

As regards the last sentence of your Para 5, may I say I do recall the opinion you attribute to me as having been expressed to the External Affairs Committee in respect to the rejection of Libby. The government to which I referred as responsible was the Government of Canada.

In your Para 6, you refer to the question of "Canada's ability to control the operation of the Treaty storages in a way which will safeguard generation in Canada"; also to Montreal Engineering, Caseco Consultants, and Gibb and Merz and McLellan, as supporting the Treaty in this respect.

The actual wording of the Montreal Engineering report in this connection is, "The estimated annual generation has been assumed to be fully usable to meet power requirements in B. C. It is thought that the provisions contained in the Treaty for changing the operation of the Mica Creek storage after the installation of at-site generating facilities, and the availability of the Arrow Lakes reservoir for release ahead of Mica, warrant this assumption. Studies should be made to confirm this assumption at the first opportunity." This report clearly expresses anxiety on the matter.

I have never seen the Caseco Report but I have understood that it too had been directed by order of the B.C. Government to the Treaty projects. I will comment on the opinion expressed in the Gibb Report in my reply to your Para 8.

In regard to your Para 8, in the quotation please note the words "except for three months". As was pointed out in the IJC Principles report, in Canada we will be concerned for a very long time into the future to use our own hydro-electric resources to supply firm power to our loads.

Firm power is power which is completely assured and the amount which can be contracted to be sold is fixed by the minimum dependable generation in a representative critical period of low flows. Please see the definition of prime power in Appendix 4 of the Gibb Report which is a fair statement. The dire effect of the Treaty is increased by the exception which Gibb has stated will apply during three months.

Under Annex A, Para (7), Regulation for optimum system benefits, this effect has been stated by the Chairman, B. C. Power Commission (Keenleyside) to result in a decrease in average annual production suitable for the Canadian load from Mica (including I think Downey and Revelstoke Canyon) from "1,000 MW to 100 or 200 MW".

This information was given under oath but it may seem extravagant. However for comparison I would mention that the effect produced at Waneta by U. S. control of the storage upstream on the Pend d'Oreille for refill of Hungry Horse is a reduction in capacity during the late summer from 4 units to 1 unit, that is, a reduction by 75% in the amount of firm power deliverable to the Canadian load.

In regard to your Para 9, I note the extract from Page 4, Para 3 of the Gibb Company's letter of transmittal.

By Annex A, Para (7) of the Treaty, the Canadian storages are to be operated "to achieve optimum power generation at site in Canada and downstream in Canada and the United States". This applies to all the Canadian storages provided in the Treaty and there is no exception to permit Mica to be operated one way for Canadian benefits and High Arrow in another for U. S. benefits, unless, under Para (8), Canada makes up the total deficiency to the United States. This may be large because of the fundamental difference in national purpose when thermal comes to predominate in the U. S. system.

I am surprised that the Gibb Company in their covering letter have not mentioned this defect in the Treaty, but I observe, in re-reading their report, that many unresolved doubts have been expressed and more particularly that they have not insisted that detailed studies on