

Canadian storage; as the system becomes more flexible, it is less likely that the co-ordinated operations of Libby will reduce the potential benefits to the United States.

My comments on that, sir, are that we are here making assumptions which could have been completely clarified in the treaty or the protocol. I feel convinced it is merely because we did not have the writing of it that we find them missing. The Hon. Paul Martin does point out correctly that Kootenay lake can do some re-regulating more or less on a daily basis, but if the condition arose that they wanted to hold back Kootenay until late in the season, or Libby, or release it early, there is nothing we can do to avoid it.

I do not think we can safely make any assumption how a big system like this is going to operate, particularly after it is interconnected with California. You see, we have a reference here in the letter. Studies run for an average year of streamflow. But all our benefits are based upon the critical year of streamflow.

The year of regulation is based to support the critical year, in order to get the optimum flow of that period. Again, "normal operations of Libby will suit *most of the requirements*". So, I feel that we are in a bad position when we have to say "to suit most of the requirements". In effect this is what we say.

The Hon. Paul Martin states again that consumptive needs are permitted if water is used for power generation en route to those consumptive needs. But there is nothing in the protocol or the treaty which declares it. And I think it is a very dangerous assumption to make.

We are again back in the field of speculation and hope. You see, here is another statement which I find it difficult to agree with. "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."

Well, it was suggested here that the system becomes less dependant upon storage which worked the other way. The facts are that they will use every cubic foot of water that they can get for peaking and thermal displacement. And when you run into the situation where we are tied to California, I would estimate—although I cannot prove it—that it was tied on to a system of one to two million kilowatts of generation at Libby, and I can imagine this would have the effect of accelerating by several years the period when Mica and Arrow and Duncan are called upon to provide peaking and thermal displacement service. I cannot agree, and I do not think that engineers generally would agree with the statement that the system becomes less dependant upon storage.

There was another suggestion made here that I find difficult. The Hon. Paul Martin states that the Sir Alexander Gibb report was in error where they inform us, or the British Columbia energy board, that Mica would lose 150,000 kilowatts of peaking capacity, and 25,000 of average energy. The Gibb engineers went down and conferred with the United States army engineers in Portland, and it was on the basis of the information and assistance that they received there in interpreting the system and the treaty, or appraising the system and interpreting the treaty that they arrived at these results.

I think one would be very rash to condemn the report of Alexander Gibb and Merz and McLellan. I consider them, as do many others, to be among the most reliable and competent consulting engineers in the world.

You will find this statement at page 26 of the first volume of the Gibb report. I find it very difficult to accept the criticism made by the Hon. Paul Martin of the Gibb statement here:

—any penalty to Canada brought about by conflict in operation—

That is operation of Mica.

—would not reduce Mica's at site potential but would be deducted from Canada's share of the downstream benefits.