

Mr. BARTHOLOMEW: The formula does not cause them to diminish. The treaty says they diminish, and that is quite a different thing.

Mr. DAVIS: My point is that the number you are using is a substantially larger number over the 30 years than the number embodied in the treaty arithmetic or in the sale agreement arithmetic.

Mr. BARTHOLOMEW: My figure is different. You are absolutely right.

Mr. DAVIS: I will come back to the difference between the treaty figure of 5.3 and your figure of 3.6. Those figures are not on all fours. There are many other differences.

Mr. BARTHOLOMEW: My figure quite evidently should have been 3.4 with these corrections you have made. I have exaggerated the costs to the United States of these true downstream kilowatt hours because they do not disappear.

Mr. DAVIS: I think the main points I wanted to establish were that there were substantial differences—I would even say discrepancies—in respect of the calculation of value flood control, with respect to exchange rates, and with respect to the sale agreement kilowatt hours embodied in the white paper as distinct from your own assumptions.

Mr. PUGH: May I ask a supplementary question?

The CHAIRMAN: Mr. Pugh.

Mr. PUGH: Mr. Bartholomew, you are basing your calculations on what you call the actuality that 20 years, 30 years and 50 years from now the same downstream benefits will accrue to the United States?

Mr. BARTHOLOMEW: The U.S. army engineers have calculated them so to do. They show that by 1985 the thermal replacement or reduction in thermal kilowatt hours will be 25 million, and they show in the year 2010 an anticipated saving in thermal kilowatt hours of 18 billion. They give the thermal kilowatt hours probably required in 2010, with 13 million acre feet, as 343 billion and with 32 million acre feet they say they will only require 325 billion. So there is a saving of 18 billion kilowatt hours, and the saving in 1985 was approximately 25 billion. Those kilowatt hours do not disappear, or do you think they do?

Mr. DAVIS: I think you said earlier, or you implied, that the diminution of downstream benefits is contrary to the principles—

Mr. BARTHOLOMEW: No, the facts.

Mr. DAVIS:—that were enunciated in 1959 by the International Joint Commission.

Mr. BARTHOLOMEW: I am sorry, Mr. Davis, I missed that.

Mr. DAVIS: Do you regard this diminution of downstream benefits as contrary to the principles embodied in the International Joint Commission principles of 1959?

Mr. BARTHOLOMEW: Yes, because the International Joint Commission report to the governments stated that cognizance must be taken of the difference between the characteristics of the loads between Canada and the United States. They forecast that the United States system will, as shown here, become more thermal and hydro peaking, and the principles stated that those differences must be considered in drafting a treaty; and they have been ignored.

Mr. DAVIS: When we are talking about peaking we are talking about capacities? Is that agreed? We are talking about capacity benefits?

Mr. BARTHOLOMEW: Peaking is capacity.

Mr. DAVIS: I want to read the International Joint Commission principles in reference to this particular subject. I am looking at page 48 of the white paper.