

OTTAWA, October 8, 1963

Dear General McNaughton,

Once again I am indebted to you for the time and effort you have given in providing me with your views on the Columbia River Treaty. Your letter of the 23rd of September commenting in detail on points I had previously raised concerning the Treaty is much appreciated. While I shall not attempt to reply in detail to your letter, you may be interested in some very general observations on the initial three points which were under consideration.

Your reference to a necessary expenditure of \$710 million by the United States to provide flood control protection equivalent to that provided by the Treaty perhaps requires further investigation. My understanding was that this investment would provide not only equivalent flood control protection, but also equivalent power benefits. Furthermore, these domestic projects would provide a power benefit of continuing rather than diminishing value. The allocation of the \$710 million was given as \$140 million for flood control, \$70 million for transmission and \$500 million for power generation. If the whole cost of \$710 million is assessed against flood control, then surely we would have to say that the United States alternative plan would provide power benefits equivalent to those of the Treaty and at no cost. What complicates the picture further is that one of the projects making up the \$710 million investment is under construction already and a further one is under study by Congress. The incremental cost to the United States of pursuing a unilateral plan would therefore appear to be rapidly diminishing.

As to approval of the Treaty projects, it is true that this government has the final say, in a negative sense, through the application of the International River Improvement Act. However, the action of refusing to approve a development proposed by a Province in relation to resources of which it is the constitutional owner is one that cannot be taken without good and adequate cause. As I pointed out in my last letter, there seems ample engineering evidence to support the selection of the present Treaty projects. The table on page 102 of the I.C.R.E.B. report indicates that the cost of the increment of energy gained by selecting a maximum diversion plan as opposed to a partial diversion exceeds in all cases the average system cost of energy. My reference to the report of Crippen Wright Engineering Ltd. also supports this conclusion. The "Summary of Findings" of their Interim Report No. 2, "Diversion of Kootenay River into Columbia River", contained the following statements:

- "4. The dam for diverting the Kootenay should be located at either Canal Flats or Copper Creek.
- "5. Two other possible sites for a diversion dam on the Kootenay River are situated near the confluence with the Bull River, one just above the confluence, the other just below. Schemes incorporating diversion dams at these alternative sites are found to be uneconomic in comparison with schemes dependent on a diversion dam at Canal Flats or Copper Creek, and they are not recommended."

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