

### 3. The Proposed Terms of Sale of Downstream Benefits

Under the terms of the Columbia River Treaty a sale of Canada's entitlement to downstream power benefits could not take place until after the Treaty was in force. However, this restriction has now been removed by the Protocol and the Governments of Canada and the United States through an Exchange of Notes have agreed in advance on general conditions and limits for an initial sale and they have undertaken to authorize a sale that meets these terms and conditions contemporaneously with the exchange of ratifications. British Columbia and Canada in the Supplemental Canada-British Columbia Agreement have each acknowledged that the proposal is satisfactory.

The proposal requires the sale of Canada's share of the first thirty years' production of downstream power benefits of each Treaty project to a single private Purchaser in the United States rather than to a government agency. In return Canada will receive complete prepayment therefore in a lump sum totalling \$254,400,000 (U. S.) [equivalent to \$274,800,000 Canadian] upon ratification of the Treaty. There is to be no right of renewal of the sale contract so the possibility of full recapture is assured. The formal and detailed contract of sale between the Purchaser and the British Columbia Hydro and Power Authority, the Canadian entity for Treaty purposes, will cover a wide range of technical matters acceptable to them. However, it must conform to and is subject to the general conditions and limits agreed to by the Governments and set out in the attachment to the Exchange of Notes. The actual contract will be negotiated and signed by British Columbia Hydro and Power Authority and the Purchaser before the Treaty is ratified. Thus Canada and the United States retain control of the details of the transaction between British Columbia and the Purchaser.

More detailed comment on the Terms of Sale is given in the Appendix of this presentation.

### 4. British Columbia - Canada Agreements

The Government of Canada and the Government of British Columbia entered into a Main Agreement dated July 8, 1963, and a supplemental one dated January 13, 1964, under which the rights and obligations of British Columbia are defined and provision is made for effective implementation of all the arrangements that are contemplated for the cooperative development of the Columbia River.

The need for the agreements lies in the fact that while in the Treaty, the Protocol and the exchange of notes concerning sale of the downstream power benefits, Canada is the contracting party in relation to the United States, it is British Columbia that is the owner in Canada of the water resource involved and which must do the things required for the development and utilization of that resource in Canada. Therefore, it was essential to have very clear agreement as to how British Columbia is going to discharge the obligations that Canada has undertaken in relation to the United States, both immediately and during the