

CBT Market Price Consideration

July 17, 2013

Purpose

- 2006: LUC Direction to Staff
 - Any +/- 5% change in 6-month moving avg.
 - Small Transactions receive more weight
 - Emphasize rapidly developing trends
- June 19, 2013 LUC Direction to Staff
 - Provide alternatives to the 6-month moving average method

CBT Unit Market Price Summary - 6 Month Moving Average June 2013

Current Market Price: \$13,000

All Units

Month	Units Sold	Avg Price per Unit	6 Month Moving Avg	Difference from Current Market Price
Jan 2013	12	\$10,833	\$10,109	-22.2 %
Feb 2013	6	\$10,500	\$10,380	-20.2 %
Mar 2013	45	\$12,833	\$11,208	-13.8 %
Apr 2013	107	\$14,556	\$11,878	-8.6 %
May 2013	0		\$11,878	-8.6 %
Jun 2013	150	\$18,017	\$13,348	2.7 %

*see note

20 Units

Month	Units Sold	Avg Price per Unit	6 Month Moving Avg	Difference from Current Market Price
Jan 2013	12	\$10,833	\$9,870	-24.1 %
Feb 2013	6	\$10,500	\$10,245	-21.2 %
Mar 2013	45	\$12,833	\$11,208	-13.8 %
Apr 2013	5	\$13,500	\$11,667	-10.3 %
May 2013	0		\$11,667	-10.3 %
Jun 2013	25	\$18,200	\$13,173	1.3 %

10 Units

Month	Units Sold	Avg Price per Unit	6 Month Moving Avg	Difference from Current Market Price
Jan 2013	12	\$10,833	\$10,129	-22.1 %
Feb 2013	6	\$10,500	\$10,504	-19.2 %
Mar 2013	13	\$13,500	\$11,375	-12.5 %
Apr 2013	5	\$13,500	\$11,800	-9.2 %
May 2013	0		\$11,800	-9.2 %
Jun 2013	5	\$17,000	\$13,067	0.5 %

*see note

5 Units

Month	Units Sold	Avg Price per Unit	6 Month Moving Avg	Difference from Current Market Price
Jan 2013	6	\$10,667	\$10,088	-22.4 %
Feb 2013	6	\$10,500	\$10,463	-19.5 %
Mar 2013	3	\$13,500	\$11,333	-12.8 %
Apr 2013	5	\$13,500	\$11,767	-9.5 %
May 2013	0		\$11,767	-9.5 %
Jun 2013	5	\$17,000	\$13,033	0.3 %

*Please note that the June numbers are staff estimates based on information provided by Northern Water. We will have actual numbers the last week of July.

CBT Unit Market Price Summary - 4 Month Moving Average June 2013

Current Market Price: \$13,000

All Units

Month	Units Sold	Avg Price per Unit	4 Month Moving Avg	Difference from Current Market Price	
Mar 2013	45	\$12,833	\$11,208	-13.8 %	
Apr 2013	107	\$14,556	\$12,181	-6.3 %	
May 2013	0		\$12,630	-2.8 %	
Jun 2013	150	\$18,017	\$15,135	16.4 %	*see note

20 Units

Month	Units Sold	Avg Price per Unit	4 Month Moving Avg	Difference from Current Market Price
Mar 2013	45	\$12,833	\$11,208	-13.8 %
Apr 2013	5	\$13,500	\$11,917	-8.3 %
May 2013	0		\$12,278	-5.6 %
Jun 2013	25	\$18,200	\$14,844	14.2 %

10 Units

Month	Units Sold	Avg Price per Unit	4 Month Moving Avg	Difference from Current Market Price	
Mar 2013	13	\$13,500	\$11,375	-12.5 %	
Apr 2013	5	\$13,500	\$12,083	-7.1 %	
May 2013	0		\$12,500	-3.8 %	
Jun 2013	5	\$17,000	\$14,667	12.8 %	*see note

5 Units

Month	Units Sold	Avg Price per Unit	4 Month Moving Avg	Difference from Current Market Price
Mar 2013	3	\$13,500	\$11,333	-12.8 %
Apr 2013	5	\$13,500	\$12,042	-7.4 %
May 2013	0		\$12,500	-3.8 %
Jun 2013	5	\$17,000	\$14,667	12.8 %

*Please note that the June numbers are staff estimates based on information provided by Northern Water. We will have actual numbers the last week of July.

Options

- Use the standard 6-Month Moving Average
 - Market Price stays the same.
- Staff's Recommendation (next slide)
 - Market Price: \$14,000 CIL: \$14,700
- Use the 4-Month Moving Average
 - Market Price: \$15,000 CIL: \$15,750
- Use June's Averages (Not Recommended)
 - Market Price of \$17,800 CIL: \$18,690

Recommendation

- Staff's Recommendation: Compute the C-BT Market Price by using both the 6-Month and 4-Month Moving Averages.

Add the four June 6-Month Moving Averages to the four 4-Month Moving Averages:

Median: \$14,008

Mean: \$13,992

Recommendation

- Recommend adopting LUC Resolution R-3-2013U

- Market Price: \$14,000 per CBT Unit

- Cash-in-lieu

- Determined by formula

$$\frac{\text{CBT Market Price}}{\text{Yield of 1 CBT Unit}} * 1.05 = \text{cash-in-lieu fee}$$

- Cash-in-lieu fee: \$14,700 per acre-foot

Questions?

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