

10% discount rate has been used which would tend to minimize the long-term benefits. This differs substantially from the discount rate of 5-1/8 % used throughout conventional water resources project evaluation computations.

In all studies involving projections into the future there are elements of uncertainty. In examining the costs and benefits of the recommended desalting program, the uncertain elements include the future population of this country and the consequent demand for water, the cost of steam and electric power in the future, the rate at which improvements in desalting technology will come and the ways in which desalted water will be used. Consideration of the effect of these and other uncertainties means that the probable costs and benefits of the Federal desalting program will vary from the estimated values. Even under more realistic but pessimistic circumstances than used in the basic study it is estimated that the discounted benefits of the program are never less than the discounted costs.

Thus on the basis of the above simulation study which accounts for all of the costs of a Federal desalting program but only that part of the benefits that can be readily quantified, the conclusion