Env. Economy - Part III

1. Both Value of Present Computer = 
   \[ \frac{280000 - 0}{10} = 28000 \]
   Depreciation

   BV = 280000 - 4(28000) = 168000

   New Value = 95000

   Compare bonus on move cost to use Existing System

   \[ \text{EAC} = 95000 \left( \frac{1}{p} - 15 \right) + 75000 = 185099 \]

   New System

   \[ \text{EAC} = 30000 \left( \frac{1}{p} - 15 \right) - 50000 \left( \frac{1}{p} - 15 \right) + 25000 = 98550 \]

2. 1000 - 3400\left( \frac{1}{p} - 18 - 3 \right) = 681

   2200 - 6500\left( \frac{1}{p} - 8 - 3 \right) = 952

3. Out sourcing Cost

   Drilling = 1200000 \times 25 = 3000 \times 250 = 2500

   \[ \text{Combined Drilling and Cutting} \]