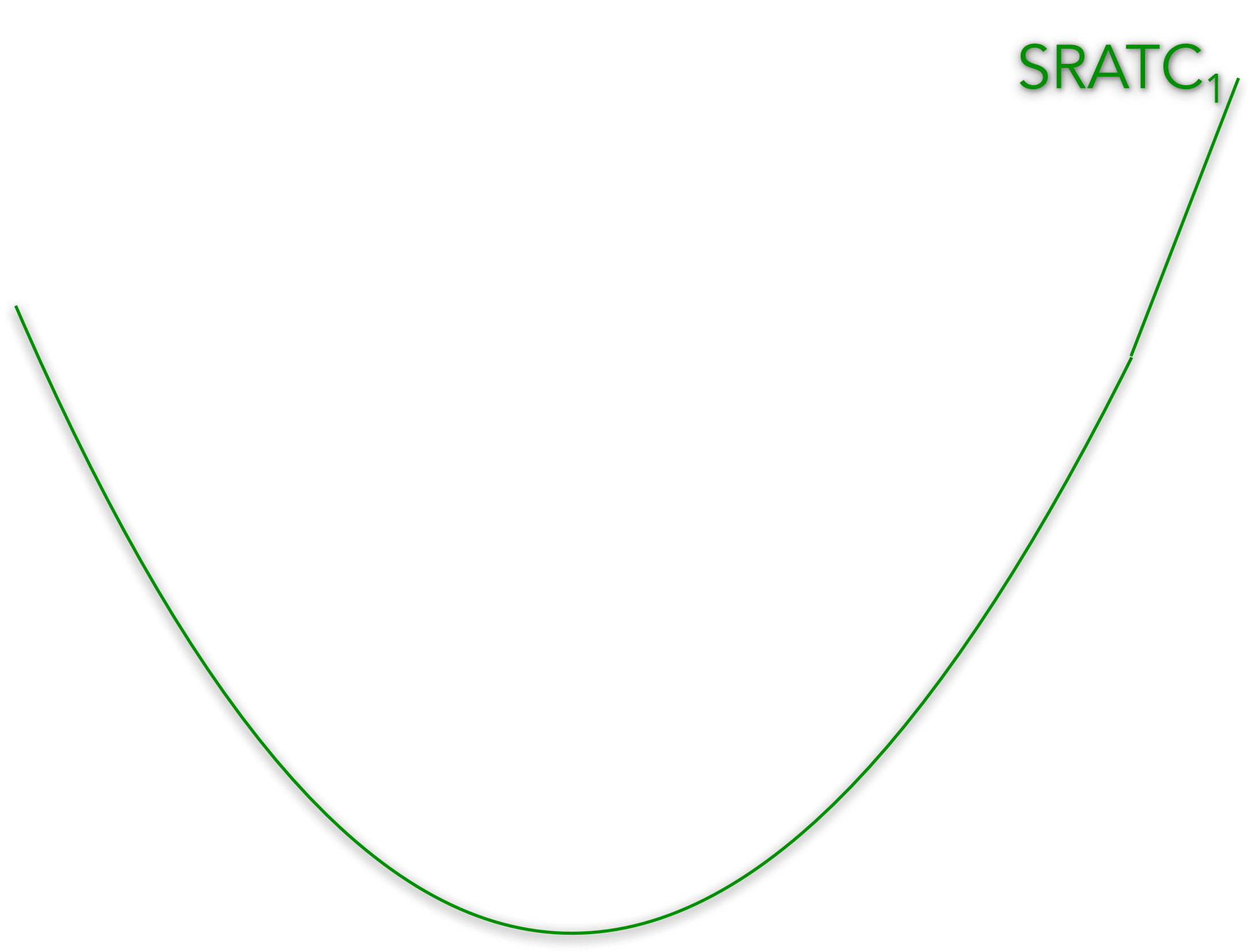
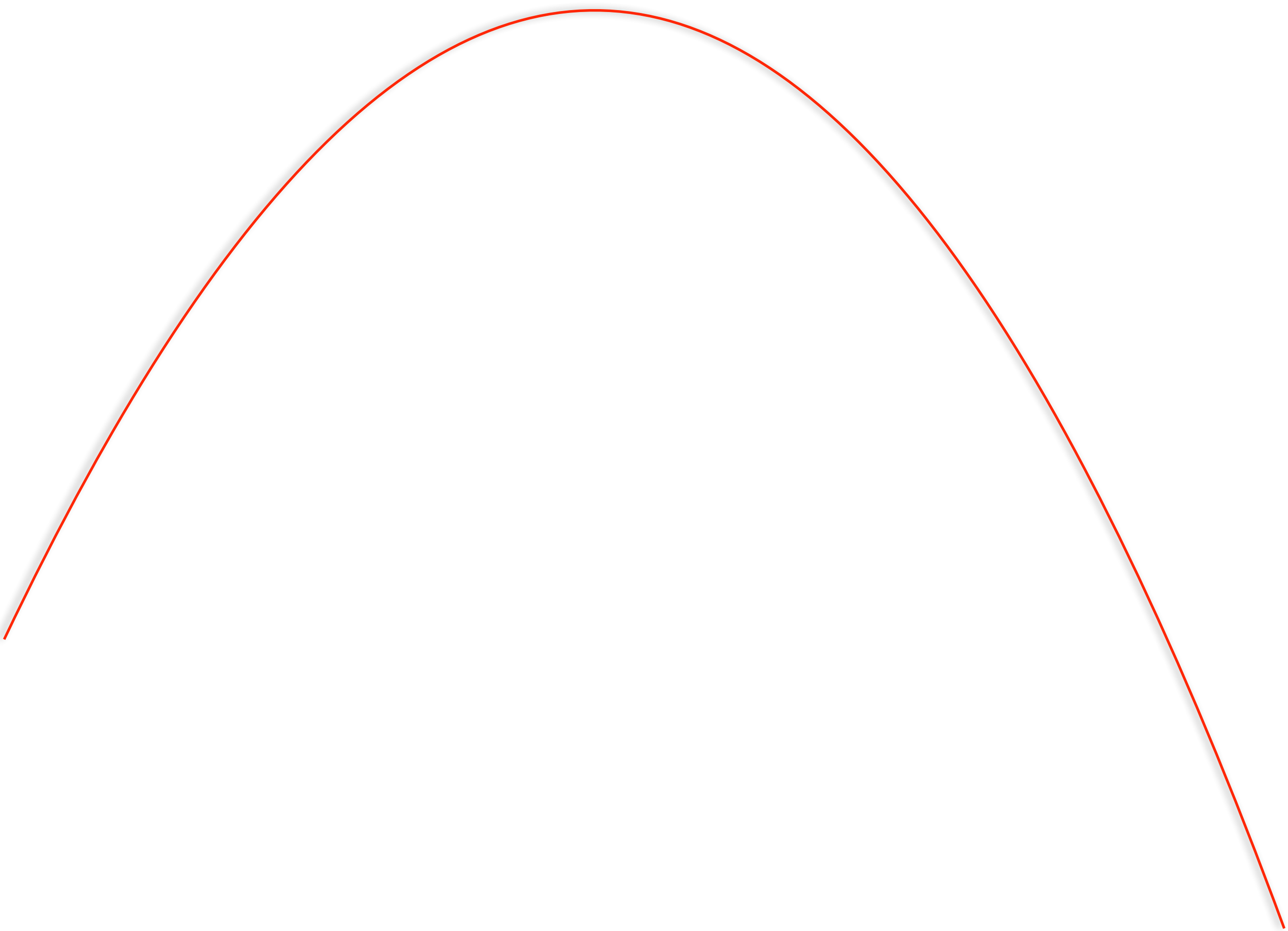
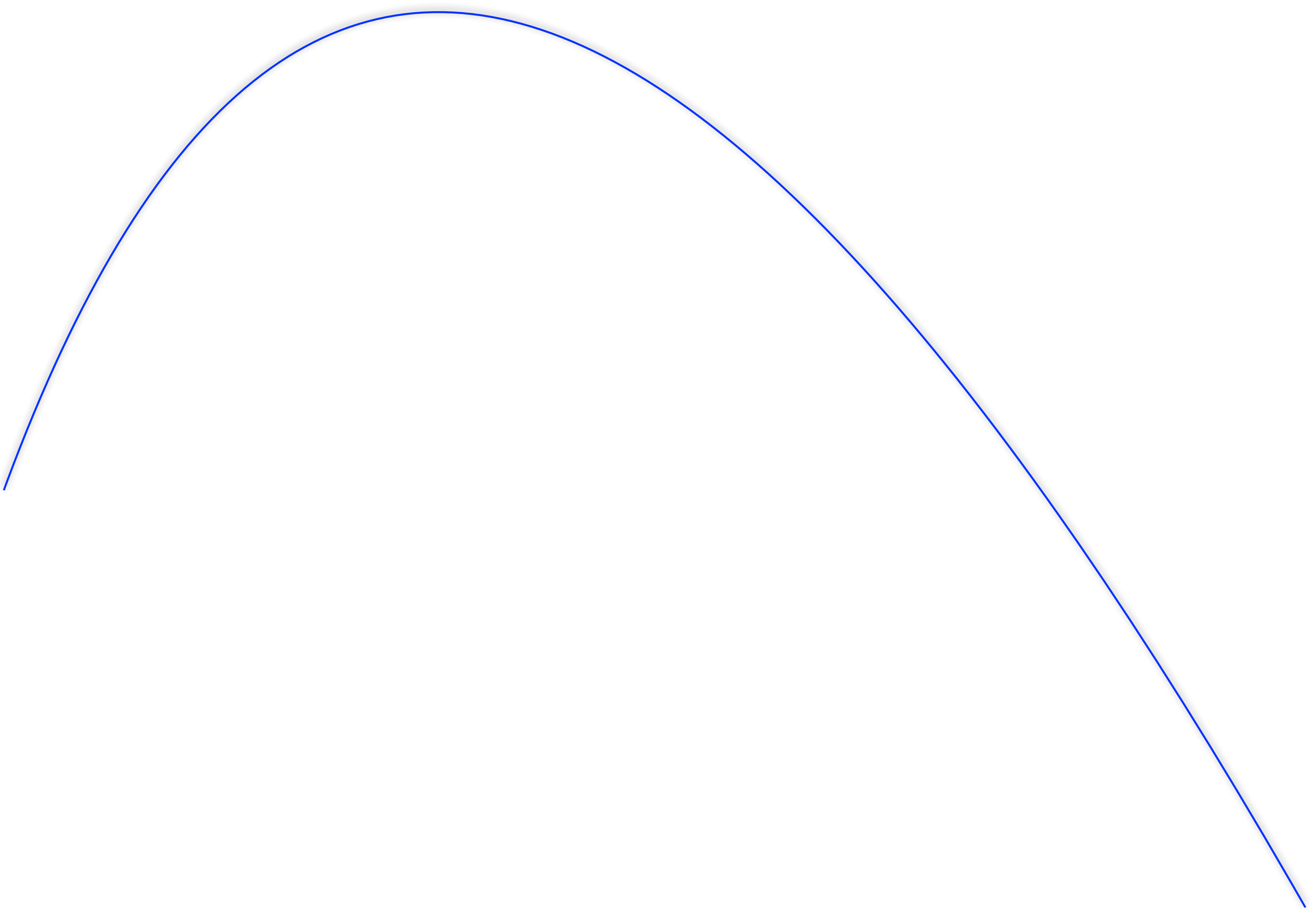

SRATC1

SRATC2

SRATC3

1





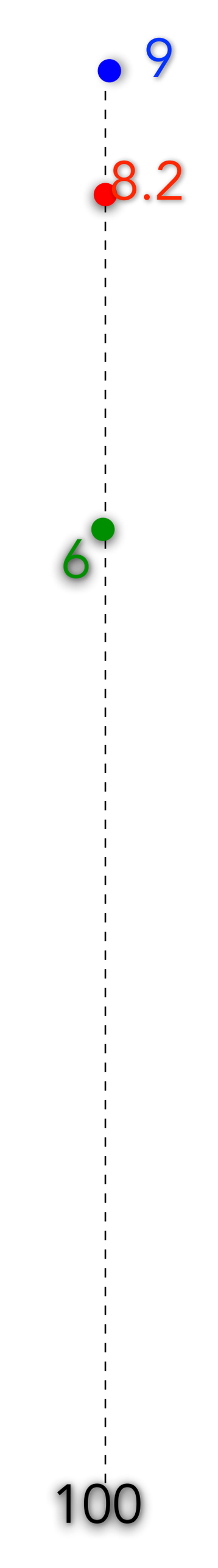
2

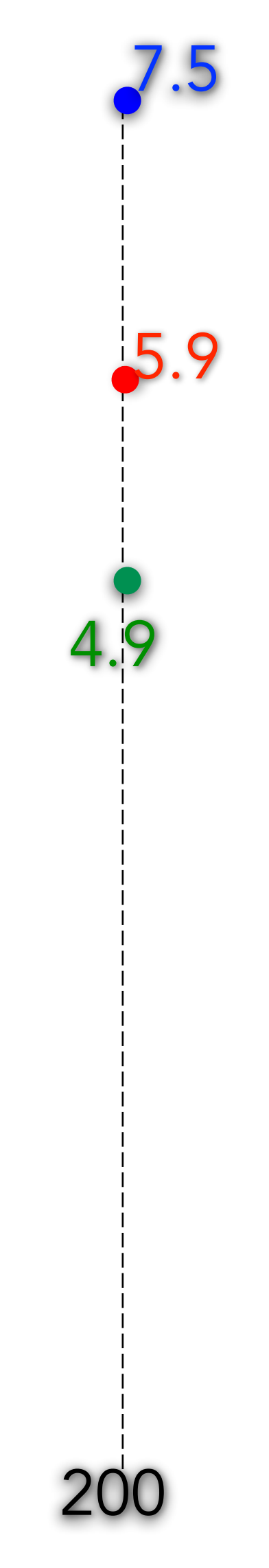
3

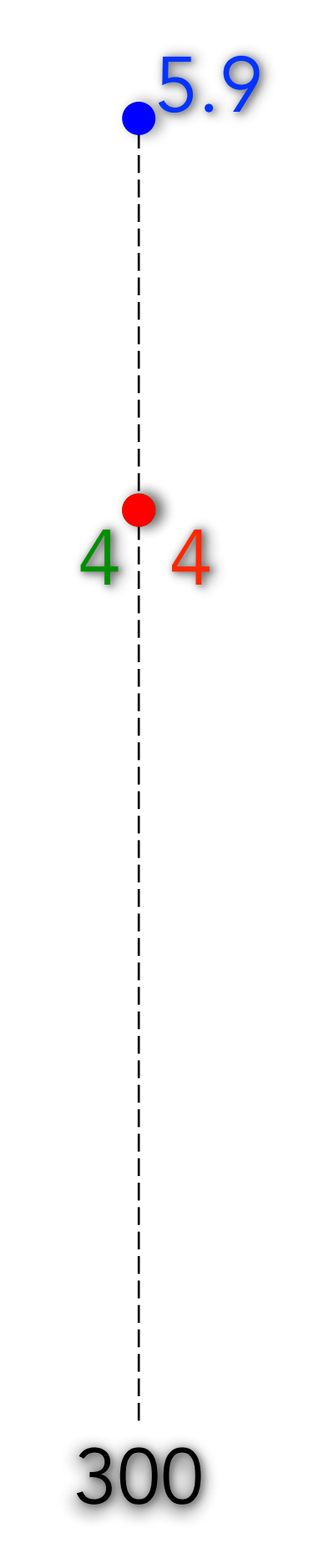
5

7

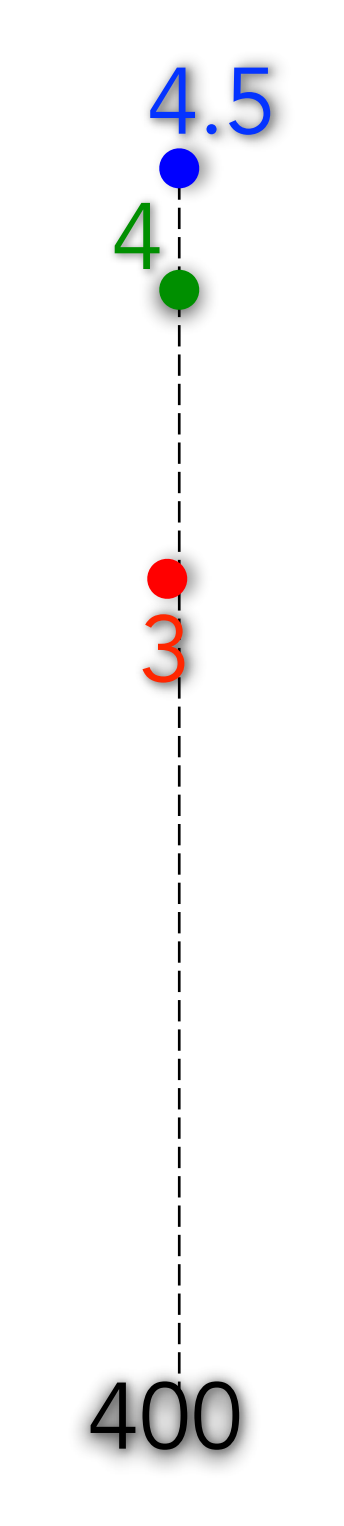
9

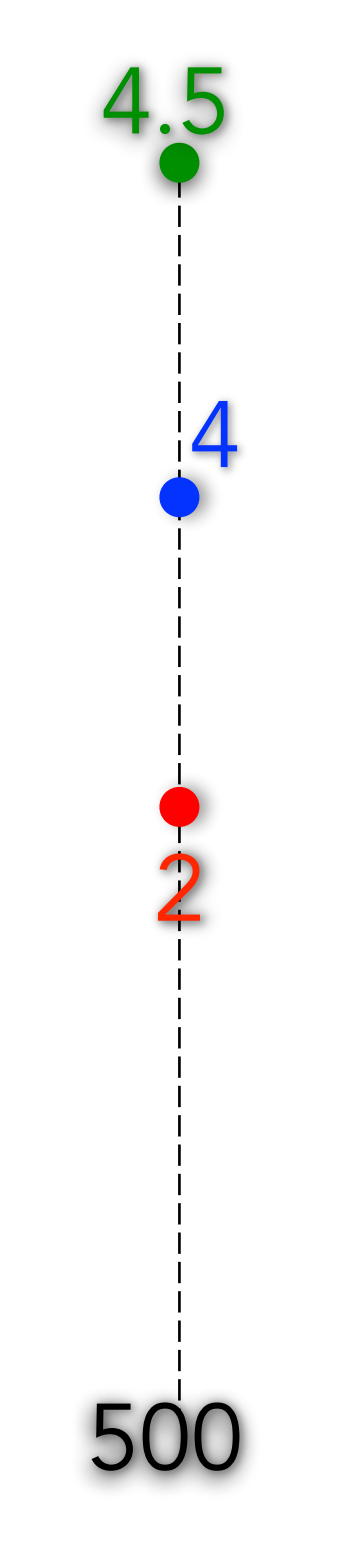

9
8.2
6
100

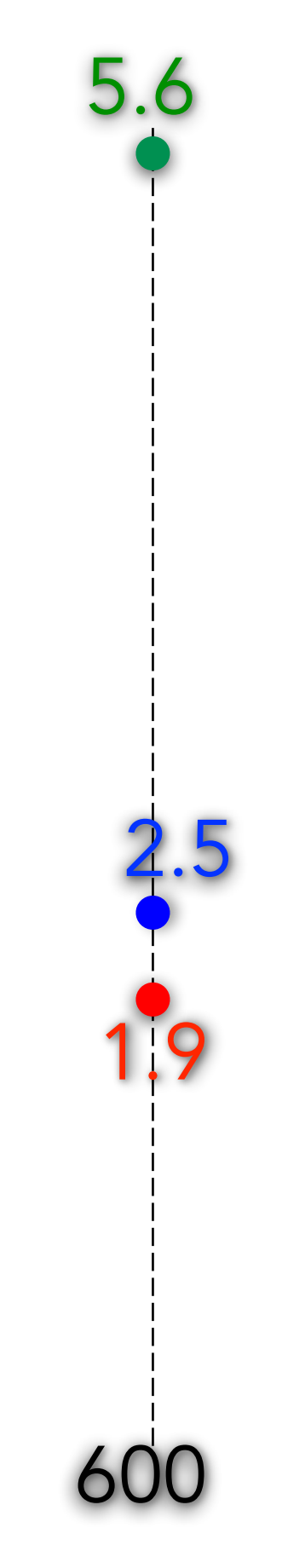

7.5
5.9
4.9
200


5.9
4
4
300

Plant 1 has the lowest ATC up to Q_1


4.5
4
3
400


4.5
4
2
500


5.6
2.5
1.9
600

9.5

2.5

1

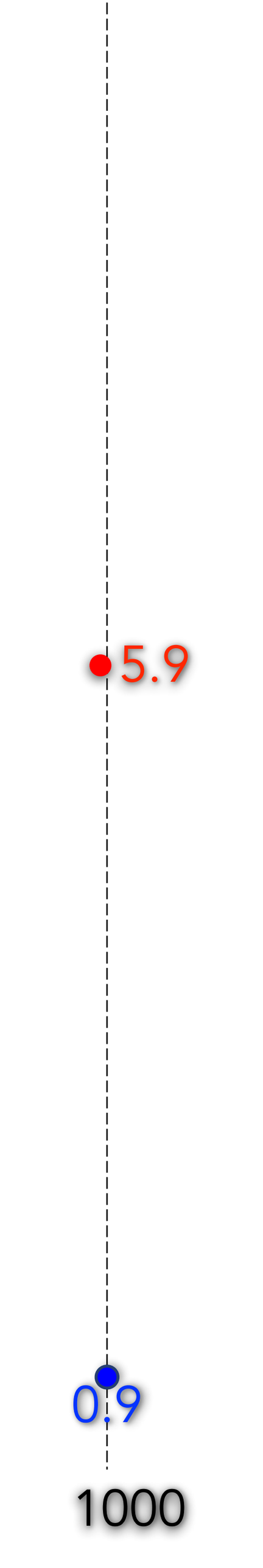
800

Cost with Plant 1 is higher than 10

3.9

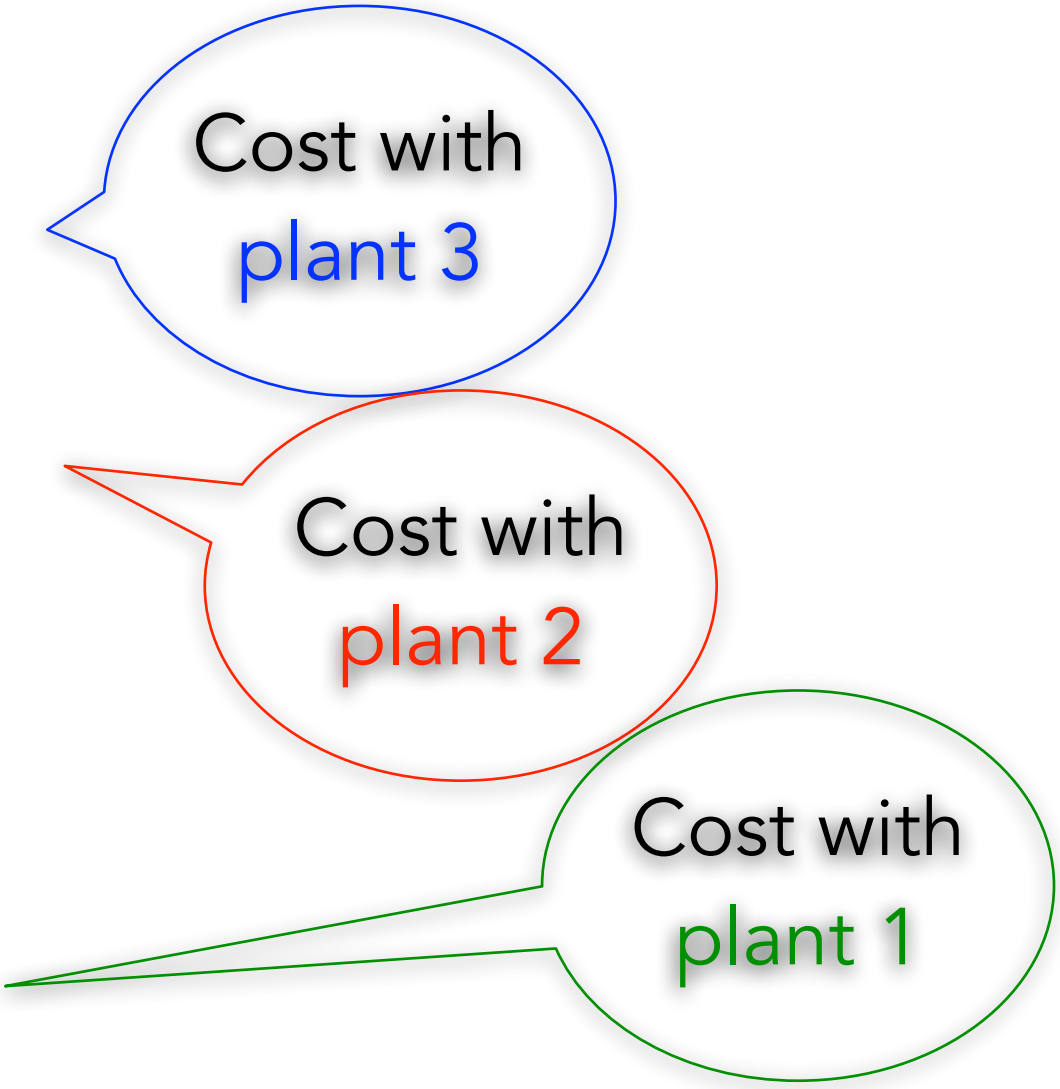
0.9

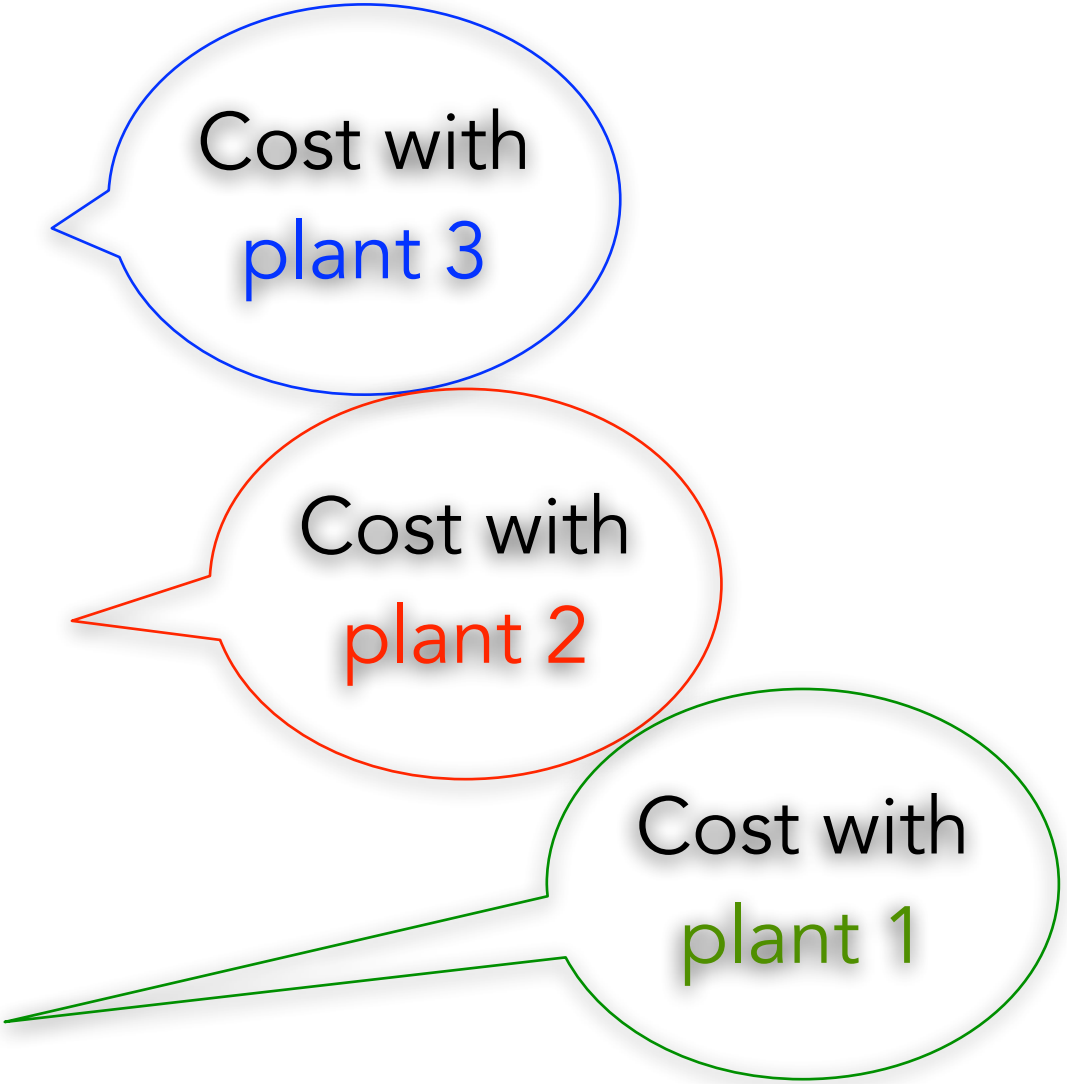
900

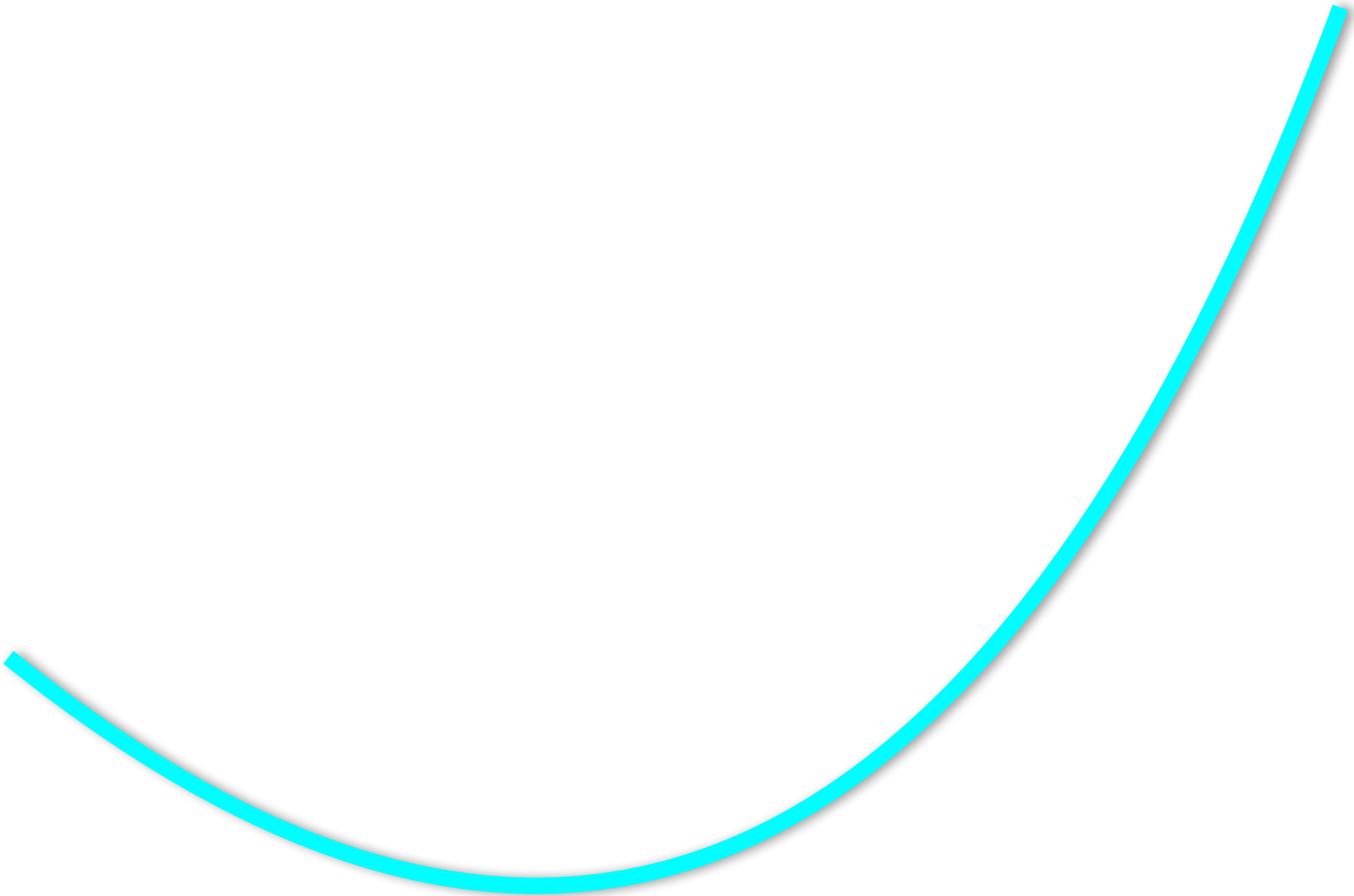

5.9
0.9
1000

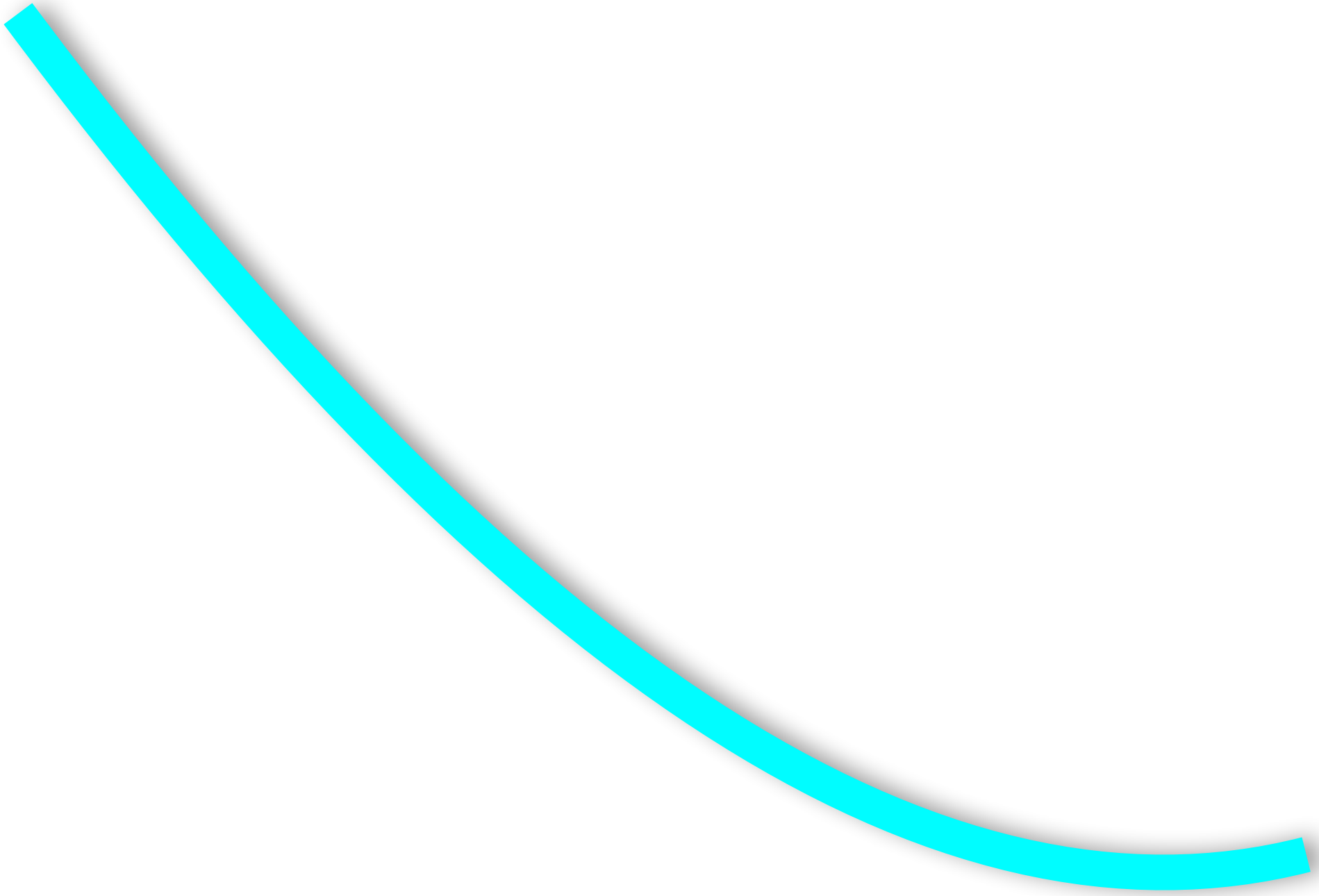
Plant 3 has the lowest ATC above Q_2

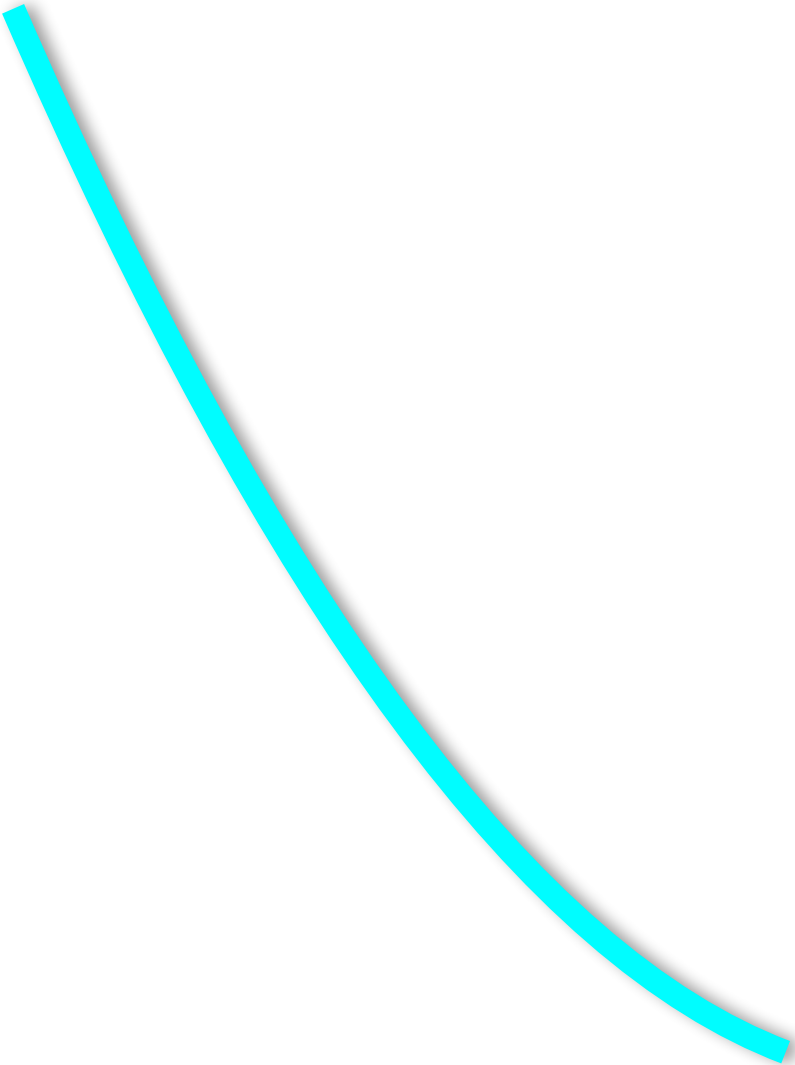
Cost Per Unit

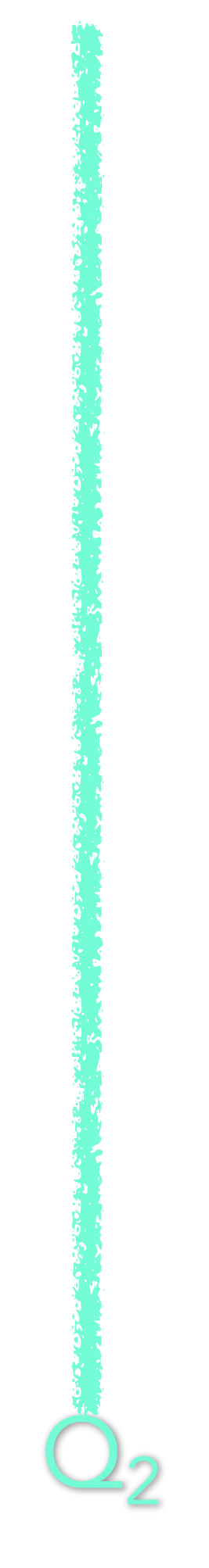

Cost with
plant 3
Cost with
plant 2
Cost with
plant 1


Cost with
plant 3
Cost with
plant 2
Cost with
plant 1

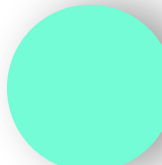


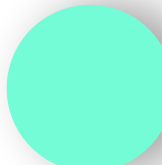





Q2

Plant 2 has the lowest ATC between Q_1 and Q_2





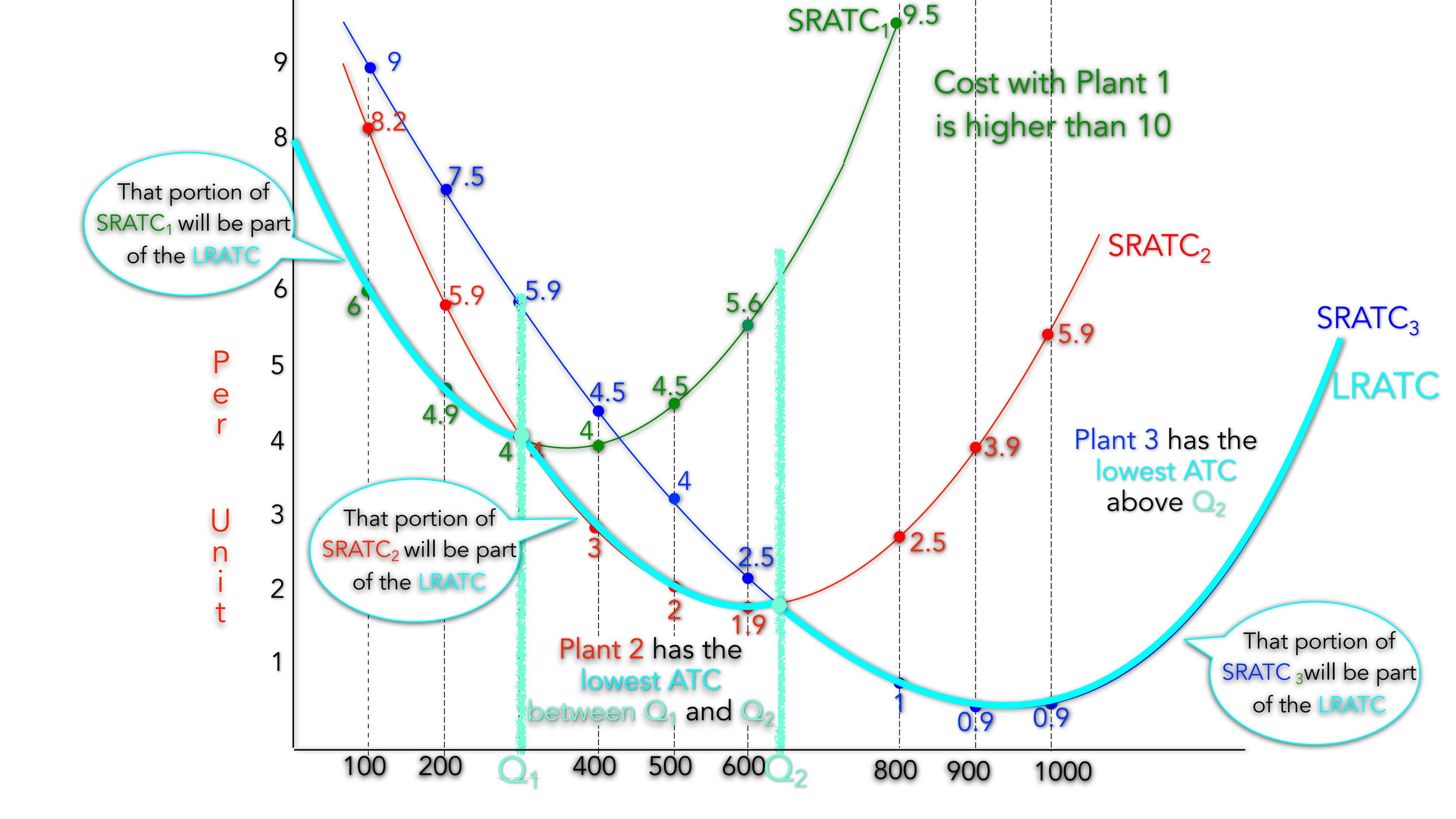
Q1

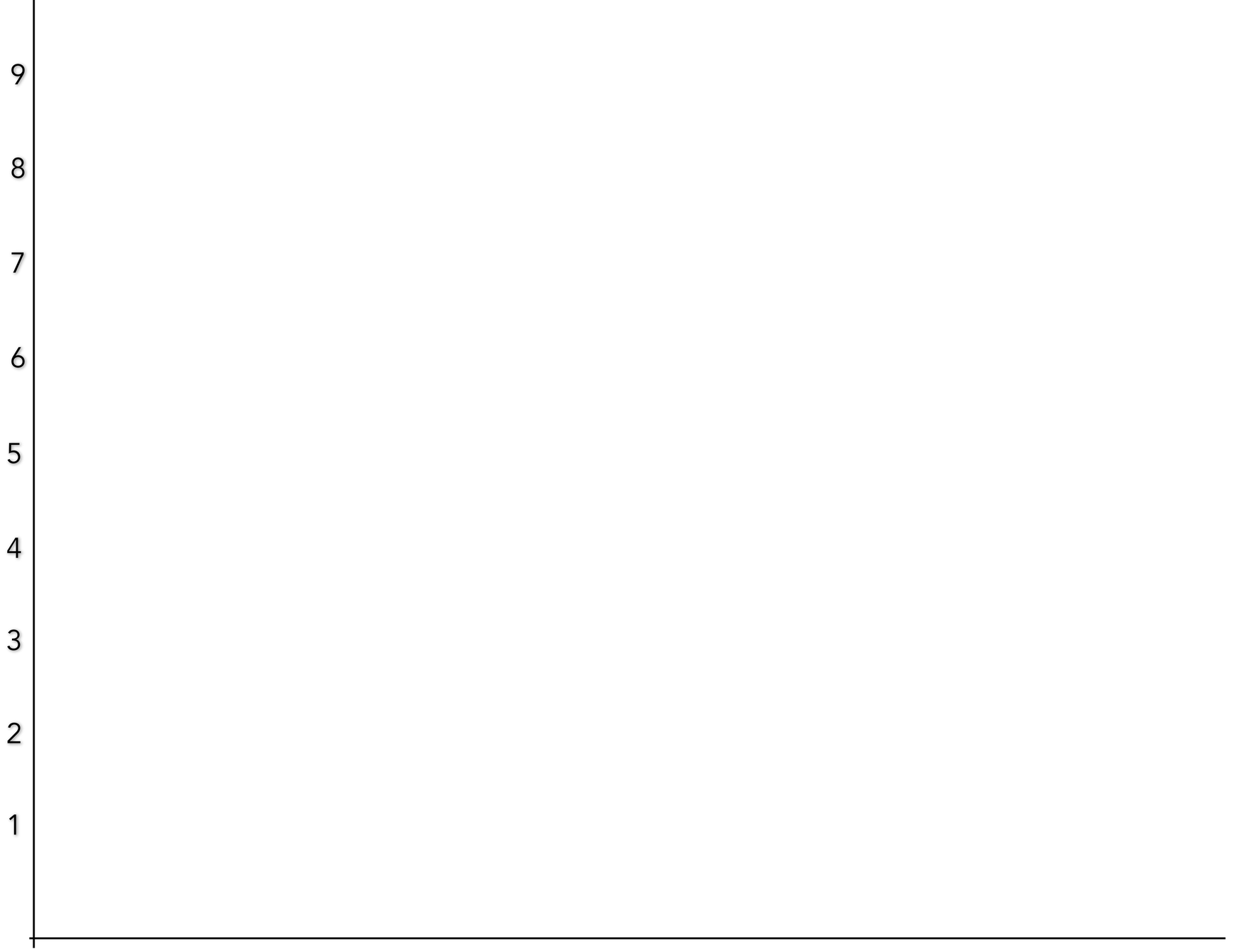
That portion of
SRATC1 will be part
of the LRATC

That portion of $SRATC_2$ will be part of the LRATC

That portion of
SRATC 3 will be part
of the LRATC

LRATC


SRATC1
9.5
Cost with Plant 1
is higher than 10
SRATC2
SRATC3
LRATC
That portion of
SRATC1 will be part
of the LRATC
That portion of
SRATC2 will be part
of the LRATC
That portion of
SRATC 3will be part
of the LRATC
Plant 3 has the
lowest ATC
above Q2
Plant 2 has the
lowest ATC
between Q1 and Q2
Per Unit
9
8
7
6
5
4
3
2
1
100
200
Q1
400
500
600
Q2
800
900
1000
9
8.2
7.5
6
5.9
5.9
5.6
4.9
4.5
4.5
4
4
3
2.5
2
1.9
5.9
3.9
2.5
1
0.9
0.9


9
8
7
6
5
4
3
2
1