SUBJECT: Economic Analysis

REFERENCE: Appendix 9

PREAMBLE: Figure 9-36

QUESTION:

In the shorter horizon analysis how does La Capra deal with residual value of facilities as of the end of the modelling period. For example, for a 25 year scenario, is there an adjustment for the remaining value in facilities left over or existing as at the star of year 26?

RESPONSE:

The LCA analysis does not make any adjustment for residual value when calculating the Cumulative Present Value ("CPV") of the shorter time periods. LCA has attempted to be precise in its wording by differentiating the CPV through 20, 35 and 50 years from the Net Present Value ("NPV") at the end of 78 years since MH analysis was used and MH calculated a salvage or residual value. CPV are informing how projects compare on a present value base up to a certain point in time.