

While the argument has been made that the United States system, because of its size, will be in a position to dictate the best United States-Canada system operation; this is not correct. The opposite is closer to the truth. It is not the size of the system which determines the best use of the storage but the dependence of the system on that storage. Mica creek for example, is completely dependant upon a very specific type of operation of its storage to produce maximum at site power. Any deviation from this specific operation will result in a considerable reduction in power at Mica as well as the downstream plants of Downie creek and Revelstoke canyon which are also completely dependant upon that one source of storage. Grand Coulee, however, will have seven storages from which to draw (nine counting Arrow lakes and Duncan) before it is dependant upon storage from Mica. This hydraulic flexibility plus flexibility through electrical co-ordination with the whole Pacific northwest area and now (through article 7(3) with any co-ordinated system, means that the United States system can adjust readily and with very little reduction in power to a change in Canadian storage operation.

Studies which will be presented at the external affairs hearings on this subject will be of interest to you.

With regard to the statement made in your attachment concerning the Sir Alexander Gibb report, I would like to bring to your attention that the 150,000 kw of peaking capacity and 25,000 kw of average energy quoted in the Gibb report was the extent of conflict between operation for maximum Canadian power and maximum downstream benefits. Canada does not have to operate for maximum downstream benefits but rather for maximum system power, United States plus Canadian. The Gibb report erred when they suggested Canada would have to make up the reduction in downstream benefits noted.

One further point is that any penalty to Canada brought about by conflict in operation would not reduce Mica's at site potential but would be deducted from Canada's share of the downstream benefits. Even if the penalties suggested were valid, and I assure you they are not, the reduction in our downstream capacity benefits in 1975 would be about 10 per cent and 3 per cent in our capacity and energy respectively at that same point in time.

Article 7(1):

The suggestion made in your comment in this article is not valid as it would result in losses of power at Mica, Downie creek and Revelstoke canyon which would not be compensated for by increased power in the United States system when alternative methods of operating that system are considered. The intent of the treaty that maximum United States-Canadian generation be achieved would therefore not be met and the operation pattern would be invalid.

Mr. HERRIDGE: Now, what are your comments?

Mr. TURNER: Have you got the covering letter that the minister wrote?

Mr. BARTHOLOMEW: I think this is the only letter we have.

Mr. TURNER: May I read the covering letter because I think it is relevant to this? It is short, only about three paragraphs.

The CHAIRMAN: Perhaps you will be good enough to give it to the witness and have him read it so that the record is complete at this time.

Mr. TURNER: Very well.