C_i

$C_t^1 = C^1$

$S_1 \quad S_2 \quad S_3$

$\{w_1^1, w_2^1, w_3^1\}$

$$p_t^1 = \begin{cases} 0, & w_1 \\ 5, & w_2 \\ 10, & w_3 \end{cases}$$

$$\Pi_1 = \sum^T p_t^1 - T \cdot c_t^1$$

$\Delta \Pi = P_t - C_t$

$E(\Delta \Pi) = E(P_t) - C_t$

goal

$Var(\Delta \Pi) \rightarrow$ min or Power $(E(\Delta \Pi_1) = E(\Delta \Pi_2) = E(\Delta \Pi_3))$

1) choose min δ

2) observe k

3) recalculate $\delta_{1,\dots,3}$

4) if $\hat{E}(\Delta u_i)$ is small

or $E(\Delta \hat{\delta})$ is small

$E(\Delta u_1) = \sum p_i u_i$

$E(\Delta u_1) = \sum \hat{p}_i u_i < E(\Delta u^{NEW}) = \sum \hat{p}_i^{NEW} u_i$

↓

Prior or driven from $S_1 - S_3$