiliates are experienced in owning and operating regulated water utilities. Additionally, the Proposed Transaction will not result in any changes to Avion’s service, rates, billing, or management.<sup>11</sup> Any rate changes must be filed with and approved by the Commission in a general rate case or other appropriate format.

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<sup>7</sup> Financing Application, Docket No. UF 4363, Page 6, Lines 15-18.

<sup>8</sup> Sale Application, Page 3, Lines 1-2.

<sup>9</sup> Sale Application, Page 2, lines 13-21.

<sup>10</sup> Sale Application, Page 9, Lines 19-20.

<sup>11</sup> Sale Application, Pages 5-6.

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Avion states that its “customers will not be harmed by the Proposed Transaction and will, in fact, receive a net benefit.”<sup>12</sup> Specifically, the Company argues that customers will benefit from NWN Water’s and NWNW OR’s experience with pipeline infrastructure, regulatory compliance, and utility management, as well as their access to capital.<sup>13</sup> Staff generally agrees.

The Company provided notice of the sale to customers, as required by OAR 860-036-2120(4), and a copy of the notice was filed in this docket. The notice is dated October 10, 2025. The sale cannot close until at least 60 days following the notice date, or December 9, 2025.

*Records Availability, Audit Provisions, and Reporting Requirements*

Staff’s Recommended Conditions for approval of the sale, listed at the beginning of this Staff Report, afford the necessary Commission examination of Avion’s books and records concerning the Proposed Transaction.

The Sale Application requests a waiver of the requirement to attach all easements and water rights, stating that doing so “would be administratively burdensome,” and instead offers to provide Staff with access to such documents if necessary.<sup>14</sup> Since the Proposed Transaction is not anticipated to affect Avion’s ownership or use of easements or water rights, Staff does not find it necessary to examine those documents at this time. Staff supports a waiver of this requirement as needed.

Conclusion

Staff finds that the proposal to increase NWNW OR’s ownership interest in Avion to 50.0 percent is not likely to cause harm to customers. NWNW OR and its affiliates are experienced in operating water utilities in Oregon and possess the necessary financial position to carry out the Proposed Transaction and provide favorable access to capital. Customers are not expected to experience any changes in the provision of services. Consequently, Staff finds that the Proposed Transaction meets the public interest, no harm standard, and should be approved.

The Company has reviewed a draft of this memo and noted no concerns.

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<sup>12</sup> Sale Application, Page 5, Lines 4-5.

<sup>13</sup> Sale Application, Page 5, Lines 10-15.

<sup>14</sup> Sale Application, Page 10, Lines 18-22.

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**PROPOSED COMMISSION MOTION:**

Approve the sale of Avion shares to enable NWNW OR to acquire a 50.0 percent ownership interest, subject to the conditions listed in Staff's recommendation, and waive, to the extent necessary, the requirement for the applicant to attach all easements and water rights to the application.

CA19 - Avion UP 436 – NWNW OR Increase to 50 Percent

**Shares Subject to Filing**

NW Natural Water of Oregon, LLC	
Jordan Wick	
<b>Total Shares Issued</b>	

Price per Share	
<b>Total New Capital Raised</b>	

**Allocations After Proposed Transaction**


Total Issued Shares	
Total Authorized Shares	1,000,000
Total Outstanding/Unissued Shares	