selection of the discount rate generally had been left to the judgment of the analyst. But 6 percent, after taxes, is "considered to be representative of utility-type program in which risk is relatively low; 12 percent presumed to be representative of average capital returns in the private sector, etc." The time frame for analysis is varied from a long-term useful life concept to shorter periods of 20 years or less for programs oriented to the private sector or to short-term objectives. In the mineral resource area, the Department's general approach is to identify and compare internal rates of return as a means for ranking or establishing program priorities. The internal rate of return is described in note 3.

10. The Department of the Interior stated that in its aquatic resources programs "Alternative program levels and mixes were subjected to benefit-cost analysis using discount rates of 3-1/8 and 6 percent against benefit flows over 5, 10, and 15-year periods."

11. The Department of the Interior stated that, in its Indian-reservation resources development programs, comparative analyses of alternative programs "(irrigation, range development for livestock, dry-farming, timber production and industrial development) were based on an interest rate of 3-1/8 percent; however, the periods of analysis necessarily varied because of distinct program characteristics." This discount rate was selected in accordance with Senate Document 97 since the programs were related to water and land resources.

12. The Department of Health, Education, and Welfare stated that "We feel that discounting a future stream of dollars to present value is helpful, but we are uncertain what rate to set. We (use) several to see whether the difference is critical, for the specific purpose of the study. If it does not seriously disturb relative rankings we note this. If it does have a significant effect, we wish to inform the reader of the study of this."