

For purposes of estimating benefits and costs, the Corps assumed that the Pembilier Dam would be constructed by 1980 and that the life of the project would be 100 years (ie: 1980-2080). It was also assumed that there would be real growth in both Canada and the United States during the 100 year life of the project which would result in an increase in the potential flood damage, and thus in the benefits from the project.

The final estimates of benefits and costs used by the Corps were for the period 1980-2080, expressed in 1971 prices. Working with the basic estimate of 1964 damage modified by protective measures taken up to 1971, a number of adjustments were necessary to produce the final estimates of benefits. These were as follows:

1. 1971 Average Annual Damage Estimate (1957 Prices)

The basic estimate of damages was adjusted to account for real growth during the period 1957 to 1971. Growth of 14% was assumed for all categories of damages for the 14-year period. Thus the basic damage estimates were increased by a factor of 1.14.

2. 1971 Average Annual Damage Estimate (1971 Prices)

The basic estimate as adjusted in Step 1 was further adjusted to reflect 1971 prices. Three indices drawn from Statistics Canada data were weighted equally to reflect price changes from 1957. These were as follows:

Farm Products:	1971 =	265.4	= 1.242
	1957 =	<u>213.6</u>	
Residential Building Materials	1971 =	144.3	= 1.596
	1957 =	<u>90.4</u>	
Non-Residential Building Materials	1971 =	133.4	= 1.472
	1957 =	<u>90.6</u>	
		<u>4.310</u>	= 1.437
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