

11-4-2 Sensitivity Analysis; Economic Internal Rate of Return: (EIRR)

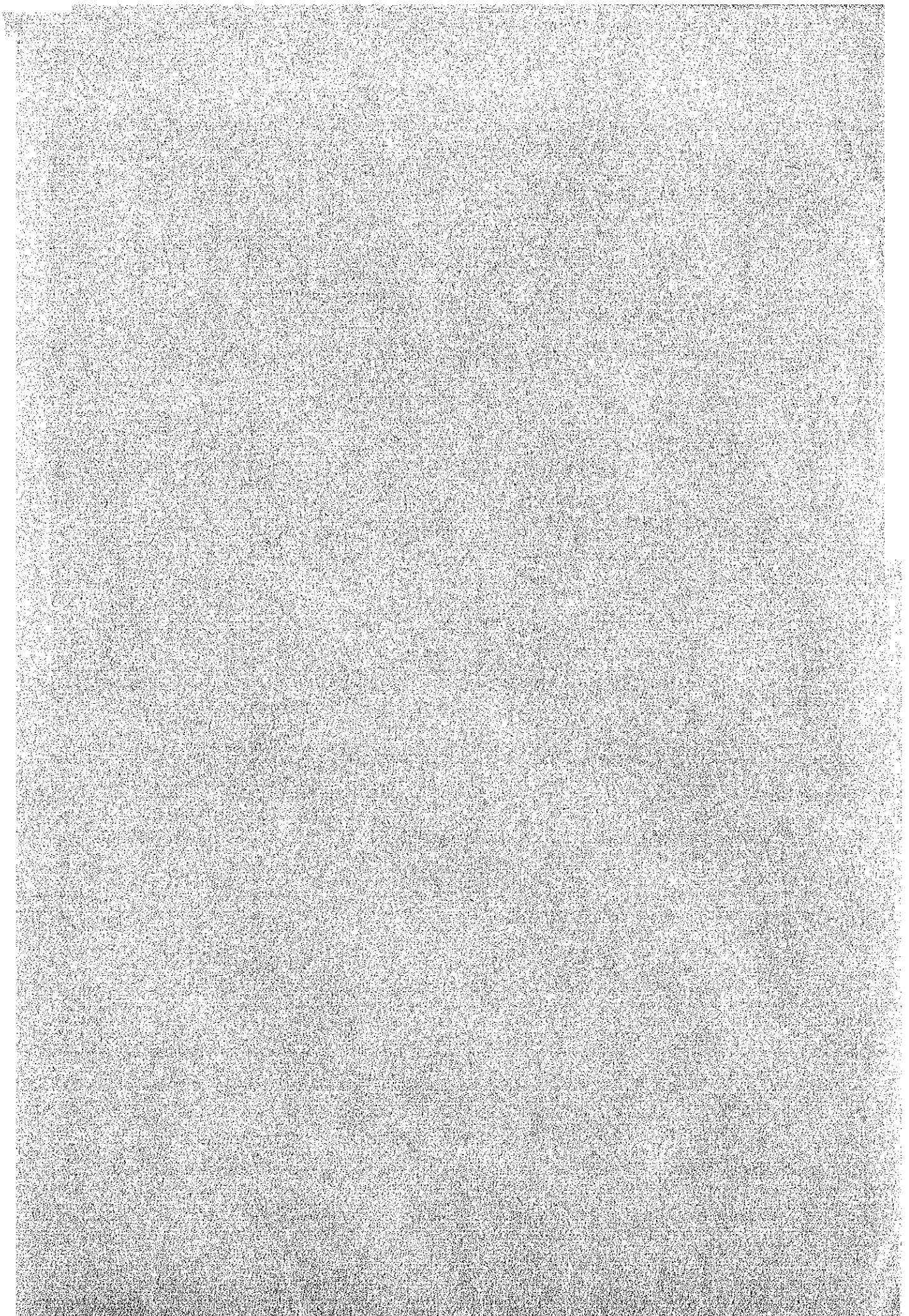
The construction

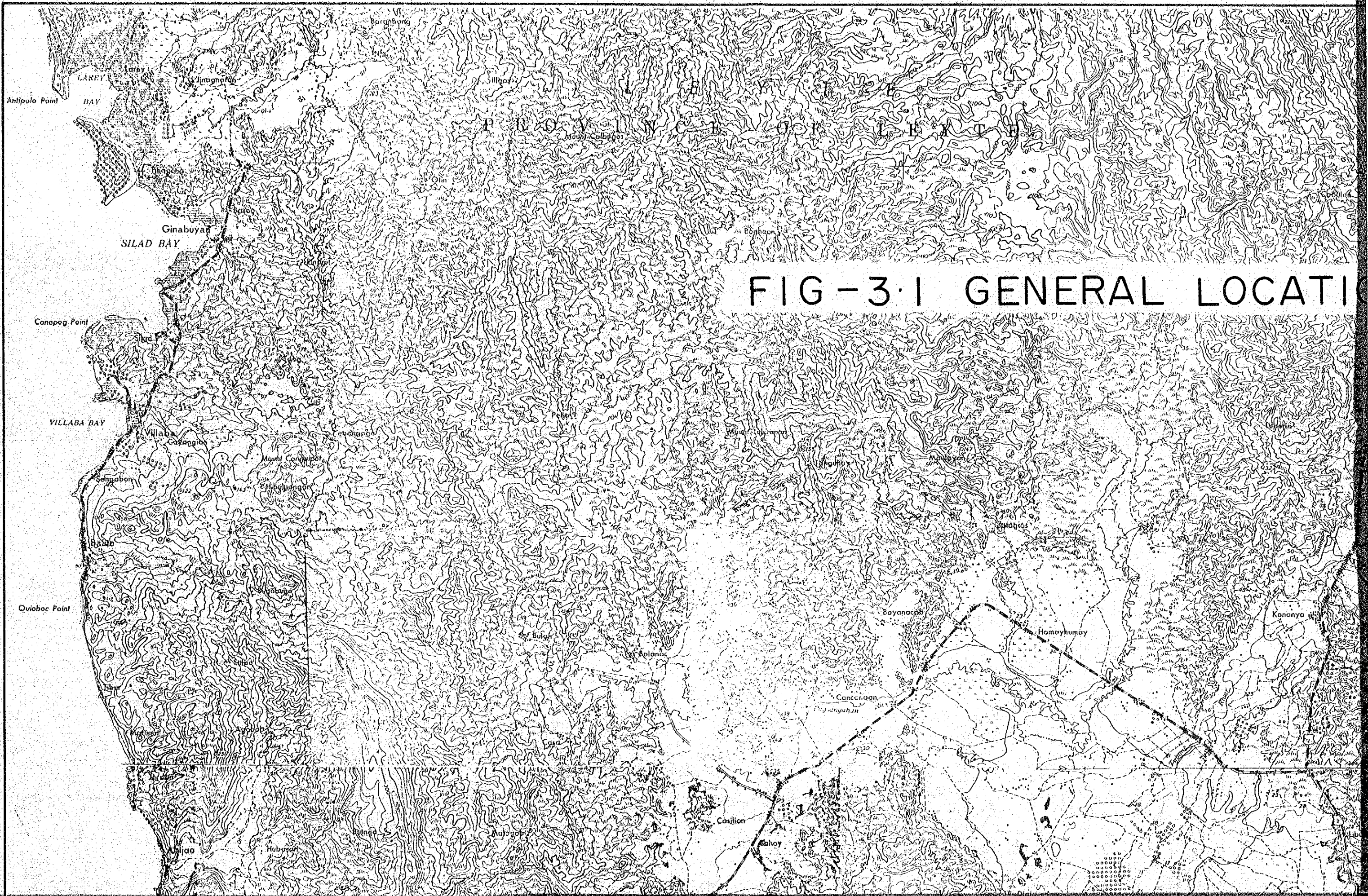
decreased by 10 % to see the effects of such variation on the economic internal rate of return.

As mentioned in the previous chapter, if the construction and replacement costs are changed, the unit price of water would also be altered which would eventually result in the change of consumer surplus. However, in projecting the consumer surplus, the difference between the total average unit price of water and the unit price of the various types of water supplied have been taken into consideration together with the balance of operating revenues and expenditures for 21 years. In conclusion, it appears that change in costs of construction and replacement do not cause any difference in unit prices. Consequently, it seems that economic consumer surplus is independent from the cost changes.

Cost changes primarily affect the cumulative effects on the industries which were discussed in this chapter, Section 2-2.

The following table 11-12 summarized the economic benefits, economic costs and the net economic benefits.





GENERAL LOCATION MAP

