Question #289
Answer: E

t-th year	$_{t-1}V$	P	E	I	EDB	E_tV	Pr	$_{t-1}p_x$	Π
0*	0	0	1000	0	0	0	-1000	1.000	-1000.0
1	0	14500	100	864	14000	690.2	573.8	1.000	573.8
2	700	14500	100	906	15000	689.5	316.5	0.986	312.1
3	700	14500	100	906	16000	0	6	0.971	5.8

$NPV = -1000 + 573.8v + 312.1v^2 + 5.8v^3 = -216.08$ using a 10% discount rate.

*The 1000 at time 0 is neither accumulated nor discounted. The value is treated as occurring at the end of time 0 and not as occurring at the beginning of year 1.