

In response to letters from the Governments dated 28 and 29 January 1959, the Commission presented on 29 December 1959 its report on "Principles for determining and apportioning benefits from the Cooperative use of Storage of Waters and Electrical Inter-connection within the Columbia River System".

Subsequently, the Governments undertook direct negotiations and the Commission, as such, was not called upon for further reports.

Re your Para 7

I am obliged to you for the loan of the Crippen Wright Report, Volume 2 of the interim edition, with certain corrections you say to make it correspond with the final edition. I have read this volume 2 with close attention and I find that my memory of it as I reported on Page 4 of my letter to you of 31 October 1963 is substantially correct.

I note in respect to the summary of findings on Page 2 of your letter of 8 October 1963 that you reproduce No. 4 and No. 5, but that you omit No. 3 which reads:

"By creating storage reservoirs in the upper valley of the Columbia so as to back water to Columbia Lake, the diverted flows can be increased, conveniently and economically, beyond 5,000 cfs; it is recommended that they be increased up to 10,000 cfs from the Kootenay and 1,500 cfs from Findlay Creek, which represents virtually complete diversion".

It would seem that these recommendations are not consistent.

Re Your Para 8

I am obliged for the copies of the Montreal Engineering Company letters of 23 October 1961 and 7 December 1961 on the conflict of regulation for at-site generation in Canada and downstream benefits to generation in the United States (See Paras 8 and 9 of your letter to me of 8 October 1963 and my reply on Page 6 of my letter to you of 31 October 1963). I have read these letters with great care to make sure of their meaning. They confirm my anxieties that the result of regulation of Canadian flows being assumed in your discussions of the proposed treaty rests on a very slim basis of established fact and most on "short cuts", it would appear, from computer studies carried out by the U. S. and directed to "optimizing" American production.

There is no indication that any comprehensive computer studies have been carried out on the effects on supply to the Canadian load of regulation of the three treaty storages under the conditions specified in the treaty. In consequence, there is no real assurance as to either the downstream benefits to be delivered to Canada and -- of increasing importance with the passage of time -- of the actual benefits to Canadian at-site generation which we will be able to obtain.

I again say that in order to obtain an equitable solution of these matters the treaty should be corrected in two important respects; first, to insure Canadian jurisdictional and physical control of waters of Canadian origin in Canada, and second, to amend the objective of storage operation in Annex A, Paras (6), (7), and (8) to read "to optimize generation at site and downstream in Canada and including the Canadian half-share of the benefits in the U. S."