

If any adjustments to the results of this procedure are desired by the U. S., they can be arranged for in the "interconnection agreement" provided for in Annex A (7), it being understood, of course, that Canada will be compensated for any loss and receive a half share of the net benefits which result.

I note also in the Montreal Engineering Company letter of 7 December 61 the increasing difficulties which will result from the reduction in the volume of Canadian storage if High Arrow is abandoned. Such a probable eventuality emphasizing the need to return to Sequence IXa with its greatly increased flexibility because of the Dorr-Bull River-Luxor storage being available upstream from Mica in addition to Murphy Creek below and the additional storage on Kootenay Lake as well as Duncan. This arrangement dispenses with Libby and still provides all the stated U. S. requirements for regulation for power and for primary flood control.

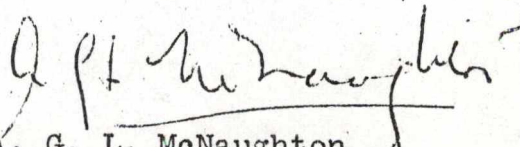
I would hope you would cause a computer study of this plan also to be carried out.

I note the reference, in Para 2 of the Montreal Engineering Company letter of 7 December 61, to certain curves showing the relation of downstream benefits to total Canadian storage volume. It is clear that the opinions expressed by Montreal Engineering depend in large measure on these curves and on this account I would be interested to examine them.

May I mention that similar studies were originally developed at my instance in the first IJC work group and I was never satisfied with the information provided by the U. S. Army Engineers. Similar errors continue to be present in the publications of Krutilla, which minimize the credits to Canada.

If you have no objection, I propose to retain the Crippen Wright Report for further study and will then return it to you.

Yours very sincerely,

  
A. G. L. McNaughton