

2. If full operation of any storage is not commenced within the time specified in Article IV, the amount set forth in paragraph (1) of this Article with respect to that storage shall be reduced as follows:

- (a) under paragraph (1)(a), 4,500 dollars for each month beyond the required time,
- (b) under paragraph (1)(b), 192,100 dollars for each month beyond the required time, and
- (c) under paragraph (1)(c), 40,800 dollars for each month beyond the required time.

3. For the flood control provided by Canada under Article IV (2)(b) the United States of America shall pay Canada in United States funds in respect only of each of the first four flood periods for which a call is made 1,875,000 dollars and shall deliver to Canada in respect of each and every call made, electric power equal to the hydroelectric power lost by Canada as a result of operating the storage to meet the flood control need for which the call was made, delivery to be made when the loss of hydroelectric power occurs.

4. For each flood period for which flood control is provided by Canada under Article IV (3) the United States of America shall pay Canada in United States funds:

- (a) the operating cost incurred by Canada in providing the flood control, and
- (b) compensation for the economic loss to Canada arising directly from Canada foregoing alternative uses of the storage used to provide the flood control.

5. Canada may elect to receive in electric power, the whole or any portion of the compensation under paragraph (4)(b) representing loss of hydroelectric power to Canada.

ARTICLE VII

Determination of Downstream Power Benefits

1. The downstream power benefits shall be the difference in the hydroelectric power capable of being generated in the United States of America with and without the use of Canadian storage, determined in advance, and is referred to in the Treaty as the downstream power benefits.

2. For the purpose of determining the downstream power benefits:

- (a) the principles and procedures set out in Annex B shall be used and followed;
- (b) the Canadian storage shall be considered as next added to 13,000,000 acre-feet of the usable storage listed in Column 4 of the table in Annex B;
- (c) the hydroelectric facilities included in the base system shall be considered as being operated to make the most effective use for hydroelectric power generation of the improvement in stream flow resulting from operation of the Canadian storage.

3. The downstream power benefits to which Canada is entitled shall be delivered as follows:

- (a) dependable hydroelectric capacity as scheduled by the Canadian entity, and