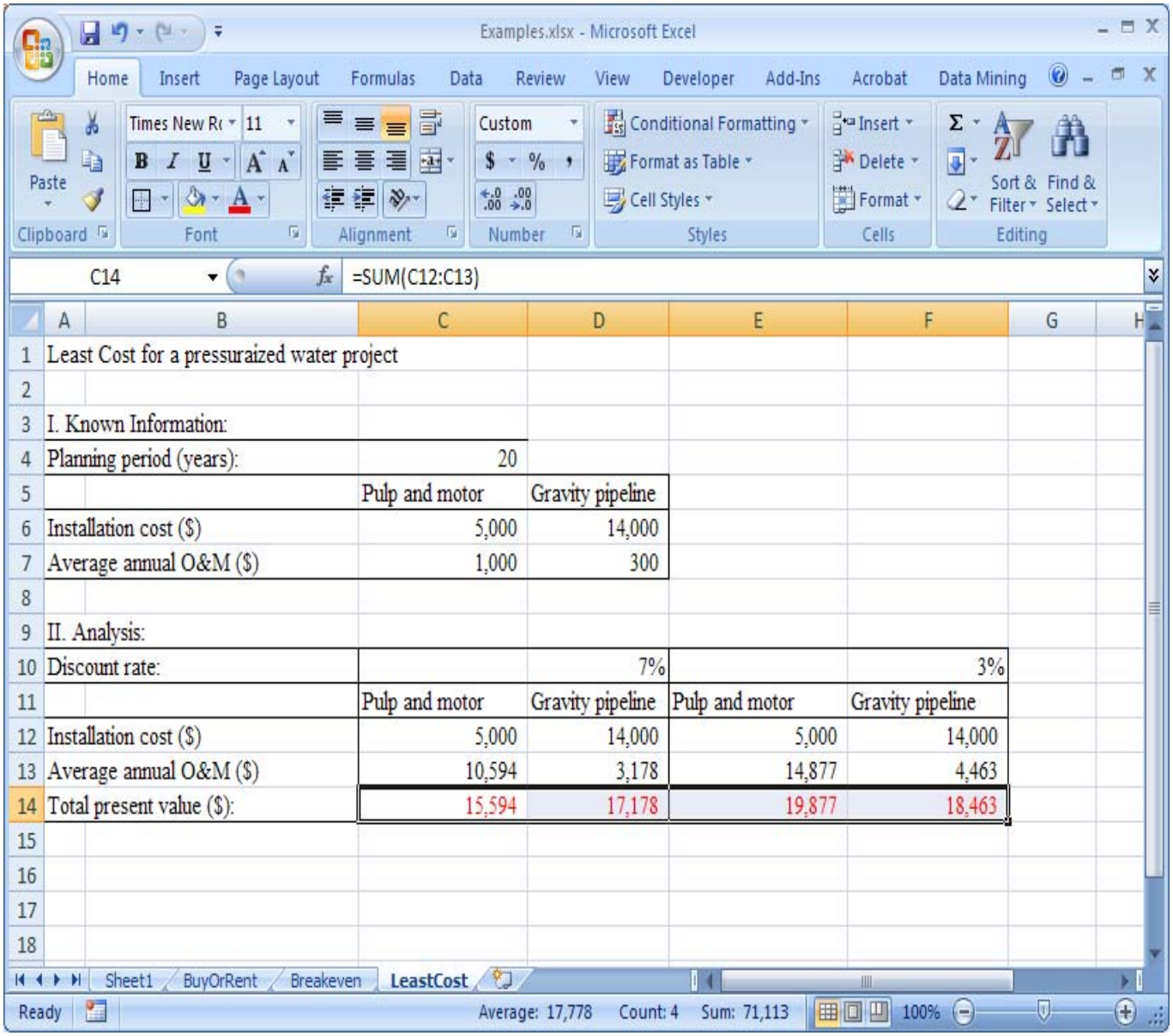
Part 610 – Natural Resource Economics Handbook

Subpart D – Evaluation Techniques

Figure D-4 Computing Present Value of Total Costs Using Life Cycle Cost Analysis



C14 =SUM(C12:C13)

	A	B	C	D	E	F
1	Least Cost for a pressuraized water project					
2						
3	I. Known Information:					
4		Planning period (years):	20			
5			Pulp and motor	Gravity pipeline		
6		Installation cost ($)	5,000	14,000		
7		Average annual O&M ($)	1,000	300		
8						
9	II. Analysis:					
10		Discount rate:		7%		3%
11			Pulp and motor	Gravity pipeline	Pulp and motor	Gravity pipeline
12		Installation cost ($)	5,000	14,000	5,000	14,000
13		Average annual O&M ($)	10,594	3,178	14,877	4,463
14		Total present value ($):	15,594	17,178	19,877	18,463