

Expected Monetary Value
Three States of Nature

Payoff Table (\$M, NPV)

Demand--> Probability	Low	Moderate	High	total
	0.3	0.5	0.2	
Alternatives: plant size				
small	10	10	10	
medium	7	12	12	
large	-4	2	16	
if certain:				

1

expected Value of Perfect information=
(EVPI)