

no hardship on the United States and could not be considered unfair, because Canada cannot be reasonably expected to develop power before it is in a position to utilize it, and, additionally, because the total cost to the United States of developing fully its own 756,000 horse-power and of providing all structures which will be availed of later by Canada will work out at a very reasonable capital cost per horse-power and would enable the United States to secure its share of the hydro-electric energy under very favourable conditions.

(b) In the Soulanges Section:—

1. Through the second stage of development 500,000 horse-power less 12,000 horse-power placed out of commission, at a cost of \$37,000,000, which works out to about \$76 per horse-power capital value, a very profitable and valuable asset.

2. Through the third stage of development, 974,000 horse-power less about 230,000 horse-power put out of commission, representing a net amount of about 744,000 horse-power, estimated to cost \$64,000,000, being \$86 per horse-power capital cost, again a very valuable asset.

(c) In the Lachine Section:—

1. Through the first stage development, 391,000 horse-power at an estimated cost of \$81,247,000, which would represent \$210 capital cost per horse-power.

2. Through the second stage development, 422,000 horse-power less about 12,000 horse-power put out of commission, leaving a net amount of 410,000 horse-power estimated to cost \$42,000,000 being about \$100 capital cost per horse-power.

It seems evident that in this section the first and second stages of development should be considered together, giving a total of 810,000 horse-power at an average cost of about \$154 capital value per horse-power. Power development in this section should await conditions which would render this expenditure profitable. The relatively higher cost per horse-power in this section would be partly compensated by its proximity to a large industrial centre, Montreal.

CONSTRUCTION AND OPERATING FEATURES

15. The work connected with the carrying out of the projected improvements for navigation (with power incidentally developed thereby) situated in Canadian territory, which of course includes the Welland Canal, should be placed or left under the direction and control of the Government of Canada or of a Canadian Board or Agency.

16. Work in United States territory, such as the Sault Ste. Marie and International rapids locks and canals, should be placed or left under the direction and control of the Government of the United States or of a United States Board or Agency.

17. Work in the international channels and sections should be placed under the direction and control of an international Board or Agency, upon which Canada and the United States would have equal representation.

18. The operation and maintenance of the various navigation improvements lying wholly in one country should be placed in charge of the country in which the same are situated.

19. As regards the power developed incidentally to the improvements to navigation in the International rapids sections, it would seem desirable to have each country operate its power works but should this be found impracticable, then same should be placed under the control and direction of an international board upon which Canada would have equal representation with the United States.