

APPENDIX I

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5. The Atomic Energy Commission stated that in its "reactor development studies, discount rates of 6 to 7 percent are illustrative of those used by investor-owned utilities. (Companion studies employ appropriate discount rates based on data from the Federal Power Commission applicable to public power systems.)" The 5 and 9 percent rates were used to determine the sensitivity of the reference value of 7 percent.
6. The Department of Defense stated that all the programs to which it applied the 10 percent discount rate were related to its military construction program. The discount rate was selected "to reflect the amount of time preference for current versus future money sacrifices that the public exhibits in nongovernmental transactions. The 10 percent rate is considered to be the most representative point within a range of plausible rates obtained from considering this public time preference."
7. The Agency for International Development stated that the cost of its Afghanistan power plant project was discounted at 8 percent, assumed to be the opportunity cost of money in that country. Benefits were not discounted since "it is assumed that the expected demand for power must be met." The computations were for a useful life of 39 years.
8. The Agency for International Development (AID) stated that the three Latin American roads projects were discounted for 20 years at the rates shown in the rate column of appendix I. Latin American roads projects, in general, are discounted to present value by AID at the opportunity cost of long-term capital "usually placed upwards of 8 percent and possibly ranging to 16 percent in some Latin American countries." AID analysts also compute the internal rate of return of such projects. The internal rate of return is described in note 3.
9. The Department of the Interior stated that no uniform or single discount rate had been applied in its major analyses outside the water and land resource area. The