

McDowell & Rackner PC



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December 7, 2007

VIA ELECTRONIC FILING

PUC Filing Center
Public Utility Commission of Oregon
550 Capitol Street NE
Salem, OR 97308

Re: Docket WJ 9

Dear ALJ Petrillo:

This letter provides you with an update on the status of informal discussions among the parties on this docket.

After the most recent update in this docket on October 2, 2007, the Rice Hill Owners Association, Inc. ("RHOA"), the Rice Hill West Homeowners Association ("Association") and Mr. Webb's attorneys met to negotiate a wholesale water supply agreement. The parties held telephone conferences on October 10 and October 17, 2007, and continued to communicate informally after that period. The parties agreed that the most important term in the water supply agreement will be the price of water, and that the price of water depends upon the cost of upgrading RHOA's water system to effectively serve the Association. Therefore, the parties have been working to determine what upgrades are necessary and how much those upgrades will cost.

To that end, RHOA has engaged a certified water rights examiner and hydrogeologist to examine the system and advise RHOA on upgrading the system to serve RHOA and the Association. The parties will use these data to determine whether they can agree on a price for water. The parties remain hopeful that they will come to an agreement on a wholesale water supply agreement in the coming months and are continuing to work cooperatively with that goal in mind. The parties will provide the Commission another update on the status of the wholesale water supply agreement negotiations on or before February 29, 2008.

Very truly yours,

Amie Jamieson

Enclosure

cc: Service List

Romeni Bechtold, President, Rice Hill West Homeowners Association

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket WJ 9 on the following named person(s) on the date indicated below by email at his or her last-known address(es) indicated below.

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DATED: December 7, 2007.



Amie Jamieson

Of Attorneys for Rice Hill Owners Association, Inc.