

Lecture agenda:

→ Previous Lecture

- Rational Decision Making
- Key factor of EE Rational Decision of Markets
- EE Decision
- EE R. Decision Phases

→ Today's Lecture

- Principles of EE
- EE Cost Terminologies

Principle 1: An instant dollar is worth more than a distant dollar.

Principle 2: Only the relative (pair-wise) difference among the considered alternative counts.

Principle 3: Marginal Revenue must exceed Marginal Cost.

Principle 4: Additional risk is not taken without the expected additional return.