The LJB Company must replace a freezer and is trying to decide between the following two alternatives:

|  |  |  |
| --- | --- | --- |
|  | Freezer A | Freezer B |
| Investment Required  | $29,000 | $25,000 |
| Annual electric bill | 3,000 | 4,000 |
| Salvage value | 6,000 | 5,000 |
|  |  |  |
| Project life | 11 years | 11 years |

The LJB Company’s cost of capital is 8%.

Which investment provides LJB with the lowest total cost?