**PLEASE SHOW ALL WORK AND FORMULAS**

6. Your company is considering converting its heating system in the main office from coal to heating oil. The initial cost of removing the coal fired furnace and installing an new oil fired unit is $60,000. The life of the analysis is 7 years. In the past you spent $25,000 per year on coal. The new company says you will spend no more than $15,000 per year on heating oil. If your required return is 12 percent, should you make this investment? Please calculate the net present value of this project.