

million in 1973. Surplus revenues of \$53 million will therefore be available for application against the cost of the Mica generators.

As a result, the payments will:

- (a) Pay all the capital costs of the three Treaty dams to be built in British Columbia; and
- (b) Pay about half the capital cost of the generators for Canadian use at the Mica dam, the largest of the three projects.

As a consequence, these payments will enable a 1,800,000 kilowatt installation at Mica to produce 6.6 billion kilowatt hours of energy annually for less than 1.5 mills per kilowatt hour. The corresponding cost under development without the Treaty would be approximately 4 mills per kilowatt hour. The savings at Mica at full production will therefore be about \$16 million a year up to and including the year 2003. The cost of Mica energy without the Treaty development might well rule out any development either at that site or downstream in Canada. (The installation at Mica will be twice that of Canadian generators at the St. Lawrence River Barnhart plant).

4. In return for the payments which produce these benefits British Columbia will construct the three large storage dams at Duncan Lake, Arrow Lakes and Mica Creek. These will provide increased power generation and flood control in the Columbia River basin in Canada and the United States.

5. The arrangements ensure that the storage projects in Canada will be fully paid for as soon as they are constructed instead of in 50 to 100 years, the normal amortization period for such projects.

6. Construction of the Treaty projects on this basis, with all costs paid for, will make possible very great economic