

1 FOR GENERATIONS

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18 *reviewed in the SFU Archives located at the Burnaby Mountain campus.*

19 **Introduction by Professor Cook:**

20 I'd like to welcome you to the 11<sup>th</sup> talk in our series, "Perspectives on the Columbia River Treaty"  
21 which is sponsored by the continuing studies program and jointly sponsored by the alumni association of  
22 Simon Fraser University.

23 Our speaker tonight is Mr. Ray Williston who, as you probably know, was Minister of Lands,  
24 Forest, and Water Resources for British Columbia at the time the Columbia River Treaty was negotiated.  
25 So Mr. Williston has a varied career. In fact he is by profession and background a teacher. His teaching  
26 being principally in the north around Prince George, in fact he was supervising principle for Prince George  
27 Schools and subsequently inspector of schools after the Second World War. By the way, we should  
28 mention that he joined the Second World War, and served over seas. He stood for election in 1953, he  
29 insists by the way, that he was never a politician by calling, but was pitch-forked into politics. He was  
30 elected to the BC Legislature in 1953, and of course was subsequently re-elected in all the elections until  
31 the last one. I made a little mistake when going to look up Mr. Williston in the parliamentary guide, but of  
32 course I chose the wrong one. I picked 1973, I should have chose 1972.

33 He was Minister of Education from 1954 to 56 and became Minister of Lands and Forests in '56  
34 and this portfolio was expanded to include the area of water resources in 1953. So he was Minister of  
35 Lands, Forests, and Water Resources in 1953 until the recent election. Since then Mr. Williston has of  
36 course been very busy in the area of forest management, and has been consulting with the government of  
37 New Brunswick, the general manager of the New Brunswick Forest Authority and consults with the  
38 department of natural resources. However he also acts in the consulting capacity in a very big national  
39 institution such as the FAO, the United Nations development program, as well as the Canadian

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40 international development agency, and with respect to that, he's been flying around the world to Sweden on  
41 one hand Indonesia, Bangladesh and Peru on the other. As a matter of fact, when I attempted to contact him  
42 on the telephone here some months ago, he was then just about to leave for Sweden, and he catches  
43 between one long flight and the other.

44 Now Mr. Williston's topic is going to be on the position of the Government of British Columbia in  
45 the Columbia River Treaty negotiations. And he will therefore be presenting the story of the way in which  
46 the government of BC saw their goal in negotiations, and the issues they had. However, he's quite willing  
47 of course to answer questions on any other matter which might come up on the Columbia River Treaty. I  
48 give you Mr. Ray Williston.

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50 Thank you Mr. Cook, ladies and gentlemen. Tonight I shall stay rather closely to my text because I  
51 understand or I was given to understand that this is a course and my background having been in education  
52 at least I should come to the course fairly well prepared for what I am going to say. So I have a paper this  
53 evening which I will stay with until I'm finished, and then I would as you have been requested, ask that you  
54 get into questions wherever, however, why as you would like. I'll be under good control here tonight  
55 because I know some of the people, not only my own family, but some of my former staff are here tonight  
56 to check up on me to make sure I don't go too far from the beaten track. And I may say this is the first time  
57 I've stood on my feet and spoken in British Columbia since I left the government. So this is something of a  
58 switch too. So if you will stay with me on the paper, and I apologize to those of you who don't know too  
59 much about the Columbia River, including some of my own family likely on the detail that I will go into.  
60 But I think if I'm giving this topic tonight for you I need to give it in this light.

61 As you were told, it's the role of the government of British Columbia in the Columbia River Treaty  
62 negotiations. And first I start with a series of statements. The principle role of British Columbia  
63 government in the Columbia River negotiations is presented as I have said in the form of a number of  
64 statements without elaboration. The government was responsible for:

- 65 A) Negotiating the best joint development scheme of the river then possible on behalf of all British  
66 Columbians;
- 67 B) It was responsible for recommending and finally approving the scheme of development which would be  
68 undertaken on the Columbia River in Canada;
- 69 C) It was responsible for integrating the Columbia River projects to fit with the demand to provide an  
70 energy base for a province-wide development;
- 71 D) It was responsible for naming a public agency to develop the agreed projects to meet the obligations of  
72 time and operations;
- 73 E) It was responsible for the financial obligations imposed through the construction and operation of the  
74 Treaty projects;
- 75 F) It was responsible for the development of a practical administrative organization which would efficiently  
76 accommodate the day to day problems of operation of the Treaty projects once they were constructed;
- 77 G) It was responsible for safeguarding the provincial right to develop additional generating projects on the

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78 Columbia system through insistence of a main storage below the power sites which would allow for final  
79 regulation to meet the agreed water releases;

80 H) It was responsible for safeguarding the rights of those who already had power licenses on the river  
81 system;

82 D) It was responsible for seeing that a system development provided adequate flood control on the Creston  
83 Flats and in the general vicinity of the city of Trail... two areas of prime concern on this river system in  
84 Canada;

85 J) It was responsible for carrying out the detailed engineering and licensing of the agreed projects prior to  
86 Treaty ratification to ensure that the obligations to construct could be safely assumed;

87 K) It was responsible for negotiating the actual sale of the downstream power benefits, and;

88 L) It was responsible for insisting upon complete freedom of action in the construction and the operation of  
89 the projects to meet the Treaty obligations.

90 All of the above points were not easily gained as you've likely heard over the series of your lectures. The  
91 description of how they were obtained can now be detailed with some explanation.

92 First, I shall explain why I am here and dare to speak with some confidence on the policy decisions  
93 which were made by the British Columbia government on matters affecting the development of the  
94 Columbia River. In 1956, I was given Cabinet responsibility for water resources, for the water resources  
95 department in the province, and in that position, I had direct charge of all the detailed planning, and  
96 intergovernmental negotiations associated with the physical developments of the river. Piece meal  
97 developments of the Columbia had been a matter of debate for many years, but serious consideration of a  
98 unified plan for harvesting the energy and controlling the flood from a purely provincial standpoint started  
99 in the year 1956. I am the only elected public official in Canada who held office with direct responsibility  
100 from this date until tenders for all major Treaty structures on the river in Canada were called. During this  
101 same period, I served also as a director of the BC Power Commission, as a director of the BC Electric  
102 during the brief time it was a public corporation, and of the British Columbia Hydro and Power  
103 Corporation from its founding until 1972. In the latter instance, I was also a member of the executive  
104 management committee, and I also served for some time as the Canadian chairman of the entity responsible  
105 for the Treaty implementation.

106 For many years, I have listened to others explain what the government policy was on river  
107 development, and why certain things were done. When this forum was organized by the professors of  
108 Simon Fraser University, and I was given the opportunity to speak on policy matters, I could blame no one  
109 but myself if I did not appear. The fact that I am now working in New Brunswick made it more costly and  
110 difficult, but not impossible as you can see tonight. At home in Victoria, I have boxes and boxes of papers  
111 accumulated during years of work on the problems associated with the Columbia River development. I did  
112 not have time to return and review this material for the meeting this evening. For this reason, I have had to  
113 rely too much on my memory and the help of some available written material which was kindly made  
114 available to me. The result has been that in some instances, I may not be able to speak with the precision  
115 that I would have liked. Despite this limitation, I am sure that I can add something to the present program,  
116 even in the form of some new material, and some new explanations for old decisions.

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117           Having dealt with myself, I should relate the roles of two colleagues in government who played  
118 very important parts in the development of strategy and in resolving the complexities of negotiations.  
119 Premier Bennett set the broad guidelines of policy, handled the political exchanges at all levels with real  
120 professional skill, and kept a continuous watch on the financial implications to the province which were  
121 involved all through the decision making process. He did not become intimately associated with the  
122 engineering details, he focused on the total proposition of a coordinated development plan. Bob Bonner  
123 looked after the legal implications and put proposals into words for debate and for negotiation. This then  
124 was the government team from British Columbia which worked in very close cooperation with our  
125 permanent staff, and our technical advisors. In fact, we worked closer than any group in the negotiation  
126 either in Canada, or in the United States. The background to our differences at the Cabinet level in  
127 approach were not committed to writing, and were orally resolved among us, therefore, papers are not  
128 available today upon which historians can ponder.

129           It may surprise many to learn that my one precise direction over 8 years of negotiation, the one  
130 precise direction I got from the Premier, was merely, "Remember, it is your duty to get the best possible  
131 deal on behalf of the people of the province of British Columbia". In due course, history shall decide what  
132 kind of a deal it was. Personally, I am still convinced that it was fair to both sides, and was the best that  
133 could have been negotiated at that time. I will go further and say that had it not been concluded when it  
134 was, or very soon therefore after, there never would have been an agreement reached that would have  
135 shared the benefits of river development as favourably as they have done for this province. Such a shared  
136 agreement could never have been reached today regardless of what party, or what group was to make up the  
137 government of the province of British Columbia. Enough introductions and enough idle speculation.

138           What really did go on at the policy making level in British Columbia during these tumultuous years  
139 of decision making? What was the Columbia River situation in 1956 when I took over? There were two  
140 relatively minor developments that had until then dominated the public attention. They were the Libby  
141 project on the Kootenay River, and the Kaiser project located at the lower end of the Arrow Lakes. Both  
142 had substantial elements of local flood control associated with their development and in both cases, power  
143 returns were expected to pay the costs of the desired control. Libby had such a poor cost - benefit ratio that  
144 it was very difficult to have the Americans consider adequate compensation for the floods that would be  
145 created in Canada, or the flooding of that land that would be created in Canada. Not only was this a factor,  
146 but it was becoming evident that any stored water would eventually create energy benefit when run through  
147 the series of generating stations already located downstream in the United States. Canadians had already  
148 traded away the potential benefits of Kootenay Lake storage many years before, and they'd traded away for  
149 nothing. The gain at the local level, there was some degree of shared exchange or benefit which focused  
150 attention away from the broader considerations. The Waneta, and the future 7 Mile projects on the Pend  
151 'Oreilles River were dependent upon storages in the United States which were in part compensated by the  
152 Columbia Lake storage. No one took time to compare comparable benefits of use through the vastly  
153 different heights of water drop which were then, or would be available in future.

154           The International Joint Commission had been given an assignment in 1944 to recommend a  
155 maximum plan for the development of the Columbia River as though there were no international boundary,  
156 and as if all projects became operational at one in the same time. General McNaughton as chairman of the

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157 Canadian section, commission, was thoroughly aware of the work, progress that was being made on this  
158 assignment. As an engineer, he became obsessed with the goal of storing as much water as possible as high  
159 as possible, and then taking out the maximum of energy as the water worked its way down to the sea. This  
160 meant that the main storages had to be in the high east Kootenay country, and the stored water had to be  
161 directed through Canada, just as far as was possible. It also meant that the Libby project and the Kootenay  
162 River in the United States must not be permitted to secure a water demand which would direct any stored  
163 water to the south. The fact that the installed plants in the Kootenay River in Canada would be starved for  
164 water did not seem to create any worry.

165         And I may say that that plan which he had was never, may I repeat this tonight, because there's  
166 been so much talk about this ad nauseum, that plan was never engineered. That plan was never engineered.  
167 Despite everything you've heard, that plan was never engineered. And you've heard political parties,  
168 people, governments, everything else talk about something which in the first instance was never  
169 engineered.

170         To emphasise the total use of the stored Kootenay water in Canada, the Canadian Government, and  
171 the International Joint Commission, the Canadian section, jointly engaged the BC Engineering Company to  
172 prepare a plan which would divert a portion of the stored Columbia River water to the Fraser, from behind  
173 a proposed Revelstoke Dam by way of the Latchford River drainage to Shuswap Lake. This proposal would  
174 have evolved the series of power dams on the Thompson, and the Fraser Rivers. This assignment only came  
175 after almost 2 years of talk of such a diversionary, diversionary development which had been initiated, and  
176 instigated by the Canadian International Joint Commission Chairman. In other words, that was General  
177 McNaughton's project.

178         The Fraser River diversion plan engineering report became available in 1956, and created an  
179 immediate division within the governing Liberal party. Serious consideration to the plan meant that the  
180 Fraser fishery would be eventually seriously affected, or possibly even wiped out. This did not sit well with  
181 the honourable James Sinclair, the Minister of Fisheries, and the question arose right then as to who was  
182 directing policy for federal resources management strategy in British Columbia. It looked as though  
183 General McNaughton was the one, and he was not a part of government, and never had been. This was the  
184 situation then, as I assumed responsibility in 1956. The International Joint Commission planning for the  
185 Columbia River development was near completion, and the Libby project was stalled, and the Kaiser  
186 project was blocked through failure of the Americans to follow through with the presentation of an  
187 approved program, and the prohibition of Bill 3 which set forth federal controls on the international rivers.  
188 That said, it never had to be used in fact, because the Americans never came up with a firm proposal. That  
189 was the start.

190         My officials as I've said some of whom are here tonight, immediately recommended that it was  
191 absolutely urgent that the province adopt its plan for river development without delay. I secured the  
192 necessary approval, and at that time Mr. Paget and his staff drafted the terms of reference for an  
193 engineering study which formed the basis for awarding a contract to Crippen-Wright Engineering. It was  
194 our hope to have this study completed before the International Columbia Engineering Board report was  
195 presented, and that was expected some time in 1958 or early 1959. Although we were aware of the general

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196 recommendations which were evolving Crippen-Wright's report was not presented to government until  
197 January 1959. At this same time, the federal government realized that it had no coordinated plan for the  
198 development of the river, except that which was being developed by General McNaughton through the  
199 International Joint Commission.

200 Tensions which developed over aspects of the Fraser diversion which I already mentioned, and  
201 over lack of communication with the federal government concerning the General's known facts of the  
202 Kaiser proposal, he was kept fully informed the whole way, resulted in the decision to make an independent  
203 look at the river's development. This was commissioned in July 1956, by Montréal Engineering, and was  
204 commissioned by the Department of Northern Affairs. Even though the recommendations of this  
205 independent study were remarkably similar of those of Crippen-Wright in this wonderful world of politics  
206 in which we live, they were almost completely ignored by the federal strategists who had employed them in  
207 the first place.

208 I became involved in a major strategy move in 1956. The honourable John Lassage, Minister of  
209 Northern Affairs came to Victoria, and in discussions with the Premier it was decided to take the river  
210 development initiative away from the International Joint Commission and handle it diplomatically at the  
211 highest level, through the State Department. In a bantering mood, from the Premier, it was suggested that it  
212 really did not matter if the river was developed federally or provincially, so long as British Columbia  
213 received 20% of all the power generated downstream and delivered back to the province at absolutely no  
214 cost to the people of British Columbia. The Honourable John Lassage agreed to arrange the International  
215 meetings which finally took place in Washington in the spring of 1957.

216 My technical officials and I were forced to stay in a back room in Blair House as the Vice  
217 President's house in Washington. We had to stay there for consultation, and the backroom dealing became  
218 quite a joke if you look back on the papers in those days. It was the hope of this meeting that a technical  
219 team of 6 persons, equally representative of Canada and the United States, would be formed to prepare  
220 reports, and make recommendations for the consideration of the diplomatic group. Although an election  
221 with subsequent government change altered the direction of negotiations, this meeting did serve to  
222 emphasize the vulnerable position of British Columbia in any such negotiations. Without great care and  
223 preparation, the eventual position of this province with regard to river development, could be determined  
224 by people only remotely concerned with the provincial needs, the wishes, and the ability to finance such an  
225 undertaking.

226 Added pressure was then placed upon Crippen-Wright as soon as we came home, to expedite the  
227 report of a system plan so that we really knew where we were going. Many stories have been told about the  
228 developments which took place in the north central British Columbia centering on the Peace River starting  
229 late in 1956. Time does not allow me tonight the elaboration except to say the how and the why and that  
230 start still have not been told in British Columbia. My purpose is to relate action to policy and the policy  
231 involved here has much to do with events in British Columbia over the next several years.

232 The government of the day believe that there were three basic elements to development in this  
233 province. There were: 1) ample supply of resources; 2) adequate communications, and; 3) cheap and  
234 abundant energy. As a matter of policy it was decided to take the Peace River area from Alberta

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235 domination, and economically attach it back to the province of British Columbia. For instance it beguiled  
236 me as the Inspector of Schools, or Superintendent of School in the Peace River area to be told by the  
237 youngsters whenever it asked them what their provincial capital was to be told it was the city of Edmonton.  
238 The start in this connection of course of joining the Peace River had been made with the construction of the  
239 Hart Highway, improved air service and a major recent decision had been made to build the PGE railroad  
240 into both the North and South Peace River districts at the same time. A serious problem was to build up  
241 freight for the new service, and timber development provided an obvious answer. However the new policy  
242 concept of closer utilization of timber, demanded the construction of pulp mills to utilize the waste and  
243 pulp mills in turn required cheap power... particularly newsprint mills if that were the type that was to be  
244 chosen and we didn't know at the time. They happened to be kraft mills as it turned out.

245           The fall of 1957, Ralph Chanchrel, a power consultant with the British Thompson Houston  
246 Corporation, engaged to find a power source to energize the proposed monorail railway which was to be  
247 built up the Rocky Mountain trench, recommended the Peace River power development. This would be so  
248 large in capacity that the surplus would have to be transmitted to Central and Southern British Columbia.  
249 The indicated economic transmission over such distances was now possible at extremely high voltages.  
250 However such people as Tom Ingledow who was then with the BC Electric told Chanchrel, myself and  
251 anybody else that would listen, that the whole proposition was completely absurd and impractical. And  
252 even the Power Commission engineers of the day stated such a development should not be considered at  
253 least until the 1980's. However, the effect on government policy was dramatic. Here was a chance to get  
254 cheap energy in the place desired, when required to make the whole northern development and resource use  
255 program possible. If the monorail proved practical, which even then was doubted, the net effect would be to  
256 increase freight for the extended lines of the provincial railroad which was all to the good.

257           The government's position on the Columbia River development was firm and irrevocable, however  
258 it was thought that if this development were to proceed to the point where all power needs in the province  
259 were met from this one source alone, and before a go decision were reached on the Peace the total  
260 provincial development could be seriously delayed. The British Columbia Cabinet was convinced the two  
261 river development was not only possible but viable and practical. The demand for a good portion of the  
262 power generated from the Peace would come from resource and community developments triggered by the  
263 potential availability of large quantities of hydro electric power in that area. The Columbia River power  
264 would meet developing needs in the south of the province.

265           When government was asked to justify such a program and policy supporting statistics were  
266 impossible to assemble. And I recall once that Bob Bonner then in charge of industrial development for the  
267 province stated that this ambitious two river program was based on faith and the growth potential of the  
268 province. Laughter and ridicule echoed for months with the inference that Social Credit was still depending  
269 on some kind of divine guidance in its planning. My specific guideline in negotiation on the Columbia was  
270 to proceed and meet all obligations, but not to push the decision making process and so allow the Peace  
271 River project to reach a stage of commitment hopefully at about the same time.

272           It was Premier Bennett's firm decision that the Columbia River development was going to proceed  
273 because of the need and interest of the United States, the Canadian government's strong support, and

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274 because of our own direct benefit in this province. Only one group was vitally concerned with the Peace  
275 project as a matter of planned policy, that was ourselves. However it was the same group which was  
276 responsible for total province wide development. And my own personal interest had to reflect the fact that I  
277 was the minister in Cabinet representing the northern part of this province. Not only that, but the major  
278 storage reservoirs for each one of these projects was partially located in my own constituency of Fort  
279 George. And most people don't realize that both of those storages, for the Columbia and the Peace are both  
280 in the Fort George riding.

281 The fact that the new Conservative government elected in 1957 did not rush into the Columbia  
282 negotiations as soon as they were elected, did not perturb British Columbia too much, but the inaction did  
283 provide the Premier with some excellent material for political repartee at that time. And if any of you  
284 reread the papers you'd get it. The new federal government had first to respond to the positions adopted by  
285 the Liberals and their advisors. It took some time to gain confidence in the civil servants responsible for the  
286 technical reports in the river. The Liberals decision to proceed at the diplomatic level was abandoned and  
287 the position and influence of General McNaughton was gradually re-established.

288 In November 1957, the Montréal Engineering report which I mentioned, which had been  
289 commissioned by the Liberals was received. It did not make the case in its specific recommendations for  
290 the massive river diversion and storage in the upper reaches of the Kootenay Columbia Rivers. Although it  
291 was not apparent at the time, the recommendations were not very far different from those to be presented  
292 by Crippen-Wright. Since this finding ran counter to the General's plan, more doubt and more confusion  
293 resulted. The federal Cabinet now decided after that something the matter with the study because it had  
294 been commissioned by the Liberals, that's one thing about politics, one party never does anything which is  
295 finally approved by the other, so the federal government now decided to have an economic analysis of the  
296 river development carried out by an independent and respected group.

297 What happened? Graham Towers was approached to chair the study, but he declined. The water  
298 resources branch was initially excluded from participation. In the end General McNaughton, the single  
299 engineer representative on the study chaired the group. And because of the complexity and the mass of the  
300 work involved, Mr. Larrat Higgins, an economist then with Imperial Tobacco was employed. He had  
301 formally worked with Ontario Hydro, and I understand he's back again with Ontario Hydro now. At no  
302 time, may I repeat this because you have been told differently, and you are listening to the person now that  
303 was involved, at no time were British Columbians informed or involved with that study. To my knowledge,  
304 the report never was officially endorsed, nor was it made a public document. I did receive a copy long after  
305 its contents had been used in argument both by the General in negotiations, and by Mr. Higgins in speeches  
306 and magazine articles.

307 In one of the latter, what was written by Ripley who was editor of the Engineering Record, was  
308 considered by knowledgeable newsmen to be so far off base that it led directly to Patty Sherman's report in  
309 the Province which was the best and most factual article to appear on the subject. It should have been  
310 because he was given access to all of the pertinent documents. Much of 1958 was occupied by another  
311 federal election, and a natural reorganization which followed the strong support given the Conservatives.  
312 The Crippen-Wright was still not finished.



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313           Vacuums tend to attract occupancy. With no federal progress, nor action on policy, General  
314 McNaughton and the International Joint Commission tended to move forward without accepting any real  
315 direction from either the British Columbia or the federal governments. The result was that the public  
316 statements came to be considered formal federal policy, and on behalf of British Columbia, I did express  
317 very strong concern to my counterpart the honourable Alvin Hamilton in Ottawa.

318           The federal government at this time appeared equally concerned about the publicity given the  
319 development of the Peace River. As has already been mentioned, this was a matter of planned provincial  
320 strategy. If we did not plug for the Peace, it is obvious that no one would do so. The BC Electric had  
321 acquired shares in the Peace River power but whether this was designed to assist with the development or  
322 not, I was never able to determine. It did have the effect of crystallizing the frustrations of Mr. Lee Briggs  
323 the General Manager of the BC Power Commission and a personal friend of mine at the time. Even though  
324 the Columbia project had been designated for public development, the commission had not as yet been  
325 named as the group responsible. The commission's proposed Hamathco Power Project could not now be  
326 termed viable since the BC Electric decided to build a thermal plant on Burrard inlet, and turn down the  
327 purchase of a block of power from this contemplated up-coast project and that would have made it possible.

328           The final straw was the Premier's decision not to allow a rate increase, and Mr. Brigg's interpreted  
329 this act as a means of undermining the Commission's ability to grow competitively against private power.  
330 He thought it could now provide an adequate service without the additional financial resources. He was  
331 also concerned about the redistribution of the Commission's capital indebtedness now to be guaranteed by  
332 the province rather than to reflect the direct provincial borrowings.

333           There were three direct results of Mr. Brigg's public criticisms of the provincial policy and activity.  
334 A royal commission under Dr. Gordon Shrum was set up to investigate Mr. Brigg's allegations. Although  
335 the charges were not substantiated, Dr. Shrum continued to play an important role in power matters for the  
336 next 15 years in this province. First, as a founding chairman of the BC Energy Board, later as chairman of  
337 the British Columbia Hydro and Power Authority. And then Dr. Hugh Keenleyside was named as the chief  
338 executive officer to replace Mr. Briggs. And I was named as a director for the purpose of establishing a  
339 liaison between the government and the public power body. The immediate result was to strengthen the  
340 position of the Commission in the province in those matters involving power since Dr. Keenleyside joined  
341 me in all subsequent negotiations on the Columbia River.

342           During the fall of 1958, the federal government had been urged to establish some basic guide lines  
343 on which an agreement for a joint development of the Columbia River could be negotiated. Upon the  
344 urging of Don Stevens, a member of the International Joint Commission, and also general manager of  
345 Manitoba Hydro, a reference was directed to the International Joint Commission, to establish the principles  
346 for determining the benefits of storage of water. How these benefits, both electric and flood control could  
347 be apportioned. This was done, again, with no reference to British Columbia. There was growing concern  
348 in the province because it was believed the economic report to the federal Cabinet would play some part in  
349 the deliberations and no one had seen the document, and indeed it did play a part.

350           Early in 1959 Premier Bennett and Prime Minister Diefenbaker agreed that a joint policy liaison  
351 committee should be formed to coordinate the Canadian position in international negotiations, and to

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352 include the development of principles by the International Joint Commission. A common federal provincial  
353 technical sub committee serviced both the Canadian section of the International joint commission, and the  
354 policy liaison committee. It was one of the most able groups of public servants that had been assembled in  
355 Canada. Mr. Alvin Hamilton and I served as joint chairman of the new body. An immediate result of this  
356 new assembled corporation was the interchange of technical data. British Columbia sent the massive  
357 Crippen-Wright report which had been received in January of '59, and received back the Montréal  
358 Engineering report, and that of the federal economic committee to which I made reference before and  
359 which I still have in my files at home.

360         It soon became apparent that the Crippen-Wright report was much the best of the three documents  
361 to guide negotiating policy. It detailed preferred schemes of development, with construction sequences  
362 reflecting need and the ability to finance. Of most important in Crippen-Wrights report, was the  
363 recommendation that no final decision be made on flooding the Upper Kootenay Valley until some  
364 indication of probable benefits were obtained as a result of negotiations with the Americans.

365         At about the same time March 1959, the long awaited ICREB report that was commissioned by the  
366 International Joint Commission, the water resources of the Columbia River Basin became available to  
367 governments in Canada and the Untied States. In many ways this was a disappointing document for those  
368 engaged in serious negotiation. Three possible schemes of development were proposed and labelled as  
369 sequences 7, 8 and 9.

370         The first became known as the American plan which allowed for us in Canada no diversion from  
371 the Kootenay to the Columbia. The last or the 9<sup>th</sup> became known as the McNaughton plan which called for  
372 almost complete diversion of the Kootenay to the Columbia dominated by two mammoth storages  
373 occupying most of the East Kootenay Valley. As I indicated to you before, that was scheme development,  
374 Dorr on a mudflat, where a very large dam had to be built, had two drill holes put down into the mud.  
375 Basically relative to the construction of the feasibility of that particular project. And people have done more  
376 talk and more arguing about the proposition based on two separate drill holes in the mud than anything  
377 that's happened in Canada to my knowledge. The other scheme was a compromise between the two  
378 extremes with only a partial diversion of the Kootenay to the Columbia, and the high storage contained  
379 between two dams at Coffe Creek and Luxor. A major section of the East Kootenay Valley of course  
380 would still be flooded in that scheme. No sequential development was suggested and all estimates were  
381 fixed at one point in time without allowance for any inflationary cost escalation bound to happen over the  
382 years.

383         Another serious deficiency in British Columbia's opinion was that the proposals had been  
384 presented as though no international boundary line existed. There was to be complete freedom of action  
385 between the two countries. Such was thought to be impractical by us. Throughout the remainder of 1959,  
386 the technical and policy groups met with the Canadian section of the International Joint Commission and  
387 we all progressed towards the acceptance of principles for sharing the power and the flood control benefits.

388         Finally in December agreement was reached on the 16 principles which would guide the Treaty  
389 negotiations. Of most importance was the power principle #6 which provided for the equal sharing of the  
390 benefits created, and with each country assuming its own costs for providing the physical works. I've

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391 always had one point of disagreement with the principles because I was never able to understand why it  
392 was recommended to pay for only 1 half the flood control benefits that were created. No installations were  
393 required on the Americans side solely to establish such control as was the case with power generation, and I  
394 could never be convinced of the reasoning for the sharing formula that was adopted. I realize that the  
395 economists had so recommended in their report to the federal Cabinet, and that was in that report of which I  
396 have made mentioned just now, but I still remain unconvinced to this day. As I indicated to you before they  
397 started the negotiations for those principles with the IJC before there was any reference to the province of  
398 British Columbia. They started through on the flood control benefits early on with their discussion with the  
399 Americans, but by the time we got into the act, it was almost complete faite complete.

400 During the time taken for the technical problems to be resolved, Premier Bennett kept pressing the  
401 federal government for some satisfactory program of financial support for the Columbia program. Early in  
402 the negotiating period, a statement had been made in election time, with obvious political overtones, which  
403 indicated the possibility of substantial grant being paid, you know if you went ahead. Even using the  
404 example of the grants in aid which had been paid to Saskatchewan, on the South Saskatchewan Dam  
405 project at Elbow, it was not possible to get a better commitment from Ottawa than the loan of 1 half the  
406 cost of the storage projects at the market rate of interest plus 1/8<sup>th</sup> percent. Repayment of the loan was to be  
407 tied in with earnings from the sale of generated power. This was considered to be completely unsatisfactory  
408 by the province, and this stand on financial assistance did play an important part in a policy decision on the  
409 choice of some projects which would form part of the total development. And this is another matter upon  
410 which there is a great deal of argument and misunderstanding.

411 For negotiating purposes, British Columbia at first agreed that a maximum volume of stored water  
412 should be a prime objective when securing compensation from the Americans. The storages of High Arrow,  
413 Duncan Lake, Mica, and the East Kootenay were included in the initial package. Somebody has said we  
414 supported the McNaughton plan. The McNaughton plan never had a High Arrow, and we never put forth a  
415 plan that did not have a High Arrow in it ... never in the whole negotiation. It soon became apparent that  
416 either High Arrow or the East Kootenay storages would be classed as first added in value, but not both of  
417 them. Not both of them.

418 Mica was considered a must in every program. This means first or second added, but as the added  
419 position declines it takes increased volumes of stored water to ensure the increase of firm energy output of  
420 the American plants, and consequently the value of each unit of stored water decreases in relation to the  
421 established position of that storage whether it's first added, second added or third added and so on. If the  
422 East Kootenay were to be the choice, the Americans demanded that the potential generating capacity of  
423 Libby that would be lost, should be the subject of compensation in the form of a long term sale of a block  
424 of low cost power.

425 It was becoming very apparent that the Americans were only going to provide fair compensation in  
426 the form of top added position for a given volume of stored water, not the maximum as was hoped. The  
427 federal government would only share through loans and storage construction costs ... I'm building this  
428 business of why we were making a decision and the spot we were getting into.

429 Immediate generation expense would be involved with no special assistance, even with the loan

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430 funds to meet the American's demand. There would be no special grants and aid. High Arrow, Duncan  
431 storages with Mica did have a much better cost benefit analysis than did the East Kootenay. East Kootenay  
432 storages would require the construction of three storage projects at the same time. At the same time, the  
433 Peace River engineering had proved, and we knew we were on the way to electricity, had proved that the  
434 project there was viable and so provincially, we had power generating capability.

435 A pending election in the United States would not allow Congress to ratify a Treaty immediately  
436 which they had hoped for, and so we considered that it was time for British Columbia to declare firmly that  
437 the superior advantages of East Kootenay storage had not been proved to the point of flooding the two  
438 interior valleys and could not be justified. The loss of energy at the operating Cominco West Kootenay  
439 plants occasioned by West Kootenay storage and diversion was not stressed, but was certainly a factor in  
440 the determination. British Columbia made the firm policy decision that there could be a limited diversion  
441 from the Kootenay River to the Columbia Canal flats, but no major storage would be built to flood the East  
442 Kootenay Valley. Despite strong argument, this decision on projects prevailed in negotiations became  
443 concerned with the credit placement of Libby, and the joint scheme of development.

444 Strange to say, this position on projects was actually supported by the technical work groups of  
445 both federal and provincial governments, and I saw an allusion in the paper the other day, that some of the  
446 very , very serious provincial servants working there were not in accord, or did not approve. I can tell you  
447 at the time it was interesting to note, that our group in British Columbia were the only ones that had to  
448 know the whole story when they went into negotiation. And those men had to take their heads with them  
449 when they went, and they were not called upon to speak whenever they had a contribution to make, they  
450 were compelled to make it. That was the only group in the international arrangements that worked in that  
451 way. Our technical staff, at all times, had the same thrust as I had myself as their leader, because I felt I  
452 could never cover the points that should be made when they were there, and each one of them played their  
453 part. And Krutilla has said that was one of the main points in the thrust of British Columbia's argument  
454 situations as we proceeded through with the strength of our technical group who knew exactly what was  
455 going on, what was on the program across the Peace.

456 The Libby project was accepted on the 5 year final commitment arrangement by the Americans  
457 with no depreciation of Canadian first added storage positions for Arrow, Duncan, and Mica. In other  
458 words we got those added without any depreciation from Libby at all. There was to be no sharing of the  
459 flood and power benefits which would be created in either country through the building and operation of  
460 Libby. In other words we got flood control in the Creston Flats, we got the power from Corra Linn to  
461 Brilliant ... in that area. In that case the Canadians received flood control benefits in the Creston Flats as  
462 I've said, and the power benefits in the Kootenay which made possible a Canal Plant now under  
463 construction, plus the potential of additional generating capacity at Cominco's Brilliant plant. In turn,  
464 British Columbia assumed the cost of developing the reservoir in Canada, which was a logical division  
465 because of the policy that each country would pay the cost of developments which were within their own  
466 boundary.

467 A further agreement on this principle was that the Americans would return downstream power  
468 benefits to a point on the provincial border, and also provide interconnected transmission service at a price

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469 but they would provide the service as demanded to bring the power to the desired load centers. And the  
470 point chosen was at Oliver, and the division took place from that point.

471         Once a final decision was reached in the projects ... the projects accepted for storage progress on  
472 the Treaty clause was very rapid. When the Treaty negotiators and their technical staffs were engaged in  
473 resolving their particular problems, a serious matter of government policy and action developed for which I  
474 had complete responsibility. And again, some of the people who went through the sweat period with me are  
475 here tonight. And in late spring of 1960, the federal government presented their plan for financial support  
476 which proposed a loan covering 50% of the project storage costs at the market interest plus 1/8<sup>th</sup>. The same  
477 as they had presented and I'd mentioned before. When one added generation and transmission cost of the  
478 total sum required for development, the 50% represented only a small part of the total cost which would be  
479 involved.

480         The federal government controlled any effective sale of downstream benefits, since at this time,  
481 electricity generated in the United States was determined to be in the same category as that which was  
482 generated in Canada, and so subject to export permits. It had been strongly indicated that such permits, if  
483 granted, would be only for short duration. The British Columbia government determined that the federal  
484 government was really trying to impose conditions for financing that could not be met successfully in  
485 British Columbia. With the Treaty signed by Canada, the result could be a takeover of the project in the  
486 national interest from which there did exist proper authority. And indeed this is what we thought was going  
487 to happen.

488         With this strong possibility facing the province, I was instructed to stop all large financial  
489 expenditures then in progress on the Columbia River, at least until matters clarified. My instructions  
490 covered the engineering activities being undertaken by the Power Commission under direction of  
491 government. Few people realize the total commitment of the province to the Columbia development even at  
492 that time. Despite the fact there was no Treaty, nor any agreement between Canada and British Columbia,  
493 the Power Commission had assigned a strong engineering consortium the task of preparing the detailed  
494 design specifications for the Mica project as well as for Duncan and Arrow. The engineering control was  
495 placed in the Commission since this body had been given responsibility for the Columbia program. But the  
496 financing obviously still required the outside support, and the approval of government.

497         I was faced with a very serious dilemma. Without final engineering on Mica, and this is one of the  
498 things I've argued with everybody there was no engineering on most of the things people have been  
499 arguing about all together, but without final engineering on Mica, no firm commitments, or estimates were  
500 possible relating to the practicability of the site or of the costs. If the engineering team were to be dissolved,  
501 valuable time would be lost, and I decided not to carry out the instructions, and face the consequences.

502         All through the fall of 1960, the unpaid engineering bill was continuing to grow into sums totalling  
503 hundreds of thousands of dollars. Towards Christmas, I became convinced that I must acknowledge my  
504 failure to act as instructed and accept the consequences. I did talk to one of my colleagues, and suggest that  
505 the best way out was then to resign.

506         At this time, the public controversy over power costs of the Peace project as compared to the  
507 Columbia had reached a point where it was decided to refer the matter to the Energy Board for report. The

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508 group was given the power, and the authority of a royal commission to carry out its work. International  
509 consultants were employed to compare the data on both river systems, and engineering plans for the Peace  
510 River were in a form they could be used so they could be used so they were readily available. However, the  
511 engineering plans were also available for the Mica Creek project but at a price, and the inquiry paid the  
512 price, amounting to the unpaid engineering bills they secured the plans, and so saved several months of  
513 time and preparing the report. Premier Bennett and I never have discussed this matter to this day. However  
514 I cannot believe he did not know the serious situation which I had allowed to develop, and I am sure he was  
515 well aware that I had been rescued through the special assignment to the Energy Board. After all, the study  
516 was commissioned as a direct result of his recommendation.

517 Many vital matters of policy still had not been resolved between the governments of Canada and  
518 British Columbia when the Treaty was signed in Washington in January 17<sup>th</sup> 1961. As a consequence it was  
519 not then possible to determine the total financial obligations being imposed on the province, and plan how  
520 these would be met. And the Premier stated very, very exactly his position on this matter. Even though I  
521 had indicated that we were in a position actually to proceed one step further. To make matters even more  
522 difficult, federal officials without the engineering, were quoting precise costs, and you can find them  
523 anywhere you look in the records, precise costs of power in mills to the second decimal place, before the  
524 site engineering had been completed, or the obligations imposed by licence requirements determined. The  
525 Premier in turn would state that if such figures were to be used, the federal government would have to  
526 ensure their accuracy through appropriate guarantees to the province of British Columbia. Even then the  
527 matters of engineering and licensing would have to be finalized prior to the ratification of the Treaty.

528 Somewhat more troublesome was the requirement of the Treaty that the governments of Canada  
529 must pass notes to ratify each sale of downstream power. At this time, the contemplated sales were  
530 expected to be of short duration as I said and numerous, and this would make the diplomatic process very  
531 cumbersome, and if you had to do it just for a short time, by the time you got it through the governments,  
532 you likely lost the power. Of even more concern, was the fact that the BC Electric was getting into the  
533 position where it could effectively block the viability of both major power developments of this province.  
534 This was obviously not the firm's intention, but it was the direct result of the position and attitude it had  
535 adopted. This statement requires some explanation.

536 The Peace River project had been in the position to start the initial phases of construction for some  
537 months. However, work could not start without some contracts for the sale of power. The BC Electric had  
538 the biggest market outlet and potential demand in the province. The Peace could not start without the sale  
539 of a sizable block of power to the Vancouver centered utility. The BC Power Commission would not sign a  
540 contract until the private utility had done so because the relatively small size of its market and its potential  
541 demand could not be expected to carry even a fair part of the costs of generation of the Peace. There was no  
542 support for a long term export of power, from either governments ... Canada or British Columbia, and  
543 efforts to create an integrated grid which would use the Peace reservoir as a power bank, and so provide a  
544 place to store surplus energy in liquid form was also not favoured at the time. The BC Electric in its  
545 original association with the Peace River Company had counted on a power export permit to the United  
546 States for a number of years pending the increase in demand within the province. When the permit  
547 terminated, the power generated then would be marketed back within the province.

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548           When details on the Columbia River Treaty had been finalized, and the division of benefits  
549 determined, I was called to report on the next technical moves. Quite frankly I was happy with the divisions  
550 of the power benefits, although not quite so pleased with the flood control payments but I had lost that  
551 argument long ago, and it was finished. The first question asked concerned what was to be done with the  
552 downstream power benefits. My reply was that we would sell some in British Columbia, and I hope the rest  
553 could be sold in the United States. I was then advised that I better find out pretty quickly since such sales  
554 would have very much to do with the financial viability of the whole scheme.

555           My inquiry soon disclosed the short term sales of downstream power in the United States would  
556 only be regarded as dump energy and would be subject to the same payment of 2 mills per kilowatt as  
557 Bonneville already charged for this type of energy. It was a discouraging proposition.

558           The BC Electric agreed to only take as much of the downstream energy as could be effectively  
559 integrated into their system, and work was already in progress on the Burrard Thermal plant so this  
560 installation had to be taken into consideration... it was a fact of life. In the beginning, only a portion of the  
561 downstream energy generated from the Arrow Duncan storages could be used in Canada. The remainder  
562 would have to be sold in the United States, or wasted and lost forever. To make matters even worse, the BC  
563 Electric, and this was the clincher, the BC Electric declared that the firm would resist paying more for the  
564 power to British Columbia than was being received for that portion which was sold in the United States.

565           My report to the Premier, and my colleagues in the Cabinet was not cheerful. I can still remember  
566 the final exchange as though it were only yesterday. I was asked the approximate cost of producing the  
567 power in British Columbia, and replied that it would be about 4 mills per kilowatt. I was then reminded that  
568 for ever kilowatt sold in the United States for 2 mills, a kilowatt must be made to return 6 mills in Canada  
569 just to break even. It was tartly observed that I was in the political business, and something much smarter  
570 than this arrangement would have to be devised. And it was also becoming very clear that either the BC  
571 Electric, or the government was going to dominate the development of an electric power policy for British  
572 Columbia. This challenge to government received almost immediate attention as did the power sale  
573 problem in the United States.

574           Investigation had shown that relatively long term sales of downstream energy which could be  
575 incorporated into the American load system, would command a fair price return, particularly from the  
576 privately owned plants and distribution systems. The problem was to get a change in federal policy on the  
577 export for this American generated power, and as you know if you've been following this, this did not  
578 come very easily.

579           An interim report from the Energy Board in March '61 warned that caution should be taken in  
580 advancing firm positions in cost and benefits from either the Peace or the Columbia projects until  
581 additional engineering studies and essential data collection had been completed. Such work was proceeding  
582 as rapidly as possible with the Power Commission having control and responsibility for such work on  
583 Duncan, Arrow, and the Mica Creek storages.

584           In the meantime, action taken in the United States in approving Treaty ratification opened the way  
585 for direct current transmission intertie between the Columbia River and California, and this in turn  
586 improved the prospects for the sale of downstream power to private utilities in the Pacific Northwest. The

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587 debate on financing the project continued through the spring. At one stage Premier Bennett offered an  
588 either/or proposition. The federal government could build the Treaty projects with a deduction of the initial  
589 64 million dollar flood control payment earmarked for an endowment to benefit the flooded areas. It would  
590 take its costs from profits, and return an unencumbered system to the province in 50 years free of charge.  
591 Failing this, the province would build, and the federal government would guarantee a laid down price for  
592 power in Vancouver of 4.25 mills per kilowatt and accepting any responsibility for the sale of any surplus  
593 in the United States for the same amount. But neither offered proved acceptable.

594 All the while, pressure mounted to change the classification of the Canadian share of downstream  
595 power so that sale was not restricted through federal export policies. A method of effectively removing the  
596 BC Electric's hold over power development had also been devised. Taxation on power usage across  
597 Canada was not equally based on individual users. Private utilities paid federal taxes on income which  
598 amounts were used in the determination of provincial equalization grants. Public utilities paid no such tax.  
599 And since there were very few private power firms still operating in Canada, the Premier demanded that all  
600 tax on private utilities should be returned to the province where it originated. If this were not done, the only  
601 alternative was to have all electric power, primarily for utility purposes, generated under a public  
602 corporation. This statement was made in the provincial legislature in February 1961, but was generally  
603 ignored by those who heard it.

604 In the light of an encouraging engineering report, same time from the Power Commission's  
605 consultants, it was decided to proceed with the licensing of the Treaty projects during that early summer.  
606 Members of the Cabinet were in Alaska, on June the 20<sup>th</sup>, 1961, attending a joint Alaska, Yukon, British  
607 Columbia conference. Word was relayed to us that the new federal budget had been brought down and had  
608 not changed the taxation position on public utilities. Immediately, right that day, word was dispatched to  
609 the Lieutenant Governor to be ready to open an emergency legislature session on August 1<sup>st</sup> 1961. The  
610 return to Victoria was expedited to make the necessary arrangements for the session. The public reason  
611 given for the session was the necessity to ratify a new federal provincial tax collection agreement, but the  
612 prime reason was to arrange for the public takeover of both the BC Electric, and the Peace River power  
613 company's report to the Energy Board, the site power costs from the two river systems was tabled, as the  
614 legislative session opened. The assertion, that when constructed with public financing, the power costs  
615 from each development would be approximately equal provided much fuel to fire the debate on the two  
616 river development program. The board report also made, pointed reference to the sequence of development  
617 of the Columbia River, and to the need for control of the downstream power benefits by the provincial  
618 government. The Legislature endorsed the take-over unanimously.

619 During the fall, many persons argued the findings of the Energy Board report. And some of the  
620 minor elements of concern were used in the disputed comparisons however, they were not sufficient to  
621 discount the general validity of the findings and the recommendations which had been made. With the  
622 passage of the legislation, I became a director of BC Electric, and we proceeded almost immediately to the  
623 first stages of development of the Peace River project under the energetic drive of Dr. Gordon Shrum.

624 A sale price objective was also placed on downstream Columbia power benefits of 5 mills per  
625 kilowatt at site. Peace River power delivered to Vancouver was estimated to be 4 mills plus. When



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626 compared, a 5 mill return on the downstream benefits without any transmission costs or loss, this  
627 arrangement could be termed most attractive.

628 Work on the Peace River engineering continued. There was some talk of the Federal government  
629 blocking this development through failure to grant a federal licence for construction on a navigable stream.  
630 Two things worked against such a move. The federal authorities could not certify the Peace River was  
631 navigable up through the canyon. There was even some desire in the province that this declaration be made  
632 so that navigation aids on the proposed Peace River reservoir would then become a federal responsibility.  
633 And the forest service had been charged with the task of reservoir clearance, and would have welcomed  
634 some assistance with the navigational aspects of their assignment. However the federal government didn't  
635 bite.

636 Study had also proved that the control provided by a dam on the Peace River would improve  
637 navigation downstream on the Mackenzie River. Some problems did develop, and I've heard about the  
638 disasters even in your lecture, some problems did develop in an initial year of filling when a regional dry  
639 cycle, combined with the reduced flows to lower level seriously downstream. The facts of life are that it  
640 didn't lower them as much as they had been lowered by nature itself in times passed, and I'm indebted to  
641 the research of a gentlemen that's in the audience tonight for bringing this to my attention at the time.  
642 Nature had actually created this situation far worse than this by itself in a cyclical dry period sometime  
643 before. Stories about the death of a delta disappeared when conditions soon returned to normal.

644 In the spring of 1962, following the merger of BC Electric and the BC Power Commission into the  
645 BC Hydro and Power Authority, progress towards resolution of the two river power development problems  
646 began to appear. By this time, the Peace was becoming far more than a plan. Premier Bennett and federal  
647 Finance Minister Fleming agreed that it would no longer be the subject of controversy as to whether or not  
648 the Peace River project would be built. It was also now possible to show that if the sale of downstream  
649 power benefits at a fair price were ratified, that British Columbia could finance the two river development  
650 without loan assistance from Ottawa. Discussions had been going on with various power agencies in the  
651 American section of the Columbia River, and it was thought was possible that a sale of energy could be  
652 arranged if the federal government gave the necessary approval for long term contracts. It was confidently  
653 expected then that federal provincial agreement would be secured in the late spring of 1962 to be followed  
654 by Treaty ratification.

655 Whether with continuing controversy over the BC Electric takeover, as you know it got into the  
656 courts, or General McNaughton's rather unhappy departure from the IJC played a negative role is not  
657 possible for me to say. But a federal election was called without ratification or formal agreement with  
658 British Columbia on the naming of the entity which would be responsible for carrying out the Treaty  
659 arrangements.

660 While Canada argued and tried to negotiate a basis for downstream power sales, and this is  
661 something else people have failed to realize, the Americans authorized additional projects on the river  
662 system which tended to make the Treaty agreement even less attractive for them. Three major generating  
663 plants, and some minor ones had been approved for construction since the United States ratification of the  
664 Treaty. Delay was also increasing the cost estimates of Canadian projects through inflation. A minority

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665 government was returned in the federal election of 1962 and when parliament reassembled, it appeared as  
666 though the official policy had changed on the sale of export energy on a re-capturable basis. Even though  
667 such a statement was made by government in parliament, negotiators were never permitted to commit to  
668 such an arrangement. And without such firm assurance, no real progress could be made.

669           However, under the constant urging of Dr. Keenleyside, the technical staff did develop a scheme of  
670 development which met American and Canadian requirements and came close to returning the 5 mills per  
671 kilowatt for the Canadian downstream energy. Before action to ratify such an arrangement was possible  
672 however, the minority government was defeated, and another election was called. Just as the Conservatives  
673 bowed out of office, Patty Sherman wrote a special report on the Columbia River power plan which had its  
674 roots in the removal of General McNaughton as a Co-chairman of the IJC. At that time, he and those close  
675 to him, wrote very critical articles in the Columbia development as proposed in the Treaty. Very, very  
676 critical, which were analyzed by the top technical people and found wanting, and they have even been  
677 repeated, and repeated here by his grandson I understand a short time ago speaking to you here, in Simon  
678 Fraser. It's become almost a matter of family pride to get that situation put in the record.

679           Chairman explained his predicament to me that I responded by turning over the relevant files in the  
680 Columbia negotiations, and I still remember him heading out the office, hardly able, he's not very tall in the  
681 best of circumstances, not being able to see over the top of the documentation he was packing. This opened  
682 the door to further information from national and American sources which occupied his complete attention  
683 for some months. The resulting published article was the best analysis of the subject that had been written  
684 until that time, and it came from British Columbia, not from eastern Canada. And in certain spots it wasn't  
685 particularly complimentary to any of us, but it was subsequently printed as a separate section and many  
686 thousands of copies were distributed by everyone closely associated with the joint river development.  
687 That's the people in Canada, the people in the United States, and in Canada the people both federally and  
688 provincially. It did much to bring sanity to some of the argument then propounded based upon speculation  
689 and misinformation.

690           Even while the election campaign rolled to a conclusion, the Portage mountain dam came up for  
691 tender opening, and at 73 million dollars, it was 17 million dollars under expectation. British Columbia's  
692 could now expect reasonably priced power in abundance. Despite the many things said in a heat of an  
693 election campaign, the new Liberal government moved very promptly to implement the Columbia River  
694 Treaty. Definite assurance was given to the Americans that the sale of downstream power benefits would  
695 be authorized for a given period of time. Steps were taken to prepare an agreement between Canada and  
696 British Columbia setting forth the responsibilities of each government as these related to the  
697 implementation of the Treaty.

698           I remember on one occasion when the technical experts from each Canadian administration were  
699 arguing obscure points affecting the two governments which could not be answered with precision. My  
700 chief advisor cautioned me that engineers never would resolve the matter, and someone would have to  
701 make a decision on the best evidence available. It just happened at that time that Mr. Martin and Mr.  
702 Bennett, Paul Martin that is, calmly announced that they would return in a couple of hours, and they wanted  
703 an agreement ready to sign at that time. It was ready and they signed.

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704 Agreement was reached that BC Hydro and Power Authority should be an operating entity for the  
705 Treaty projects and that one of the two Canadian members of the permanent engineering board should be  
706 nominated by this province. Out of interest it is of fact that Mr. Author Pagget, a former Deputy Minister of  
707 the Water Resources in British Columbia has served on the Board from the beginning. Most time was to be  
708 spent on developing a Protocol to the Treaty designed to clarify and improve the original Treaty without  
709 having to alter the wording of that document. This was to have political significance for the new federal  
710 government and allowed for the benefit of two years hindsight evaluation by the provincial experts.

711 The exact meaning of some technical clauses in the Treaty did require clarification. The most  
712 important point was that a full accord developed between the federal and provincial technical offices and  
713 that both sides were now to be represented on any international negotiations. Of equal significance was the  
714 fact that the honourable Paul Martin was named minister in charge of the Columbia River negotiations by  
715 Ottawa. He and Premier Bennett established a man to man relationship based upon trust and mutual respect  
716 which is unusual in political life when different parties and philosophies are involved. Dr. Keenleyside who  
717 assumed responsibility for negotiating technical details under the umbrella of provincial policy established  
718 an excellent rapport with all who were directly involved at the policy level whether they were federal or  
719 provincial.

720 The sale of downstream power benefits to a single agency in the United States was proving to be  
721 most difficult because the Bonneville Power Administration could not act in the position of a broker. It was  
722 a federal agency. Some single organization representing the public utilities and private companies on the  
723 river had to be organized and it eventually was. It also became evident that the exact value of downstream  
724 benefits could never be precisely measured in advance of their generation. This meant that a price based  
725 upon the kilowatt unit was not a feasible approach. The depreciated lump sum method of evaluation would  
726 have to take into consideration certain assumption in arriving at the amount of compensation. And it's  
727 perfectly obvious that Canada would support assumptions in calculation to our benefit and the Americans  
728 would do the same as far as they were concerned.

729 An argument on value finally reached a complete stalemate and we were 28 million dollars apart,  
730 and no one would move. We stayed that way for almost a day and a half. It was my position to speak for  
731 Canada, as this was solely a matter of provincial concern. Paul Martin was our chairman, and responded to  
732 the position of British Columbia, whatever was advanced. Finally, our advisors cautioned me that we  
733 would have to compromise. Firm alternatives of providing energy opened to the Americans had made them  
734 decide that this was as far as they would go in providing payment for 30 years of downstream energy.  
735 Unbeknownst to me, Premier Bennett and Mr. Martin had already established a minimum lump sum figure  
736 which could be considered acceptable. This sum had already been bettered in negotiation. To break the  
737 impasse, I finally suggested we split the 28 million evenly between us, and on this basis, final agreement  
738 was reached... 14 million a piece.

739 At the time of the agreement, this sum was expected to pay the cost of the three storage projects,  
740 and to leave an amount to partially pay for the installation of generating equipment at Mica Creek. The cost  
741 of the power from this installation would then be dependent upon only paying the remaining generating  
742 costs plus transmission expenses. In the last 11 years, the rapid escalation of construction costs has changed

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743 this figure but will still, and I repeat, will still leave Mica Creek power as the cheapest, large block of  
744 incremental power now available on the North American continent ... to the people of British Columbia.  
745 Most people don't grasp it. There were still those, including Premier Bennett that thought a better deal  
746 might have been negotiated, but it was my contention, supported by all the technical and knowledgeable  
747 expertise that could be assembled, that we had reached as good an arrangement as was possible, except for  
748 that half of the flood control benefits. And we'd come to the conclusion was either that or we'd have no  
749 shared benefit at all.

750 Even after this hurdle was past, there were still difficult matters to resolve. Canada had to be saved  
751 harmless from any default which might be occasioned from British Columbia's failure to perform as  
752 required under the Treaty. At one stage it was proposed that Ottawa would retain the whole advanced  
753 benefit payment, and only forward amounts to the province in line with actual capital expenditures on the  
754 projects that were made. Had this position held there would have been no Treaty. Premier Bennett had  
755 already proved he was one of the best money managers Canada had yet produced in public life, and he was  
756 not allowing federal officials to handle such sums on his behalf. In fact he viewed the whole proposal as a  
757 belittling insult.

758 Failing this arrangement for money control, the federal government proposed that it would  
759 withhold from the province money owing on any intergovernmental agreement which would be used to  
760 make good what it unilaterally considered to be a default in obligation imposed by the Treaty terms  
761 unilaterally. This proved to be the most serious point of all since it gave one government power over  
762 another with no recourse whatsoever to arbitration. On this problem, we even reached the stage of advising  
763 a certain group from the United States that was coming up on the project to stay home since it was possible  
764 no final federal provincial accord could be reached. In bitterness, whether you believe this or not, in  
765 bitterness, some time was spent in drafting a press release which would indicate that negotiations for the  
766 Treaty implementation had completely broken down and there would be no Treaty. Finally a four way  
767 telephone conversation resolved the impasse.

768 Premier Bennett was in Hawaii on holidays, and had failed to answer our telephone calls, the  
769 reason was simple and that he had decreed to myself and Bob Bonner the province would accept no  
770 arrangement which automatically imposed a penalty at the sole discretion of someone or some group in the  
771 federal government. He would not even talk about it. He viewed the whole manner as being one affecting  
772 provincial integrity and inferred such a proposal for unilateral action was an insult not only to himself, but  
773 to all British Columbians. Luckily, the Premier had some second thoughts about communication before we  
774 had reached the point of no return. He called his representatives, which Bob and myself, and Paul Martin  
775 and the three of us joined up on one end of a telephone in Ottawa, and talked to him in Hawaii. In the end it  
776 was agreed that if the Exchequer court ruled that British Columbia was in default on a Treaty obligation  
777 and had not satisfied the claim within 60 days, such money could be taken from any payment to the  
778 province on any account from the federal government. The last serious problem in negotiation involving  
779 government decision had now been resolved.

780 On January 22<sup>nd</sup> 1964 in the White House, Dean Rusk and Paul Martin signed the Protocol on  
781 power sale agreements witnessed by President Johnson and Prime Minister Pearson. I was privileged to be

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782 present on this occasion. This was one of the few times a provincial representative has ever attended an  
783 international meeting involving the signing of an agreement between two countries. It was likely one of the  
784 only times that a White House Parker pen set was taken home by the provincial representative. Token  
785 White House pens were given out, but that wasn't good enough for me... I managed to secure permission  
786 to bring back the actual Parker Pen set that they'd used. Not the token pens that they handed out, that they  
787 said had been used. So that's I guess in Mr. Bennett's archives in Kelowna, now I don't know where it is,  
788 but I haven't seen it since.

789 Two final matters had to be resolved before the complete termination of negotiations. The  
790 Canadian Parliament had to examine and then ratify the Treaty and a sole contract had to be negotiated and  
791 money exchanged for the 30 years of downstream energy which the Americans had agreed to purchase. In  
792 the External Affairs committee examination, considerable time was spent discussing a plan for diversion of  
793 water from the Columbia River to the South Saskatchewan River system. This proposal was advanced by  
794 the government of Saskatchewan and such an arrangement had never even been discussed with Alberta or  
795 with British Columbia, and to be considered seriously would call for a substantial storage based in the  
796 Kootenay Columbia valleys based upon General McNaughton's plan which had not been adopted in the  
797 Treaty.

798 When negative engineering advice was presented, the proponents tended to back away from their  
799 proposition, and argued they were supporting a principle, and not asserting feasibility. It was my view, and  
800 I said so at the time that the proposal was purely politically inspired, and I still believe it to this day.

801 When I appeared before the parliamentary committee, I expected serious questioning from persons  
802 such as Bert Herridge who represented the Arrow Lakes and others there, however this did not happen, and  
803 I was through in less than half a day. No provincial representative was seriously questioned as the Treaty  
804 was discussed before the External Affairs committee.

805 The money for the power sales was paid on September the 16<sup>th</sup>, 1964. The ceremony took place in  
806 Blaine, Washington to commemorate the agreement and the payment. President Johnson, and Prime  
807 Minister Pearson attended but a facsimile of the actual cheque had to be used in the ceremony because  
808 Premier Bennett had already put the money at work earning interest in eastern Canada some hours before  
809 the meeting took place.

810 The worry about British Columbia's ability or intention to perform as agreed has proved to be  
811 unfounded. The Duncan and Arrow storages were completed ahead of schedule, and earned British  
812 Columbia additional benefit. Mica Creek storage came into operation on the date agreed, and the final  
813 payments for flood control were made as arranged. The Canadian entity has had 3 chairmen, who were  
814 familiar with the Treaty negotiations. Dr. Keenleyside, myself, and now Dennis Kennedy. No real problems  
815 have yet developed in operation, or in the interpretation of the responsibilities.

816 The demand of electric power within the province of British Columbia has exceeded the most  
817 optimistic projections. Developments throughout the whole of British Columbia have been made possible  
818 through an assured supply of reasonably priced energy. One has to utilize and produce efficiently before  
819 increased charges can be accessed in the public interest. You have to have the base. This was one thing.  
820 The base was laid in those years. One has to utilize and produce efficiently before increased charges can be

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821 accessed in the public interest, and this is right across your economy. The supply of energy sparked the  
822 interior forest revolution in total wood utilization which has captured the imagination of forest based  
823 economies throughout the whole world. This has also presented additional challenge to myself which has  
824 delayed retirement until some future unknown date. Thank you very much.

825 **Professor Cook:** Now ladies and gentlemen, coffee is available over there.

826 **Audience (Tim Newton?):** Why was the Treaty chosen to be 60 years and why was the sale of  
827 downstream benefit chosen to be 30 years rather than some shorter period of time?

828 **Mr. Williston:** I'll answer the, one, the sixty year agreement. I honestly can't give you a reason why that  
829 sixty years was termed in. if anyone here tonight has that. I don't recall the reason why they fastened on the  
830 sixty years. It was determined they would negotiate beyond that time, but really they were having so much  
831 trouble, even as we started in figuring what was going on, even for the 30 years, leave alone the 60 years,  
832 that I really think the responsible people, the engineers who were documenting that part of the business  
833 really must have thought they could really not nail down precise situations what would be happening  
834 concerning 60 years hence. Anyway I can't tell you that. But the 30 years I can tell you. We negotiated 10,  
835 20, and 30 years, and you have to take average flows that you're going to get to create power for that period  
836 of time. And because power, water flow is cyclically, and you got a better return 20 years than 10 years,  
837 and they got the maximum return that they would get in flows on a 30 year period, and it was considerably  
838 better return on an annual average basis than 20 years and that was the engineering base upon which the 30  
839 year term was determined. It gave them the highest, average, annual return in downstream benefits over  
840 that period of time.

841 **Audience:** those who raised it early, maybe we should not have negotiated on lump sum payments for the  
842 downstream benefits. I never came upon any discussion on it in the liaison committee. Do you have any  
843 comments?

844 **Mr. Williston:** Yes. Fundamentally when we agreed upon the amount, and the lump sum and the  
845 evaluation that would be given over that period of time, and they came to a depreciated interest rate. It was  
846 determined for better or for worse, at that time, that the actual interest rate prevailing, over the period of  
847 years interest with everything else, would generally escalate. And if they were to get the maximum  
848 evaluation of interest rate by taking it backwards, and getting therefore the lowest interest rate taken from  
849 that sum, then they would get it at that time, at that precise basis. I don't know whether I'm making myself  
850 clear. As they depreciated this in the 4% range, and had it been for instance today's, it was twice as good the  
851 worth of the money therefore, as money at 8% which they would handle at the present time. So actually, we  
852 were allowed that evaluation. Remember we won't be producing those energy benefits for 30 years, they  
853 won't be getting them themselves for 30 years, they paid for them in advance, and they paid for them by  
854 depreciating those yearly payments on the basis of that interest rate that prevailed at the time. The second  
855 business, when you take them, it provided, that money, at that time, which enabled the construction of the  
856 projects on the river to take place without the borrowing of capital sums which in fact would increase it.  
857 And so if we waiting for the 30 year payment coming down the sum, were to have borrowed the money,  
858 getting into the situation today, well that money would have been borrowed, even as some of it has to be  
859 borrowed today at the interest rates we're paying today, if it had been, had to be paid on the whole

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860 business, would have been a very very sizable additional cost in so far as those projects were concerned.  
861 That was determined at the time. Remember the total size, if you go back to those years even then, the total  
862 size of raising that amount of money, with the backing we had as against the backing that the Americans  
863 had to raise the money, the Americans raised it far more readily than we could at an interest rate which was  
864 much less than we could at the time. And all of these things played a part. But as I indicated to you before,  
865 my direct responsibilities had to do with the technical aspects of the Treaty negotiations right through, and  
866 the final financial aspects and the arrangements were the responsibility of the Premier as I indicated before.  
867 So quite frankly, I wouldn't try and put all the words in as to what determined the final evaluation that he  
868 used.

869 **Audience:** It has been said that in the Columbia River Treaty, engineering studies, way out weigh  
870 economic studies. And every time you talk to someone, that someone will always say we could get better or  
871 more benefits had we done something more in economic aspects. Now, who are some of these economists  
872 that had been advising the Canadians because, other than Larrat Higgins as one outstanding one, I'm not  
873 sure whether we have any other Canadian economist who have been working behind the scenes in working  
874 on these benefit cost ratios. Can you comment on that please?

875 **Mr. Williston:** Very outstanding one. I met him today, and haven't seen him for 8 or 9 years and  
876 somebody in the audience will be interested in this tonight too. In front of Vancouver Hotel, I ran into Chris  
877 Christianson who today is an economist, a very respected economist at that time with the federal  
878 department of natural resources. Then he went to Manitoba Hydro as an economist, and he told me this  
879 afternoon, that he is now leading economist with the Great West Life Insurance Company in Winnipeg.  
880 Chris Christianson was one of the, when we argued, the economist, but the federal government, from the  
881 federal government finance department had a whole series of economist that were in there. And if I sat here  
882 for a while, I could likely give names to them. But they weren't my direct associates like Gordon McNabb  
883 and other people, Ed Ritchie and people of that nature who were my direct associates. But they had a whole  
884 bevy of economists working on that study from the federal government's point of view.

885 Believe me they, the economic studies, now we argued for a whole year on economic studies. You  
886 must have heard something, I can go on here, what you do in 8 years, you can't condense in 40 or 50 or an  
887 hour or an hour and a half. We went on grossing and benefits. You see, what's his name was basically an  
888 economist in charge of Manitoba Hydro and he was on the IJC as well, and he was what we called a  
889 "netter". And those people, the economists at that time believed that we should start the Columbia  
890 development as we had it on the day we were developing. In other words, we started there at scratch, and  
891 then we put all the costs together, and we shared the costs from the revenue that was taken, and we paid  
892 them out in that way. And that's what's called the netting position. We argued this for a whole year.

893 Then there were the "grossers", which were on the other extreme. They didn't handle any  
894 groceries, but we called them the netters and grossers. But the fallacy in the netter's position was that they  
895 thought the Americans would write off all the installed costs, in all the projects they had on the Columbia  
896 River. And if you've ever been down there in those days, they had Chief Joseph. All the penstocks were all  
897 in all they had to do was to join them up. But the economists took the stand that the Americans were going  
898 to write those off for nothing. They took the stand at the base they had in for Grand Coulee, they were

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899 going to write them off for nothing and they were going to start just at putting in. Well, that was just so  
900 much malarkey. Once they got onto that, they demanded if that was the base they were going to be, that all  
901 their installed costs and once they put their installed costs into the proposition, the day we were ever going  
902 to get anything back after it paid because you realize how the United States, how they kept jaggging back  
903 their costs on the river. Every time they add something to the project, they add it in, and then they  
904 renegotiate the whole thing for another 50 years, and they stick it in, and they refinance the whole thing for  
905 another 50 years. And you're completely in that position of paying it back, and we in Canada, to get any  
906 return from the Columbia River, or any flexibility that would have gone forever.

907 And the second thing was, on the economists arrangement that on that, where both sides were  
908 engaged we just thought it was completely impractical the Americans for example, put special preferences,  
909 whenever their money goes out, as to where their bids will be placed. And they are not the bids that give  
910 the lowest net return as so far as installations are concerned. Well on all counts, we just figured it couldn't  
911 go. But getting back to economists, they were there, but you were, you're in a field where there are so  
912 many unknowns that you can take this, I don't care which way you go, you can take it, add infinitum until  
913 you never get a decision, but if you have to build, and you have to do something today, tomorrow, next  
914 week, and you have to keep the rest of your economy going, from an economists standpoint, the operating  
915 economist standpoint, he has to make sure in that particular situation does not inhibit the development of  
916 the province as a whole, and I think that was dramatically demonstrated in that instant.

917 **Audience:** [inaudible]

918 **Mr. Williston:** No and that's interesting that you brought that up. And people bring this up nowadays  
919 talking environmentally on so far as these projects are concerned. It may surprise you, or it may not  
920 surprise you. That even back in the 50's, going into the 50's when all this was going on, even after those 14  
921 years of IJC studies that had gone into this from engineers from both sides of the line, in bringing that  
922 through, even at that time, environmental matters were never to the floor. They were hardly, and I must  
923 admit, and in light of our response today, and likely this is why the response today has been so strong, but  
924 even that far back, environmental matters were very very, well they were not given the consideration.  
925 You'll go back and take a look at the estimates that were put in right back in that engineering report of the  
926 IJC's Columbia River engineering report, and you'll just be amazed at the lack of any estimate that was put  
927 in for environmental matters for any of the discussion ... both sides of the line. This is a relatively late  
928 phenomenon that's caught the public's imagination and interest, and it should have done, but in those days,  
929 quite honestly it was never even the subject of argument. Not even publicly or any place else. In our  
930 meetings, I can't even remember once where it was a very strong matter of discussion. I don't remember.

931 **Audience:** [inaudible]

932 **Mr. Williston:** Oh yes for a resettlement and things of that nature. But that wasn't considered, that was  
933 considered yes, those costs were involved, and covered, and I would image, I understood, I saw that Mr.  
934 Wilson was speaking, has he spoken yet, and he was as far as Hydro was concerned in responsible for the  
935 resettlement for the Arrow Lakes. But in this particular development there were any people involved at all  
936 were in the Arrow Lakes. There were absolutely no people behind Duncan, and there were no people  
937 behind the Mica Creek dam. No, you know that were really affected.



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938 **Audience (Tim Newton?):** On the economic side, you mentioned you knew at the time, well you  
939 anticipated the time that the downstream benefit payment would pay for all of the projects plus half the  
940 stored capacity at Mica. I believe one of your economic advisors at the time may have drawn a public  
941 statement that you couldn't get power for less than 3. Surely he was aware at the time...?

942 **Mr. Williston:** No I think ... no I was responsible for the negotiation. And I like people to quote me on  
943 these matters, in here and very few people ever quote me, and I accepted responsibility for that. And that  
944 left a lot of freedom for people who were around, beside me at that time to say things I may or may not  
945 have agreed with. But I can remember at that time that somebody will say that nothing is cheaper than free  
946 or something of the nature. But I'll challenge you to find me making that statement so I'm not going to; I'm  
947 not going to back it up here tonight. I never made it. I'll challenge anybody to find a place where I did  
948 make it.

949 **Audience:** What did you say to the man who did say it?

950 **Mr. Williston:** Well you know, what do you say to the President of the university some times?

951 **Audience:** Might I take you back to the negotiations when they were starting. As I understand it, there was  
952 an agreement on three dams in Canada with a sort of agreement between BC and the federal government to  
953 go to the first meeting of the negotiations and say we propose three dams in Canada.

954 **Mr. Williston:** No no. That's in my notes and it's written out here. When we went to the first meetings we  
955 didn't say three. We said we were going for the maximum, and the maximum would include High Arrow,  
956 Duncan, Mica and the East Kootenay which is 4. And with the 4 makes, depending on how you arrange it,  
957 5 or more dams. And we agreed that we'd go into that negotiation, getting the maximum amount of storage  
958 if we could get it at the top credit added position.

959 **Audience:** But the list just refers to the three dams. I think that's what it means three dams on the Columbia  
960 or something. However you were saying tonight that the BC position then said, or reacted against flooding  
961 the Upper Kootenay. Until such time as its benefits, or benefit cost ratio, have been proved. What were you  
962 looking for there and did this ever get proved.

963 **Mr. Williston:** I think I indicated tonight, and it's in my notes if I didn't say so, you can read it, I think I  
964 said it, that it was not demonstrated to us that the cost benefit ratio of flooding the East Kootenay valley  
965 was sufficiently high to warrant the flooding of two valleys in eastern British Columbia. I went further and  
966 I said that Crippen-Wright had warned us about this to make sure we didn't close the negotiation until we  
967 had been able to evaluate the return we were going to get for flooding both of those valleys and in his  
968 report elsewhere we've had the High Arrow on a cost benefit ratio basis, on a reregulation basis, on the  
969 control of your own action on the river was always in the British Columbia program had a top priority. So  
970 when it came an either or position, when we finally got there, whether you take out the High Arrow, or you  
971 take out the East Kootenay, we took out the East Kootenay. And this for several reasons. One is that it had  
972 never, as I indicated before, it had never been engineered. Two is that it set up except maybe once or twice  
973 the whole way, right from the border almost to Golden ... it set up a complete water barrier across the  
974 province, that you might get across at 2 places in the whole business. It took out all that landed area  
975 through there, and in return, it couldn't be demonstrated to us that the return to British Columbians was

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976 sufficient to put up with that amount of both loss of land, and inconvenience to communication for the rest  
977 of time in the province of British Columbia. And at that time, we made the decision.

978 **Audience:** But where you can help me here is was that cost analysis done,

979 **Mr. Williston:** Yes, the benefit cost, well ok.

980 **Audience:** On the upper Kootenay.

981 **Mr. Williston:** Yes because the cost of establishing, yes, of establishing even in an estimated way. You see  
982 you got those benefits very much cheaper, very much higher, and very much more storage, with that Arrow  
983 storage and Duncan storage, at very much less cost than you got from the Dorr. Well you take it back to the  
984 Dorr-Bull River, and then back from the Bull River completely back to the top. You're building three dams  
985 up there, at the time. I think I detailed this tonight, and if you go back you'll read it.

986         Also at the time we had to agree that we provide low cost block of power, low cost to the  
987 Americans. So not only did we have to store that high where it was no value to us, until it had, Mica had  
988 been generated and ran through the Mica as it came, you know the power was just up there, and it would  
989 stay there. And it was really no value to us until after the Mica water had been used to capacity with all the  
990 generators. And then it had the value of being positioned where it happened to have been positioned at that  
991 extreme cost. And if you took that cost over all those years, about 20 years, and compounded that cost over  
992 the total, it did not come out to the positive side of the proposition and it was just rejected. Not only on the  
993 other, it didn't have the cost benefit ratio. And we also had to move on an agreement with the Americans  
994 immediately to, if we did that, immediately to supply them with a block of power that they were losing  
995 automatic with Libby. Over and above that, we starved the plants on the Kootenay Columbia system. And  
996 we would have to get into the Trail, smelter area there with additional power, to make it up on the down  
997 power times in so far as the establish industry was concerned there. And from our standpoint, it just didn't  
998 make any sense financially. Couldn't do it. If somebody can come along now, recite it, and demonstrate  
999 how it could be cone, I'd like to hear it. But nobody's ever done it in all the years of negotiation and since.

1000 **Audience:** In this benefit cost study, what kind of a time period and interest rate was used. 60 years? 50?

1001 **Mr. Williston:** In so far as the time and interest rate, was concerned was the payout time that was coming.  
1002 I can't precisely answer the question to you for all of them. Certainly the 30 years was on the downstream  
1003 benefit side. But the 60 years determined the life time of the general Treaty, and for different purposes, the  
1004 different periods of time were used. But I don't precisely know the answer to those questions. As I said,  
1005 that was the financial aspect were not under my direct control and I'm not able to be absolutely precise. I  
1006 think I could be precise if I went home on my notes, but as I indicated to you tonight, I haven't had that  
1007 opportunity. I wouldn't have done it anyway because it wasn't my particular responsibility.

1008 **Audience:** It's quite easy to cite the benefit cost ratio by different engineering consulting produced by  
1009 different criteria and then the Treaty you know has a 60 year agreement, and I was just curious to wonder  
1010 whether there was any standard base to this kind of economic evaluation so that you can make a  
1011 generalization. This is that much and that is that much.

1012 **Mr. Williston:** I don't think so. This is the first time that it had ever been done. I think you'll find of this  
1013 size and I think the people in charge with the responsibility of doing it, they really had no guidelines at that

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1014 time. It's fine afterwards when things are going on to come up, but at that time when you're starting in, and  
1015 trying to determine those types of guidelines which should be there and so on along with everything else, I  
1016 just suggest it was most difficult to do and it wasn't done with that type of precision at the time I don't  
1017 think. And I think if you injected that and tried to get a firm decision from the people that were there, with  
1018 real true meaning, it would have been almost impossible to do at that time. Certainly never impressed it to  
1019 me.

1020 **Audience:** In connection with the operation of the Treaty and the storage consideration of the charges often  
1021 made that all the storage decisions the storage release decisions are made down in Bonneville. What is in  
1022 fact is the relationship in terms of let's say the storage. Last year I guess, 2 years ago when we had the very  
1023 high water on the Columbia. What sort of arrangements, or operating relationships actually occur  
1024 particularly on the High Arrow.

1025 **Mr. Williston:** Well actually you dump High Arrow in relation, we jointly, High Arrow is a regulating  
1026 reservoir. And really what you'd do at High Arrow if you've got particularly high, which we had,  
1027 particularly high snow levels, we didn't have to have anybody tell us, we dumped High Arrow as much as  
1028 was possible before the water started to come in. That wasn't the Americans telling us to dump High Arrow  
1029 it was just common sense of your own operational people. You were going to get ready for the worst. We  
1030 knew how much water was in the hills, and we knew we were faced with it, and it wasn't any indication  
1031 and so far as the Americans were concerned. The thing that annoys me particularly in this whole business is  
1032 people keep inferring that by the practice that we followed, we lost control of the river, and they are just  
1033 exactly 100% wrong. Because if we put all that storage above our power generating, and it had to be  
1034 released above our power generating to meet their needs, then it would have to go through our power  
1035 generating, or bypass our power generating to meet the needs of the Americans downstream. And the  
1036 reason High Arrow was chosen, was to protect, and I said this tonight, protect our own power generating  
1037 capability to meet our own load growth curve at Mica, Downie and High Revelstoke, if that's what comes  
1038 in, reregulate the water in Arrow, and also use Arrow as a reregulating base for Duncan because it's the net  
1039 water that goes across the base, and with that large amount over 7 million acre feet of storage control at  
1040 Arrow, we're able then to control the water out of Duncan that influences the power generation that's on  
1041 the plants from Corra Linn to Brilliant which are in Canada, and it protects the power generation capability  
1042 of Mica, Downie and High Revelstoke. If that were anyplace else, you couldn't do it and the assertion  
1043 would be true. The next point that I hear nobody saying anything about. You know they think everybody  
1044 that got into this Treaty arrangement business were just plain stupid, and spent 8 or 9 years of plain  
1045 stupidity that's what comes across you know, half the time. But the fact of life is, that both the Arrow, and  
1046 the Duncan dams are constructed to take to add generating capacity to both dams, but that, if any of you,  
1047 not if any of you, you do know this, that is not practical until you have a large base load because that water  
1048 is going to go out when the Americans want it, and we have to have a big base load system in British  
1049 Columbia and when that time comes, I would project 20 years, and with the cost of energy going up now,  
1050 it's sure to come, it would be projected into our load base there so that we can handle it with other  
1051 reservoirs. But without a big load base, you can't handle it because it doesn't come at the times you  
1052 particularly want it to come. But it can come from both Duncan, and that's been designed that way so it can  
1053 be inserted, and for Arrow. Somebody told me today, you know I forget who it was, that it had been stated,

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1054 or hadn't been stated or something about this fact, but that's what's in the design specifications. You can go  
1055 up into Hydro, and you can see it. It's all there, ready to go, but it'll be 18, 20 years down the piece before  
1056 that becomes a practicability. My own view is they'll likely take run of the river off at Murphy as well, you  
1057 know that many years into the future. But that's, that's run of the river plants, and run of the river plants  
1058 have to be integrated with a pretty big system.

1059 **Audience:** What sort of catastrophe would Arrow be machined for?

1060 **Mr. Williston:** I don't know. Wilder would you know? No idea. I really don't know what it has.

1061 **Audience:** Mr. Williston, may I ask you a question about the matter of the Bull-River-Dorr. And in the  
1062 minutes of the Canada British Columbia Liaison Committee, you stated that the political opposition to the  
1063 proposal to include the Bull-River-Dorr project might be so great as to destroy the whole project. Was the  
1064 political opposition so great, and did that political opposition play any part in your decision? You have not  
1065 mentioned that. You've placed your emphasis so far on the cost benefit analysis that you did.

1066 **Mr. Williston:** Ok but what I stayed away from, and I alluded to that tonight, and I said that played a part,  
1067 but did not play a direct part. If you'll remember when I was talking about the power generation from Corra  
1068 Linn down to Brilliant, I said it had not been taken into direct consideration. But that also includes the city  
1069 of Nelson plan there. If you'd have taken that power away from those people, in that part of British  
1070 Columbia, and had limited their industrial capacity, instead of enhanced their industrial capacity, in that  
1071 particular place. Because remember where the transmission lines go from up in the top area there and if  
1072 you'd flooded out that complete area and this gentlemen over here is talking about environmentally, and I  
1073 think one of the most environmentally attractive areas in Canada is the East Kootenay. And if we'd  
1074 completely flooded out that basin around Windermere, Hazelmere, and the whole business in there, I'm  
1075 absolutely sure, and we were at the time, that we would have been overwhelmed with political argument  
1076 from that part of, they would have just raised particular cain had that gone through. I'm still convinced of  
1077 that.

1078 **Audience:** You still think that it would have been so great as to destroy the whole project, or were you just  
1079 using that as a negotiating ploy?

1080 **Mr. Williston:** Well had that gone in, and plus the costs we would have been put to, as it turns out to  
1081 handle, and the costs we had, for example, lets take, and this gentleman brought it up, we didn't when we  
1082 went into the Arrow Lake storage, we didn't have the complete costs for the environmental considerations,  
1083 and the people problem that we had there. And when you take a look, two things happened to that Arrow  
1084 Lakes business. One was the people business that proved many times as expensive as was indicated. And  
1085 the second article was the inclusion of the lock in the dam which wasn't in on the original which enabled  
1086 navigation. That was 11 million dollars in itself that wasn't even in the original plan that was incorporated  
1087 because of total use both for industrial use and for people use, boat use, up and down there. If you'd taken  
1088 that escalation of cost and thrown that at that time over to that other, and taken the increased costs of the  
1089 total number of dams that had to have been imposed before any comparable benefit came back, and you  
1090 could demonstrate it, I'm sure you could have been in, I still am sure you'd been in difficulty. As a matter  
1091 of fact, I don't think from the standpoint of that stage, I don't, I'm pretty sure that if that had been the case,  
1092 remember we didn't move, a few people realize, we didn't move until the Premier could absolutely see how

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1093 he could finance the whole business without detriment, or without putting a load upon the province of  
1094 British Columbia and allowing it to proceed.

1095 **Audience:** But you say whole. Does this mean the Peace as well?

1096 **Mr. Williston:** Our whole power policy, that's right, yeah... because that's the development. And you  
1097 know that was so right, people are still arguing, that was so right. You know even our most optimistic  
1098 business, was that by 1975, we'd only have 3 generators installed in the Peace River, and by 1975, they'll  
1099 be building the second power plant in the Peace River. And in my own instance, in Prince George, when  
1100 we started this business, for example, we weren't utilizing timber at all. We didn't have any pulp, we  
1101 weren't utilizing any waste in the business. Today in the western world, completely on pulp, on waste.  
1102 Prince George is the largest single centre of craft pulp production in the western world today based upon  
1103 waste. And the springboard for that all came from the Peace River power. And they're talking today  
1104 blissfully in northern British Columbia they're blissfully talking about 22 thousand jobs in the next years.  
1105 What happened in Prince George before that started in '56 in my own instance, there, in my own riding. I  
1106 had about or some place, 12, 13 thousand voters in that, in the last time I ran in that compass period. I had  
1107 off the top of my head, 45, 43, 45 thousand people. In that business it was all attached. You know, people  
1108 talking about that now. That's done. And people don't realize that Mackenzie is also in, Quesnel is also in.  
1109 In the western world, that was the biggest development that took place in close utilization of wood that's  
1110 taken place in the western world. The only place they don't recognize it, and they're going to do things in  
1111 British Columbia of course. They don't recognize this happens, but they take me and sent me all over the  
1112 world on this same type of utilization, administration, and close utilization of wood. The United Nations,  
1113 say for example, that in the western world today, I have the most experience in the administration of total  
1114 utilization of wood at the administrative level in the western world. And so they send me forth from British  
1115 Columbia as well.

1116 **Audience:** In your experience in water resources on the international scene. What do you observe in the  
1117 development of the Columbia River, as unique among the international river basin development other than  
1118 downstream benefits?

1119 **Mr. Williston:** I think it's most unique. I think it's most unique that the two countries were able to sit  
1120 down together and plan this development out between themselves. For example in the month of November  
1121 I was in Bangladesh for CIDA. And if you know anything about what's going on in the Ganges  
1122 Brahmaputra at the moment, India's damming the river up above Bangladesh without any by-your-leave as  
1123 far as Bangladesh is concerned you know. And what's happening what's down below because of the  
1124 damming problem is that that thrust of the river is no longer taking place, and the salt water is moving back  
1125 up further and further out of the Bay of Bengal, so that you get up to places like Kuna where I was and in  
1126 the pulp mill at Kuna where their water supply and so on for their boilers and their pulp, their salinity level  
1127 was raised to the point where nobody knows what their going to do as so far as that industrial business is  
1128 concerned. But there's been no discussion in this case as to what's going to happen if you dam that same  
1129 river in your area, in our area. Certainly I think this was unique and it happened here. I think we set certain  
1130 examples. I'm in New Brunswick now, and remember when we negotiated the Columbia, we were also  
1131 working on the Saint John River in New Brunswick. It's exactly the same as the Columbia River, except in

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1132 reverse. In other words, New Brunswick has the installed generating capacity on the Saint John River, and  
1133 the storage would have to go in the United States on the Saint John River. At that time, while we were  
1134 negotiating, we were negotiating a Canadian deal that would have to apply in both cases, the federal  
1135 government. And it was turned down in the east, not by the Canadians, but by the Americans because of  
1136 that big war that goes on between the private, and public power interests in the United States. But strange  
1137 as it may seem, was in the last well in the last 2 months, that the energy crisis in the States suddenly,  
1138 practically ever agency in the United States that was opposed to the joint development of the Saint John  
1139 River, has now indicated to their governments to get on with it and do it. But if you argued, the way people  
1140 have been arguing before you here in Simon Fraser concerning that proposition, you know, it would be  
1141 saying that New Brunswick should be paying a tremendous sum back to the United States for that storage  
1142 that's going to take place in the United States. And New Brunswick's got the installations on the river, even  
1143 as United States had the installations on the river here. There's no way, they won't even get, there's no way  
1144 that New Brunswick will pay as much as the United States paid us for that storage. Absolutely no way. No  
1145 way. They'll get something. But they'll never get as good a deal as I said tonight that we got back here

1146 **Audience:** See I, know some of the significant things we did develop on the Columbia. An example of co-  
1147 operative development. But the sad part of it is that this aspect of it, nobody put too much emphasized and  
1148 the sensational and emotional aspects of the Canadian sell-out part seems to be the most attractive to a lot  
1149 of people. Now there's one other very unique feature of the Columbia River basin development. And that is  
1150 the concept of sequencing. It was the Kripkin-Wright report that first brought attention of this. And I was  
1151 wondering whose idea was it? Whether it was Kripkin-Wright engineer's idea or was a statement in the  
1152 terms of reference by the BC government to look into that. Because until Krutilla study which brought up  
1153 sequencing and timing, very few people in the field of river basin development ever know about the  
1154 significance of this concept, could you fill in the background of this.

1155 **Mr. Williston:** Yes I would, I would say that Crippen-Wright were guided in their, both in their reference  
1156 and in their work in carrying that out by the engineering staff, and our own water rights department. And I  
1157 would be very very surprised if even some people in this audience tonight didn't have a great deal to do  
1158 with the decision making of that sequencing that took place that many years ago. Why? Because they were  
1159 the men who had to be charged with the practicability of making this thing work. You know, everybody  
1160 else can talk, but in the final analysis, when you say "go", these are the men who have the licenses and say  
1161 this goes, and this goes, and this isn't going to break the province and they are responsible people, and as I  
1162 say, I would be very surprised if people in this audience tonight didn't have a great deal to do with  
1163 determining that sequential situation that Crippen-Wright put in. Crippen-Wright worked with them, it was  
1164 a very close association. And I don't take anything away from Crippen-Wright either. Their integrity, I'm  
1165 not taking it away. But the guidelines were set and the determination was set by our own engineering task  
1166 force in the water rights department.

1167 And that must sound you know, what you're reading in the paper these days about these poor  
1168 public servants that don't agree with this business must sound awfully funny but I think, I can honestly say  
1169 that in 20 years of working with my staff, and they can say differently, and they're always free to say, often  
1170 times if you came on us having a nice quiet discussion you would think that somebody had the boxing  
1171 gloves out you know. But when we get off, at least we agreed this is the way we were going to go, and we

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1172 resolved our differences between us, and we stayed together. But I can never remember taking a specific  
1173 decision on action. Gosh, you know if they ever knew some of the decisions our engineers took. I  
1174 remember when we were building the Peace River dam, and they had a coffer dam up there that would  
1175 have cost us millions of dollars. And the engineers had a coffer dam that was so high and the spring floods  
1176 were coming on the business, and our engineering department in the water rights said, put 20 more feet on  
1177 that coffer dam. And I can remember them telling us, you stupid guys, those guys your engineers don't  
1178 know enough to come in out of the rain and go on back there. And here they're telling us what to do, but  
1179 we had the power, and it wasn't in the rest, and the engineering people had said you put the 20 feet on the  
1180 coffer dam, stick it up. And they put it on, and when the flood came up that spring it just went over the top,  
1181 and you know what had happened if that 20 feet hadn't been there, it would have taken out the whole coffer  
1182 dam, all the grouting, everything that was downstream. If it had cost us 20 million dollars on that business  
1183 of some engineer's decision and integrity. That's the kind of fellows we had working for us, and they never  
1184 let me down in 20 years. Despite what anybody says. Their advice came through, and they never let me  
1185 down in 20 years. I didn't make one technical decision of importance if it came to either/or, I made it, but I  
1186 never once made a technical decision that wasn't backed. We sometimes had to fight for a long time, but  
1187 they made them. But I honestly don't think that the people appreciate some of those people ... particularly  
1188 today when you see it around.

1189 **Audience:** [inaudible]

1190 **Mr. Williston:** I tried to say that you might have caught it. I indicated to you that I went into those  
1191 negotiations with one sentence. I went into that negotiation with one sentence, it was your responsibility to  
1192 get the best deal possible for the province of British Columbia. You won't believe it, but I was never  
1193 interfered with from that day forth in my actual negotiations. I was never, there were all kinds of rumbling  
1194 going on outside the outside the negotiations. As a matter of fact, if you read the paper you'd have  
1195 wondered what was going on. But that was never once transmitted to me for an order. The second thing  
1196 was, that in our negotiations, everybody in our team on the Columbia, and we had a very small team, we  
1197 had half the members, a quarter of the members, but every single member, whether it was our engineering  
1198 staff from the Water Rights Branch, whoever it was, they were into that negotiation as I said before tonight  
1199 when we went there with our heads, and if they saw a point in the negotiation that I missed or somebody  
1200 missed coming along, it was not only their right, it was their duty to get up and interpose. This was the  
1201 greatest difference in negotiation that took place in our approach. Nobody in the federal government spoke  
1202 unless the Minister requested them to speak. And at varying times, would be Howard Green, or Alvin  
1203 Hamilton, or the chap from Brandon Walterdinsdale, you know, at various time at that level those people  
1204 would be in there going, but those people never, they carried the negotiation and nobody spoke behind  
1205 them unless they were asked to make a contribution. And I want to tell you, there is no way that one man,  
1206 busy at many things, can keep all of those things in his head. And I want to tell you that's what made the  
1207 whole negotiation business so god darn frustrating from their standpoint that they were up against a real,  
1208 real group. There was just one opinion we were going, and it didn't have to reflect 15 different political  
1209 opinions because we didn't go back for that. We went back and rehearsed among ourselves which way we  
1210 were going to go, but we didn't base those decisions on politics, and I'm saying this out tonight. And I was  
1211 never instructed to do it. The federal government kept getting back into political considerations and

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1212 wondering what Burt Herridge would say when they brought it back into the house and the Arrow Lakes  
1213 and all the rest. And how they dance for him, and when they got back in and so on. That never was a point  
1214 for me at all.

1215 **Audience:** What about the difference between the Liberal and Conservative government approach to  
1216 British Columbians?

1217 **Mr. Williston:** I think I again tried to indicate that each time. First of all the Liberals when they started,  
1218 remember they got the disenchanted with General McNaughton and they went to the state level and then  
1219 the Conservatives came back and went from the state level back to General McNaughton and their other  
1220 groups, and they carried through that time. And then when the Liberals came back despite the fact that they,  
1221 and all through the political campaign, had said all the terrible things about the Columbia river, as soon as  
1222 they got back into office, they just negotiated with Paul Martin, they just negotiated the Columbia River  
1223 Treaty right clean through and it was gone.

1224 **Audience:** [inaudible]

1225 **Mr. Williston:** Gosh I would never know. You know, when you get into politics, that's why nobody, I've  
1226 stayed out of this, and that they've always said I was a poor politician. My son always said you never were  
1227 a politician dad. Why'd you ever get into this business in the first place? You're better off where you are  
1228 now. Quite frankly, in that business I never got into that slam bang business. To me, in my own mind, right  
1229 wrong, you can say it was stupid. But the points I was putting forth at the time I believed, I believed them  
1230 from the integrity of the points, not from the politics involved. I believe them from this night, still, as they  
1231 went. Other people may say your beliefs are all wet or something. That's fine. But they were my beliefs  
1232 based upon the knowledge and the advice I had, and I was putting them forth. And they were not affected,  
1233 they were not affected on the political scene. That's why I could always go to bed at night and sleep. They  
1234 were what I really thought, was putting out, and as I said tonight, history is finally going to decide. History  
1235 will decide. And when history comes along, it will do away a lot of this fodder. All that's been going on  
1236 about the Treaty which is just not factual.

1237 **Audience:** [inaudible]

1238 **Mr. Williston:** Well it's only 10 years. It's got to go 30.

1239 **Audience:** Well you've got a piece of it there right in your hands there.