

WEST COAST OIL PORTS INQUIRY

A PUBLIC INQUIRY PURSUANT TO ORDER-IN-COUNCIL PC 1977-597 DATED MARCH 10th, 1977.

(Before Dr. Andrew R. Thompson, Commissioner)

Vancouver, B.C.
July 18th, 1977.

PROCEEDINGS AT INQUIRY

Volume 2

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I'll ask

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Vancouver, B. C. 1 July 18th, 1977. 2 3 (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT) 4 5 THE COMMISSIONER: 6 this session to come to order, please. 7 My name is Andrew Thompson, 8 and I am to conduct an inquiry into proposals respecting 9 West Coast Oil Ports. 10 This is the opening session 11 of the formal hearings. Its purpose is to give an opport-12 unity to those who are participants in the Inquiry, to 13 state their positions, the evidence that they will lead, 14 and other matters respecting the Inquiry. 15 It's not intended today to 16 receive submissions with respect to the proposals. There 17 will be many opportunities, both in the formal hearings 18 and in community hearings at later dates, for members of 19 the public to make submissions about the proposals. 20 To begin with, I am going to 21 ask Mr. Anthony, the Commission Counsel, to submit some 22 formal documents, establishing the Inquiry. 23 MR. ANTHONY: Mr. Commissioner, 24 before we commence with the opening statements, I would 25

like to table some documents, relevant to the official

establishment of this Inquiry, and other documents that have been filed with the Inquiry, and I would ask that they be given exhibits, so that they may be referred to by the participants in the proceedings.

The first matter I would like to have tabled as Exhibit 1 is the Order-in-Council PC-1977597, dated March 10th, 1977, which was the Order-in-Council creating this Inquiry.

(ORDER-IN-COUNCIL PC-1977597 DATED MARCH 10TH,
1977 MARKED AS EXHIBIT NUMBER 1)

MR. ANTHONY: Exhibit 2, the Commission issued, under the great seal, appointing yourself, sir, as Commissioner dated April 12th, 1977.

(APPOINTMENT OF ANDREW THOMPSON AS COMMISSIONER

DATED APRIL 12TH, 1977, MARKED AS EXHIBIT NUMBER 2)

MR. ANTHONY: Number 3,
Order-in-Council, PC-19771890 dated June 30th, 1977.
That was the Order-in-Council amending the original
Order-in-Council, which broadens the scope and specifically
mentioned the TransMountain proposal in -- for our
consideration.

1	(ORDER-IN-COUNCIL PC-19771890 DATED JUNE 30TH,
2	1977 AMENDING ORIGINAL ORDER-IN-COUNCIL,
3	MARKED AS EXHIBIT NUMBER 3)
4	
5	MR. ANTHONY: Number 4,
6	is really for the reference of the participants. It's
7	the composite of the two Orders-in-Council, to indicate
8	the Order-in-Council as it currently exists.
9	
10	(COMPOSITE OF TWO ORDERS-IN-COUNCIL MARKED AS
11	EXHIBIT NUMBER 4)
12	
13	MR. ANTHONY: Number 5,
14	sir, you ordered a Notice of Preliminary Hearing to be
15	published for a Preliminary Hearing held in Kitimat on
16	May 4th, 1977, and I present that Notice of Preliminary
17	Hearing as printed in the newspapers at your directions.
18	
19	(NOTICE OF PRELIMINARY HEARING MARKED AS EXHIBIT
20	NUMBER 5)
21	
22	MR. ANTHONY: Number 6,
23	the Preliminary Rulings issued on May 27th, 1977.
24	
25	(PRELIMINARY RULINGS ISSUED ON MAY 27TH, 1977,
26	MARKED AS EXHIBIT NUMBER 6)

1	MR. ANTHONY: Exhibit 7,
2	the Report on Participant Funding, issued by yourself on
3	May 27th, 1977.
4	
5	(REPORT ON PARTICIPANT FUNDING, ISSUED ON MAY
6	27TH, 0977, MARKED AS EXHIBIT NUMBER 7)
7	
8	MR. ANTHONY: Number 8,
9	the Supplemental Preliminary Rulings, issued July 5th,
10	1977.
11	
12	(SUPPLEMENTAL PRELIMINARY RULINGS ISSUED JULY
13	5TH, 1977, MARKED AS EXHIBIT NUMBER 8)
14	
15	MR. ANTHONY: Number 9,
16	the Supplemental Report on Participant Funding, dated
17	June 22nd, 1977.
18	
19	(SUPPLEMENTAL REPORT ON PARTICIPANT FUNDING
20	DATED JUNE 22ND, 1977 MARKED AS EXHIBIT NUMBER 9)
21	
22	MR. ANTHONY: Exhibit 10,
23	the Notice of Hearing for the start of the formal hearings
24	at this date.
25	(NOTICE OF HEARING FOR START OF FORMAL HEARINGS
26	MARKED AS EXHIBIT NUMBER 10)

MR. ANTHONY: And number 11, the list of participants as of July 17th, 1977. You will recall the preliminary rulings provided that individuals could become participants by appearing at a session of the Inquiry, or by notifying the Inquiry in written form, and we have the list of participants as of July 17th.

(LIST OF PARTICIPANTS AS OF JULY 17TH, 1977
MARKED AS EXHIBIT NUMBER 11)

MR. ANTHONY: Next, Mr.

Commissioner, you asked in your preliminary rulings that participants and named participants before the Inquiry, provide a complete list of documents, indicating those documents in their possession or power relevant to the matters before the Inquiry.

I would like to now table the list of documents as received:

Exhibit Number 12 will be the list of documents for the West Coast Oil Ports
Inquiry staff, with a supplemental list, which I would ask be given Exhibit 12-A.

(LIST OF DOCUMENTS FOR WEST COAST OIL PORTS INQUIRY STAFF, MARKED AS EXHIBIT NUMBER 12)

(SUPPLEMENTAL LIST MARKED AS EXHIBIT NUMBER 12-A)

MR. ANTHONY: Exhibit 13
would be the list of the Government of Canada. Supplemental
to that, as 13-A, would be a correction sheet for the
initial filing. The supplemental list of the Department
of Fisheries and Environment, dealing with Fisheries
management, a supplemental list of the Department of
Fisheries and the Environment, dealing with socio-economic
matters, and a supplemental list of the Department of
Indian and Northern Affairs.

(LIST OF THE GOVERNMENT OF CANADA, MARKED AS EXHIBIT NUMBER 13)

(SUPPLEMENTAL LIST MARKED AS EXHIBIT NUMBER 13-A)

MR. ANTHONY: I would ask that to be shown as Exhibit 14, the list of documents of the Government of the Province of British Columbia.

(LIST OF DOCUMENTS OF THE GOVERNMENT OF PROVINCE
OF BRITISH COLUMBIA MARKED AS EXHIBIT NUMBER 14)

MR. ANTHONY: Exhibit 15,

will be the list of documents of Kitimate Pipeline

1	Limited, and 15-A be the supplemental list dated July 7th,
2	1977.
3	
4	(LIST OF DOCUMENTS OF KITIMAT PIPELINE LIMITED
5	MARKED AS EXHIBIT NUMBER 15)
6	
7	(SUPPLEMENTAL LIST DATED JULY 7TH, 1977 MARKED
8	AS EXHIBIT NUMBER 15-A)
9	
10	MR. ANTHONY: Number 16
11	will be the list of documents of TransMountain Pipeline
12	Company, dated July 13th, 1977.
13	
14	(LIST OF DOCUMENTS OF TRANSMOUNTAIN PIPELINE
15	COMPANY DATED JULY 13TH, 1977, MARKED AS
16	EXHIBIT NUMBER 16)
17	
18	MR. ANTHONY: Number 17,
19	the list of documents of the Kitimat Oil Coalition.
20	
21	(LIST OF DOCUMENTS OF KITIMAT OIL COALITION
22	MARKED AS EXHIBIT NUMBER 17)
23	
24	MR. ANTHONY: Number 18,
25	the list of the B.C. Wildlife Federation.
26	

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1	(LIST OF THE B.C. WILDLIFE FEDERATION MARKED AS
2	EXHIBIT NUMBER 18)
3	
4	MR. ANTHONY: Number 19,
5	list of the fishing industry participants.
6	
7	(LIST OF FISHING INDUSTRY PARTICIPANTS MARKED AS
8	EXHIBIT NUMBER 19)
9	
10	MR. ANTHONY: Number 20,
11	the list of documents of the District of Kitimat.
12	
13	(LIST OF DOCUMENTS OF THE DISTRICT OF KITIMAT
14	MARKED AS EXHIBIT NUMBER 20)
15	
16	MR. ANTHONY: And number 21,
17	a list of documents of the Regional District of Kitimat-
18	Stikine.
19	
20	(LIST OF DOCUMENTS OF REGIONAL DISTRICT OF
21	KITIMAT-STIKINE, MARKED AS EXHIBIT NUMBER 21)
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And one final housekeeping matter, if I may, Mr. Commissioner, as was indicated at an earlier stage, phase one of the Inquiry will be dealing with the legislation and I'll be describing phase one in a little more detail in my opening remarks.

But I would, if I may table now, the legislation and regulations that will form the basis of our assessment in phase one. I would ask that be given the next exhibit number, exhibit number 22, Just the legislation is provided here, Mr. Commissioner, in seven volumes. Volumes 1 to 3 are the Canadian acts and regulations relevant to issues before this Inquiry. Volume 4 is the Federal codes and guidelines. Volume 5 is international material.

Because these conventions are bulky, they are bound separately and the volume has some of them plus an index indicating the location of the rest of the material. Volume 6 is the American and Federal Act and Volume 7 is the U. S. State Legislation. Basically Washington State legislation has one Alaska chapter.

This is all legislation that we anticipate will form the basis of evidence that we propose to call in phase one of the Inquiry."

Now, in that material, there's not included the Province of B. C. legislation. That will

be filed by counsel for the Province of British Columbia at the time of his opening address. It also does not include proposed legislation or the legislation of other jurisdictions that may be used for comparative assessment. It is not the purpose of phase one to dealve into that form of inquiry, nor do we have regional or municipal bylaws which may be presented by participants as phase one commences.

The information that we have tabled here will be available at the Inquiry Library from now until the start of phase one which you've asked to commence September 7th. Thank you, Mr. Commissioner.

THE COMMISSIONER: Thank you

Mr. Anthony. All of these documents that have been filed as exhibits will be maintained, when they're not here in the hearing room in the offices of the Commission on Howe Street and they are available to be inspected or examined by members of the public or participants at times convenient to them.

It will not be difficult to make any arrangements by simply telephoning the Commission office. We encourage then, that as many people that wish to consult documents, find their way to the Commission offices and see them there. I have been provided a list of those participants who have signified to the Commission secretary their intention to make an

left.

opening statement over today and the next couple of days.

If there is anyone present who wishes to make an opening statement as a participant, who has not yet notified the Inquiry, I request that you get in touch with the Commission secretary, Mrs. Lewis, who is sitting on my

opening remarks. Following these remarks, I will invite

Commission counsel to come to the witness stand over

here and make some opening remarks as well. Then we

been

will follow the list that I:ve/provided with in inviting

participants to make their opening statements.

Energy Board concerning northern natural gas pipelines, following on the Berger Report, and the now awaited Lysyk Report have been front page news in recent weeks and months. Few Canadians are unaware that the Inquiry process plays a major role in national decision-making about energy projects.

Now, we are embarked upon an inquiry concerning crude oil delivery systems on Canada's west coast. It is important that we understand clearly how this inquiry process fits into the Canadian political framework. Then we can identify its opportunities and its limitations and we can be guided in our endeavors by a due sense of those procedures that are appropriate

and those that overstep proper limits.

This understanding should permeate not only Commission staff and participants but also those who as media representatives, have the responsibility of interpreting this Inquiry to the public at large.

We should recognize that
this kind of inquiry is a new phenomenum in Canadian
political life. In requiring an assessment of environmental
and social impacts of proposed oil port developments,
my terms of reference give recognition to the heightened
and awareness today, that human activities and events
are independent to an extent beyond our recognition of
only short years ago.

This appreciation of the need to take a wholistic of proposed developments, that is to see the whole picture, has emerged to affect public decision-making only since the late 1960's. It means not only that we must examine all the direct and indirect consequences, economic, social and environmental of a proposal, but also that we must strive to identify and evaluate long term effects, as well as immediate impacts. We owe it to our children to make an effort to appreciate the consequences they must endure from the satisfaction of our wants today.

Another realization is

growing upon us. It is that our industrial system, which has achieved enormous strides in human development during the last century, seems to carry an implication of everincreasing scale and complexity and technology; with, for example, each new energy development imposing increasing demands on our social and economic resources.

When projects are seen to pose a multitude of impacts, of great complexity, it becomes apparent that society cannot absorb them in the normal way. Too many differing interests conflict, and too many bureaucratic channels are crossed, to permit the normal processes of government to cope.

When existing procedures are found wanting, we invent new ones, and they're likely to be of an ad hoc nature until more permanent institutions are defined.

This Inquiry can be seen as an ad hoc process, whereby the consequences of proposed West Coast Oil Ports can be reviewed in all aspects, alternatives can be weighed, and a report made that brings all the information together in a comprehensible form.

While this Inquiry will fulfill this integrating role that the normal functioning of
government cannot adequately perform, it should not be
seen as a substitute displacing normal government processes

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Rather, it must function as an adjunct to these processes.

The various agencies of the

Federal, Provincial and Municipal governments that are affected by the West Coast Oil Port proposal must continue discharging their responsibilities. Politicians must continue their assessment for the public good.

In the end, these normal evaluative processes of government will be brought to bear, along with my report, for ultimate decision making, in accordance with our Parliamentary traditions.

Should someone ask me what I consider to be of utmost importance in this Inquiry, I would say the process itself. For the strength of any recommendations that I make, will be measured by the extent to which the process is judged to have provided a full, complete and fair assessment of the facts and issues.

which the process transcends the report. The phenomenon of scale and complexity, to which I have referred, discourages public understanding of major development projects. The discussion of issues tends to be left to experts of government and industry. The flow of information is limited by couching it in technical jargon, and by dividing issues into components, and then into subcomponents, and these, in turn, are examined by a variety of agencies, so that the whole picture is seldom seen.

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People turn away from public affairs in the face of such barriers to understanding.

This Inquiry process must strive to counteract these undemocratic tendencies, through exercise of the power to require that all relevant evidence be disclosed.

Full information about the oil port proposals will be brought together in one place. It will be the duty of the Inquiry to see that this information is disseminated as widely as possible. To achieve this goal, I place a heavy responsibility on the news media

To assist in the difficult ta\$k

of summarizing detailed, technical evidence in a readily understandable form, the Inquiry has arranged with the Westwater Research Centre, at the University of British Columbia, to provide digests of the evidence, which will be widely distributed throughout British Columbia and elsewhere in Canada.

Public libraries in various centres of the province have agreed to provide special services to the public, to help them keep abreast of the proceedings. We have also made arrangements with Co-op Radio in Vancouver, to provide weekly broadcasts of highlights in the evidence.

These programs and tapes

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will be available to other radio stations for rebroadcasting. Finally, Channel 10 Cable-

vision, is cablecasting this session of the Inquiry, and we will be making these videotapes available for other cable systems in British Columbia.

We rely on all those who will be discharing these public information services to bring fairness and objectivity to their tasks.

There's another significant way in which the process will be the measure of success of this Inquiry. Large resource and energy projects seem to require a close, institutional alliance between industry and government. The alliance is not by choice so much as dictated by the scale and complexity of projects.

This merging of effort means that the complete range of alternatives which exists on a given issue, often is not fully investigated. Choice becomes narrowly defined, and then there's a tendency to erect barriers against outside scrutiny. In result, decision making is deprived of the diversity of interest and viewpoint that are hallmarks of a healthy and innovative society.

The Inquiry process must ensure that this diversity of interest and viewpoint is fully represented in evaluating West Coast Oil proposals. It is to serve this end that participants representing

environmentalists, fishermen and native peoples have been funded by the Federal Government.

For this purpose, the Inquiry will conduct community hearings. In this way, all those who have ideas to contribute will be heard.

It's important that the role of these community hearings be properly understood. While they will give indications of the leanings of public opinion, they are poor substitutes for public opinion polls. I ask the public to take the community hearings seriously as opportunities to provide significant evidence to the Inquiry.

We will begin the community hearings this weekend, by going to the fish camp at Namu, where the fishermen involved in the Rivers Inlet sockeye run will give evidence explaining how they use the coastal waters, and what difficulties they experience in their day-to-day fishing operations.

In fact, they will not even be asked to express opinions for or against the oil port proposals, because at this time it is clearly premature to solicit public views. These will be obtained later in the Inquiry, when the proposals have been fully explained and the evidence about environmental, economic and social impacts has been received.

What the fishermen at Namu tell us will be recorded as part of the formal evidence of the Inquiry. Much of it will be relevant evidence that cannot be obtained from any other sources. On the way to the community hearing at Namu, I will call it at the fish camps at Goose Bay, Duncan Bay Landing, and Fin Bay.

Visiting the fish boats and the shore facilities and talking to the fishermen and shore workers will contribute to my understanding of the evidence. To gain such firsthand impressions, I have in recent weeks flown over the Strait of Juan de Fuca to view Port Angeles, Cherry Point and Burrows Bay from the air, travelled from Kitimat through the inland waters to Prince Rupert on a fisheries boat, and observed the pilot bring a 360,000 ton tanker, the "EL ANGELES" alongside the crude oil offloading berth on the Strait of Canso in Nova Scotia.

In analyzing the Inquiry,

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I have not as yet touched on the role of the companies who oil port proposals have occasioned its establishment. These company initiatives are based on their assessments of the needs for crude oil in the United States and Canada and of their own corporate interests in supplying these needs.

While, in simpler times, corporate entrepreneurs were able to pursue their goals with little interference from governments. That time has long passed. The oil transportation industry has become used to regulation of their enterprises by agencies such as the National Energy Board in Canada and the Federal Power Commission in the United States.

They have seen a number of official authorizing procedures grow in recent years to include such new features as the TERMPOL assessment in Canada, and the environmental impact assessment procedure in the United States, for the reasons I've explained, they now find themselves before this Inquiry as well, and understandably they may feel beleaguered by government intervention in their affairs.

Their reaction, already expressed before the preliminary hearing of this Inquiry is to ask, why should all the onus be placed on us? Why should we spend moretime and money proving our projects before the government makes up its mind whether it wants

an oil port and where it should be located. That is how not/our economy operates in Canada, nor in reflection would the companies welcome a system where they were merely passive actors with all the planning decisions resolved by the state.

It is not the mandate of

It is not the mandate of this Inquiry to plan an energy system for the west coast of Canada. My task is to respond to the initiatives of the companies by comparing the effects of their proposals. Alternatives must be examined too, to ensure that the proposals are the best available.

Understood in this way, it is implicit in the process that there is an onus on the companies, for they're obviously in the position to present their respective proposals in the best light. This onus may also be seen by the companies as an opportunity. Public opposition often stems from inability to understand development projects.

Risks, exaggerated by ignorance, can overwhelm an appreciation of benefits.

In the case of the proposed West Coast Oil Ports, there is an added difficulty, that the benefits are perceived by many British Columbians as flowing entirely to people in the mid-western United States and central Canada, whereas they will be exposed to the risks.

It would take a generosity

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of mind on their part for a fair balance to be achieved between these unevenly distributed benefits and risks, but this is a national inquiry, and must take into account national and even continental concerns, as well as regional ones, in assessing the proposals and making recommendations.

The companies are provided the opportunity to bring forth evidence, establishing these national and continental needs and how their projects will serve them. The duty of this Inquiry will be to weigh all this evidence even handedly. In my opening remarks at the preliminary hearing in Kitimat, I urged everyone to listen with open minds so that when this Inquiry is over, each one can say that he has left no page unturned or voice unheard in the search for truth and understanding and that is my commitment in this Inquiry. Mr. Anthony, would you please make your opening remarks.

MR. ANTHONY: At your request,
Mr. Commissioner, I will, for I hope the only time in
this Inquiry take the witness stand. At earlier stages
at the preliminary hearing in Kitimat, I formally
presented to you and to the participants in this Inquiry
the Inquiry staff.

I would now like to just take a moment and introduce formally the Commission counsel.

Serving with me as Commission counsel will be Mr. Peter

Bernard who will be handling mainly the marine aspects

of the Inquiry, and Mr. Brian Williams who will be handling

mainly the economic and social issues that will come

before this Inquiry.

If I plan things right, I hope that should leave much less for me to do.

Mr. Commissioner, I'd like to use the time available for opening statements, if I may, to examine the phasing of the Inquiry as outlined in your preliminary rulings and to comment briefly on some of the evidence expected to be called in these phases. My presentation is not intended to be all inclusive or dogmatic, but I do hope that these comments will assist the participants to gain some understanding of the structure of the Inquiry as Commission counsel and the Inquiry staff see it, in order that they might better assess the extent and timing of their own participation.

participants have a role to play in determining the evidence that comes before this Inquiry. First, I would like to make a few general comments. The Order-In-Council establishing this Inquiry requires us to examine, amongst other things, the broader Canadian concerns and issues related to oil tanker movement on the west coast as may

be affected by the Kitimat pipeline, TransMountain pipeline and other proposals.

In our view, there are three main proposals that must be examined to determine the potential impact on Canada. This is not all inclusive but in our view this is where we start. These are the proposals that TransMountain Pipe Line and Atlantic Richfield Company to construct a terminal at Cherry Point, Washington, the proposal of Kitimat Pipeline to construct a terminal at Kitimat, B. C., and the proposal of Northern Tier Pipeline to construct an oil terminal at Port Angeles, Washington.

In our view, it does not matter whether these applications with respect to these proposals are before other regulatory authorities, in abeyance, adjourned or merely the forlorn hope of enterprising corporations. The terms of reference of this Inquiry are clear on that point. We must examine the implications to Canada of these proposals and make recommendations to the Canadian Government.

While the evidence with respect to these projects may be different in both the nature of the work done and the degree of sophistication of the research, we will endeavor to bring before this Inquiry as much information with respect to these projects, as is required to evaluate impacts on Canada.

I might add that the Order-inCouncil anticipates that there may be other proposals, and
we are aware that alternative routes and ports have been
proposed by others. We will, therefore, be taking a flexible attitude to ensure that we are in a position to examine
the evidence on other sites for other types of projects.

Our recital of the main projects that have a direct impact on Canada makes one important fact very clear. Two of the projects, Port Angeles and Cherry Point, are proposed to be constructed outside Canada. This fact has important implications for this Inquiry.

I do not think there can be any doubt that the two American projects have a direct and significant impact on Canada. If either or both of the American projects are approved, the need for a Canadian oil port may be removed altogether. Alternatively if Canada was to decide an oil port in Kitimat or some other Canadian port was in the national interest, the viability of either the two American proposals may be threatened.

In more specific terms,
evidence will be called to show that the use of a port in
Cherry Point or Port Angeles would still entail tanker
traffic along the west coast of British Columbia, even
for those tankers coming from the Far East. Such traffic

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would also play a significant role in determining the vessel traffic management scheme in Canadian waters.

within American waters has a direct and profound impact on Canada. An oil spill at Port Angeles, or at Cherry Point, or at the approaches to these ports, does not recognize international boundaries, and may, in fact, drift with the currents into Canadian waters, and onto Canadian beaches.

Canadians, living in Canada, would be directly affected, and the Canadian government would be directly involved in clean-up operations and in questions of liability and compensation and many other aspects.

entirely within American waters, the provisions of conventions such as the Pacific Salmon Fisheries Convention, whereby U.S. and Canadian salmon fishermen share equally the pink and sockeye salmon catches in convention waters, means that any damage suffered by these stocks of fish, would result in a loss of catch to Canadian fishermen, as well as American, and many more examples could be cited.

No one would argue that it is clearly within the jurisdiction of this Inquiry, created by the Canadian Government, to examine the impacts in Canada.

From this brief recital, I

think it is obvious that this Inquiry must understand what
is taking place in the State of Washington, and in the

coastal waters of the United States, to determine what
impact is anticipated in Canada.

This Inquiry has no jurisdiction, nor do we intend to involve ourselves in the American decision making process, at either the State or federal level. We do regard it as essential, however, that the Inquiry gain some understanding of what is taking place internationally, and within the United States of America.

We anticipate, therefore, that we will be receiving and calling evidence of an international nature. We anticipate evidence concerning international arrangements for the design, safety standards and inspection and control of tankers, on the American position with respect to tankers, and on the current status of the two American proposals.

example, that the port and pipeline project for Cherry

Point is, in fact, one project affecting both countries.

It would be ludicrous to suggest that our examination must stop at the American border.

We will endeavour to ensure this Inquiry does not venture into American affairs. At the same time, we will ensure that this Inquiry is well.

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informed of what is taking place in the United States, in order that we might assess the impacts to Canada.

It is for these reasons, I believe, Mr. Commissioner, that you requested Northern Tier to present its project to this Inquiry, and that Commission counsel has communicated with Northern Tier, the Atlantic Richfield Company, which is TransMountain's American associate in the Cherry Point project, with representatives of the American government, and its federal agencies, and with the State of Washington.

We have, in each instance, requested that they provide us with whatever studies, reports or other information would be relevant to assessing impact in Canada.

Mr. Commissioner, I would like to, at this point, depart from my prepared statement and discuss briefly, the particular situation of Northern Tier.

In your supplementary rulings of July 5th, you offered Northern Tier Pipeline, the opportunity to come before this opening session to describe their project. You indicated that it would be of service to the participants, and to the public of British Columbia, to have such a project description on the record of the Inquiry.

Subsequently, as Commission

counsel, I communicated with Northern Tier, at Billings,
Montana, and with their Seattle attorneys. I requested
that they attend this opening session to describe their
studies, to provide us with a list of documents that would
assist the Inquiry, and to agree to have witnesses reattend
at appropriate stages of the Inquiry, so that we Canadians
can have a better understanding of their project.

I might interject, Mr.

Commissioner, that I made the same request of Arco, the American corporation jointly involved with TransMountain in the Cherry Point project. Arco advised me that these matters were to be handled through their project partners, TransMountain, and I therefore left the matter with Trans-Mountain.

On Wednesday, July the 12th,

I received a telephone call from Northern Tier attorneys,

confirming that they had obtained the clear instructions

from Northern Tier, to the effect that the company would

appear at the opening, describe their project, would provide

us with whatever documents they had, and would agree to

reattend. This undertaking was subsequently confirmed by

telex.

Late on July the 15th, I

received a further communication from Northern Tier, this

time advising that they would not be appearing at the

opening, without explanation, saying only that the company's

current position is that the Northern Tier project is not relevant to our Canadian inquiry. The company advised that they would not appear at this time.

In any event, Mr. Commissioner, that's Northern Tier's position today. That's exactly contrary to the stated position a few days, and I guess we're left to wonder what their position will be next week. I will, of course, be following this matter up with Northern Tier over the next few days.

The relevance of the Northern Tier project to this Inquiry is, I think, obvious, and we are left to speculate as to the reasons for their current attitude. Perhaps there is some misunderstanding of the purpose or scope of this Inquiry. But this development must not be seen as anything more than a further example of a very uncertain state of affairs that exists at all levels, both within and outside of government, as this Inquiry begins its deliberations.

We expect and anticipate that there very well may be corporate shifts in attitude, new projects proposed and others abandoned, changes in projects or in project descriptions, or in government policies.

This Inquiry comes at a time when both Canada and the United States, are in the throes of re-examining basic energy needs and policies, and the

corporations involved in these issues are similarly reevaluating and reassessing their positions.

time for the options are still open, but it is also a very difficult time. We must ensure, however, that we do not allow the tactics and public posturings of any group to dull our resolve to obtain all the information necessary for us to make an informed and intelligent assessment of the alternatives, and advise the Government of Canada accordingly.

every effort will be made to ensure that all relevant evidence comes before this Inquiry. As a matter of public information, you requested a project description of the three proposals. I wish to advise, therefore, that additions to the project descriptions being presented by TransMountain and Kitimat Pipeline, Dr. William Brewer of the State of Washington will be presenting a project description of the Northern Tier project based on the public documents and evidence currently available.

As for the technical assessments of the impacts on Canada of the proposal to build an oil port at Port Angeles, we will endeavor to have the technical information available at the appropriate stage of the Inquiry. I will be discussing the matter further with Northern Tier Pipeline and others, indicating the importance we attach to this information.

The request that this information be made available will remain open, and I'm confident that necessary information will come before this Inquiry.

As I indicated in my statement to the preliminary hearings of this Inquiry on May 5th,

Commission counsel will be looking to all participants to voluntarily come forward and present their evidence before this Inquiry. Without that co-operation, our task

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your assessment.

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is more difficult and this Inquiry may take longer.

emanating from the United States, we must rely on the co-operation and good will of those companies and governments outside of the formal powers of this Inquiry. We expect that co-operation will be forthcoming. In any event, the Inquiry staff shall actively, with the participants, search out the best evidence available and present it to you for

I would like to turn, Mr.

Commissioner, to the role of the Inquiry staff. With respect to the formal hearings, Commission counsel and the advisory staff of the Inquiry view our role as one of ensuring that all relevant evidence is put before the Inquiry. We do not expect to call witnesses on every topic, as there are several well-organized and well-funded participants in the Inquiry who will be calling evidence.

Nevertheless, where there are gaps, we shall call additional evidence. Where evidence is called by other parties, we, like all the participants, want to probe that evidence in cross-examination to ensure that it is accurate and comprehensive for the purposes of this Inquiry.

The Inquiry staff are entering these hearings with an open mind as to both the

 scope of the Inquiry and as to issues that are properly
to be examined. We are aware there are different priorities
and positions on various issues and are refraining from
prejudging the issues before all the evidence is in.

During the hearings, the

staff will maintain a degree of skepticism on all sides in order to probe and discover the true facts as best we can. Our prime concern is to ensure that all relevant evidence is fully and fairly presented. Our identification of issues, both in this opening statement and in discussions with participants, is designed to encourage a broad approach and not to in any way limit or define the evidence the Inquiry should receive or impose our views as to priorities on other participants.

The staff remains receptive and open to reassessment of the issues and welcomes the healthy exchange of information. Only after the hearings are completed and the staff has examined all of the evidence will we formulate our position and present any recommendations we may wish to make in the form of a final submission to this Inquiry.

Though Commission counsel
regards itself as distinct from the participants, the
Commission counsel and Inquiry staff do assume responsibility
for assisting the other participants where possible. There
is a library in the Inquiry offices and the Inquiry staff

are in the process of obtaining the key documents to facilitate the research conducted by other participants. Also, where special data or studies are sought from the Federal Government of Janada, the Inquiry staff will assist in locating that data and making the studies available.

The Inquiry has also made special arrangements with the Government of British Columbia to ensure that regularly used documents provided by the Province are similarly available in the Inquiry library to provide the participants with a central depository for the major documents.

The Inquiry has also obtained the services of a trained librarian to ensure that the materials left with the library are properly catalogued and readily available to participants. Arrangements have also been made for the orderly disposition of the transcripts of these proceedings. In addition to transcripts made available to the major participants, arrangements will be made for transcripts to be deposited on a regular basis in public libraries in Vancouver, Kitimat and various other regional centers.

As for exhibits tabled with the Inquiry, it is our intention to have the exhibits available at the hearing room as long as those exhibits are expected to be relevant to the issues before the Inquiry.

Otherwise, the exhibits will be retained by the Inquiry secretary and will be available for review upon request at the Inquiry library.

with respect to obtaining evidence from American witnesses employed by the United States Government or any of its agencies, the Inquiry has made an arrangement with the United States Department of State: through the Canadian Department of External Affairs.

The U. S. Government has demonstrated its co-operation with this Inquiry and agreed to allow Commission counsel or any participant to obtain technical evidence from particular U. S. Government witnesses as required. If these witnesses are requested to appear before the Inquiry, Commission counsel has agreed to notify the Canadian and American Governments in advance of American Government witnesses that will be apppearing.

These witnesses would, of course, be entitled to speak fully and openly on the technical matters within their area of expertise.

Matters of official U. S.

Government policy are to be treated in a different
matter. Participants or Commission counsel requesting
a formal statement of U. S. Government policy on any
particular issue are requested to put that request in

written form to the Inquiry. Under the established procedure,

Commission counsel will then forward the request to the

U. S. Department of State who will then formally respond

in writing.

read both the questions and the responses into the formal record for the information of the Inquiry and the participants. In the view of Commission counsel, this arrangement is satisfactory and a further demonstration of the assistance and co-operation being offered by the United States Government and its agencies.

Similarly, preliminary contact has been made with a number of state agencies and private corporations in the United States whose activities may be relevant to issues before the Inquiry, and we have no reason to expect that that evidence will not be available when it is required at the appropriate phase in the Inquiry process.

We anticipate further that other participants in this Inquiry will wish to call some of this evidence.

Mr. Commissioner, I propose now to discuss as briefly as I can the phases and issues the before the Inquiry for/purpose of indicating the Inquiry as seen from the Inquiry staff at this time.

In order to structure the

evidence and to facilitate the participation of particular interest groups, you have ordered the formal hearings to be divided into six phases; legislative framework. Two, crude oil supply and demand and the implications for tanker traffic. Three, marine. Four, environmental. Five, fishing and six, socioeconomic impacts.

Obviously there'll be some issues that need to be discussed in their various aspects at a number of phases. For example, the question of liability and compensation will be raised in phase one to explain the existing regime. The Maritime phase where we look at flags of convenience, one ship companies and so on. The environmental phase where we look at the cost of cleanup and how those cleanup costs should be shared. The fishing phase where we examine compensation to fishermen for damage; and in the socioeconomic phase, we may wish to look at new and better techniques for assessing damage and obtaining compensation.

Phase one evidence: The phase one evidence will be an examination of the applicable legislative and regulatory controls affecting tanker operations and marine terminal facilities. We will be examining the legislation as it currently exists to sketching the context within which the current proposals are being considered.

Our approach has been to divide this examination along jurisdictional lines, international, both multi-lateral and Canada/U.S. bilteral, Canadian, both federal and British Columbia, and three American, both federal and the State of Washington.

we consider the controls
exercised over the following functional areas to be relevant
in all the above jurisdictions. First, construction and
siting. This is for the purpose of understanding the permitting process and the steps to be taken to gain approval
to build an oil port, as well as the existing powers to
improve conditions on the approved facilities.

In the American context, our purpose is not to assess or influence the domestic siting procedures, rather, we wish merely to understand the procedures in order to understand the significance of actions currently taking place, and how these actions will affect Canada.

Second, we propose to look at construction and operation of tankers and terminals. This is a description of legislation and convention on construction standards; regulation of navigation; manning requirements and qualifications; vessel traffic management; pilotage and terminal operation rules, including harbour regulations and spill clean-up authority.

Thirdly, air and water

pollution. This is a discussion of the environmental protection controls that affect pollution of water and air by terminals and by ships in ports and at sea. Of major concern is oil pollution and the authority of the various jurisdictions and agencies to take action to protect resources to prevent pollution and clean it up.

We hope to examine such questions as what about Canada's claim to 200 mile limit, and what are the implications for proposed tanker routes? What is the extent of Canada's jurisdiction? What authority do we have over the Strait of Juan de Fuca in law and in practice?

Also of concern are air quality emission standards that affect off-loading operations, pollution from tank farms and water pollution from shore based facilities.

Fourthly, liability and compensation. This will present information on the various liability funds that currently exist to provide for compensation in the case of an oil spill, as well as limitations on the liability of ship owners and terminal operators for damage resulting from their activities.

I must emphasize that it is not our intention, and we do not believe it is within the scope of Phase I, to examine legislation that does not directly apply to the B.C. coast, or to the Port Angeles

and Cherry Point proposals at the present time. In addition, we do not envisage Phase I as including a discussion of alternative regulatory systems or standards, or methods of implementation that could be imposed on tankers or terminal operations in the future. These matters will be discussed in the subsequent phases as may be appropriate.

We do consider it useful and relevant, however, to identify areas in which there is presently inadequate or no control, as well as those areas that are adequately regulated.

In summary, Phase I is a picture of the existing regime of public control, where there will be ample opportunity in subsequent phases, to consider what changes in legislation or structural requirements.

The second phase is the phase dealing with West Coast tanker traffic. In the phase on crude oil supply and demand, and the implications for West Coast tanker traffic, we expect evidence on the underlying need for the port/pipeline facilities, the extent to which any one of the facilities would fully resolve the underlying problems in the short or long run; how many facilities and what size of facilities would result over the long term, and finally, the number, size, distribution and origin of the tanker traffic that could be expected.

demanded?

Puget Sound refineries.

Witnesses will be called from various parts of Canada, and from the United States.

We know that the current proposals have been initiated in response to the expected surplus of Alaskan oil on the U.S. west coast, and also concerns about crude oil supply to the Northern Tier refineries. How large will the Alaskan surplus be, and how long will it last? Will any of the ports resolve this

problem, particularly if the pipeline is to serve Northern

Tier or Canadian markets, what other types of crude are

Will more than one port be required, or are there alternatives such that no port is required? We'll want to know further, how the various port proposals will affect existing tanker traffic to

We will also want to examine the Canadian situation, and how it is related to the U.S. inspired proposals. While questions of Canadian supply and demand are not a central issue before this Inquiry, there are a number of areas to be explored to understand the implications for tanker traffic.

Will Canada need imported crude oil in excess of that which can currently be imported on the east coast? Facing such a situation, what alternatives will Canada have? Where could the import

requirements be felt in Canada, and how could they be met?

What incentives would there be to look to any of the West

Coast Port proposals as a means of meeting Canadian import
requirements?

If Canadian demands are made on any of the facilities, would expansion or additional facilities be required in order to satisfy Canadian as well as U.S. needs?

For any of the proposed ports, you'll want to examine the markets to be served, to determine what types of crude oil will be required.

Types of crude oil has a bearing on source, and source has a bearing on the type of tankers we can expect in Canadian waters.

characteristics also depend on the particular shippers and recipients, and the fleets under their ownership and control. We will want to examine those factors, as well trying to determine the number, size distribution, origin and the fleet characteristics that would be associated with any of the ports.

Phase III, the marine phase, is a particular concern to the inhabitants of British Columbia, who will, primarily, have to live with the potential consequences of tanker operations off the West Coast. Experts have been consulted from a number of

countries, to review and detail the risks that will inevitably result from all phases of the marine operations, and assess features of vessel design, construction, inspection, manning, navigation and operation that can be adopted to decrease the number or ameliorate the effects of a tanker accident.

The Inquiry will also examine all of the safeguards thought necessary for the safe navigation of vessels and for protection of the environment, and satisfy itself, necessary information and structures can be provided in sufficient time for the proposed Maritime operation.

Design features: Evidence will be sought on the advantages and disadvantages of features such as double bottomed tanks, double hulls, segregated ballasts, twin rudders, and any other features which might lead to a reduction of pollution by accidental or intentional discharge, and to their value in the event of a grounding or collision.

Evidence will be called with regard to inspection carried out by government authorities and private bodies, during the construction and subsequent operation of tankers.

The factors of navigational risk will be examined, and the relative advantages or disadvantages of the approaches to the various ports will be

considered. The methodology used in arriving at the TERMPOL poll and the TERMPOL assessment on marine ports will be examined, and evidence will be sought on the analysis of tanker accident statistics, to determine what methods are relevant to the West Coast of Canada.

We intend to examine various means of reducing the risk of accidents, such as electronic and other aids to navigation, pilot services, routing, traffic management, and tug escorts.

Conflict with other ship

traffic will be considered, and the desirability of establishing clear lanes for tankers when such vessels are

operating in confined channels. And what if a large tanker
was involved in an accident, what could be done?

as to the availability of emergency anchorage, repair facilities and means of dealing with an emergency situation.

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Both for the Kitimat marine approaches and the Juan de Fuca Strait, assurances of safety in tanker operations depend on the assumption that the operating rules would be observed by all ships. We propose to examine these rules and the means of ensuring that they will be enforced.

How much control can Canada exercise? If international agreement is required, how realistic are our expectations for effective control? The causes of spills at terminals will be examined, together with the risk of fire and explosion involved in the transfer of oil and the normal operation of tankers.

Many accidents to vessels can be attributed to human error. Of particular concern is the duration of the approaches during which precise maneuvering of the tankers must be maintained. This is followed by sometimes lengthy docking operations and unloading. All of these sequences require constant alertness by the officers and crew. Evidence will be called on the standards required by international and national legislation and on the measures which are being taken to ensure that vessels operating within Canadian waters are adequately manned and that the crews are properly trained.

We propose to examine the extent to which human error contributes to accidents and

consider how it can be allowed for, yet the consequences limited in the systems proposed.

The adequacy of existing
laws to protect claims of Canadians in the event of
spills and pollution damage and suggested changes
will be examined. The Maritime Pollution Fund has millions
of dollars in it, yet only one claim for less than \$400.00
has been paid out.

the fund and in other methods of ensuring proper compensation for Canadians. The problems associated with one ship company and flags of convenience will similarly be examined.

In the environmental phase, Mr. Commissioner, we'll deal with the dispersal of spilled oil by physical forces of the environment and with the contingency plans proposed to contain and clean up any accidentally spilled oil. We anticipate evidence with respect to impact on a resources at risk, the effect of oil spills on these resources and evidence on the control of damage from spills, on the effectiveness of oil spill countermeasures and on the side effects of cleanup methods.

The environmental phase
will also consider general ecological marine values, marine
birds and mammals, recreational and heritage resources, and

air quality as it may be affected by oil tanker traffic or terminal operations.

In the fishing phase, Mr. Commissioner, which we expect to open in Prince Rupert, we will examine the impact of tanker traffic and port development on fishing operations, including the impact of spills and spill cleanup on fishing operations and projects designed to enhance fishing potential. This, in conjunction with the environmental assessment, will be used to ascertain the socioeconomic implications for commercial, Native food and recreational fishery.

We will want to know the nature of the marine conflicts and the extent to which congestion, wave action or other factors associated with tanker traffic will affect the fishing operation.

With regard to the impact of spills on fishing operations, we will want to examine how long an area might be closed due to a spill and what implications that could have. We know the commercial fishing industry is of great significance to the economy of British Columbia and in particular to the many coastal communities. We will want to examine present and possible future trends in the commercial catch and processing in the different coastal areas and estimate the extent and value of any losses as a result of marine conflicts or environmental impacts.

We propose to examine the concern about the expected conflict between intensive net fishing operations and proposed tanker traffic, to determine if the proposed tanker operational plan can indeed allow successful commercial fishing in safety.

The question of fleet mobility and what groups are particularly dependent on particular fishing areas, and the interrelated social and economic impacts on the communities where the fishermen or processing plants are based or located, will be examined. We will want to examine the nature and extent of Native food fishing in the coastal areas and in the interior of B. C. and try to determine the possible fishing losses as a result of marine conflict or environmental impacts.

We will examine the significance of such losses in terms of economic criteria, food and food alternatives; and social criteria such as historical, cultural and religious use of the Native food fish. We will be concerned with the impacts of marine conflicts and spills on recreational fishing and examination of the number of people involved and the recreational alternatives they have will be important here.

Also important will be the impacts on non-resident fishermen and consequent implications

for tourism.

is the socioeconomic phase. We will want to examine the short and long term impact of the construction and operation of an oil port at Kitimat or else alternate location in Canada. We'll be concerned about the short term construction impacts, the effects on employment, local income and local inflation and the patterns of readjustment after the project is completed.

We will want to examine the longer term consequences, the permanent jobs associated with the operation of the facilities and the multiplier effects on the community. We will be particularly concerned with the long term development implications. Would this development lead the way for other major developments in transportation or an oil refinery and so on?

would be attached to such developments by the different members of the community involved? What if there was a major oil spill? What would this do to our tourist trade or to our concept of what life in B. C. is like?

Associated with any major development are pressures on social services and public amenities. We will want to examine the pressures that would result from an oil port development and any related development. We will also be concerned about Native and non-native community

attitudes to development, and the broader social concerns relating to this specific kind of development.

In the fishing phase, we will have examined the socioeconomic impact related to the commercial and non-commercial use of the fish resource.

In this phase, we will want to examine other commercial and non-commercial uses of the coastal waters, logging, shipping, ferries, recreational use, foreshore property, beaches and so on, to try to determine the extent to which these uses might be affected by oil transport and possible oil spills.

In liability and compensation, this phase will deal with liability associated with the risks of environmental and socioeconomic damage. The question is whether those who impose or introduce risk should also accept responsibility for that risk. Is this important for ensuring responsible behavior in minimizing risk and also in ensuring fairness in terms of compensation?

You'll want to examine these questions with regard to both the small and the large private claims and of the public at large, and consider whether a new and different approach to compensation should be recommended. I've taken some considerable time, Mr. Commissioner, in describing these phases only to demonstrate that the issues are many, the problems to be

considered are many, and that we expect that there will be many and conflicting evidence called on all these issues.

I would now, Mr. Commissioner, like to direct a few comments to you with respect to the community hearings. It is a principal of this sort of Inquiry that the information and analysis required for your investigation are not all available from a single source. That is why diverse social and economic interests have been funded to bring evidence before the Inquiry.

that our coastal communities, people and environ are too complex to be fully explained or represented by the organizations or the experts who will appear at the formal hearings. To obtain all the evidence required by this Inquiry, hearings will be held in the many different types of communities where people have an interest which is affected by the oil tanker schemes we are examining.

We know that many people in these communities have a great of important material to add to the evidence we are gathering in the Inquiry and it is part of the Inquiry staff's role to organize those community hearings so that people will be able to assist us in this way. There are many subjects on which we expect people will provide evidence at the community hearings.

People who work in the

fishing industry will be able to explain many aspects of their work to you, and the sorts of life and communities which are supported by the fishery.

 Many regions of the province will be affected by the proposed oil tanker project. We expect that community hearings can help you to better understand these regions, and how the projects will impact on economic and social patterns there.

you from a regional perspective, what sorts of conditions
you should recommend for the proposed project, in order to
protect or enhance the regional values they hold.

Many communities on the coast, have more than a commercial relationship to the sea, and the protein gathered from it. We expect that native communities will explain to you their long history of living on and with the coast.

As you have explained in your funding decision, the Inquiry wants to learn about the importance of the fisheries for native communities today, both on the coast and on the major river systems.

Recorded information on coastal waters, marine life, weather conditions, tides, and currents and charting may not be as complete as we would like, nor do they, by themselves, always present the full sense you will need of the coastal environment.

Therefore, we expect that local people will tell you about aspects of their coastal environment and conditions, of which they have special

knowledge or experience.

Finally, we expect that many people will offer you their experience, knowledge and feelings about how the interests and values that they are concerned about, might best co-exist with the other kinds of interests and values including oil requirements to Canada and elsewhere.

We expect also, that people will bring forward evidence concerning how they believe their regional knowledge and interest can be given its proper place as the federal government proceeds to develop policy in the national interest.

In arranging community hearings, your staff works in liaison with the participants in the Inquiry, and other individuals and organizations who have contacted us. The purpose of this liaison work is to learn about the types of evidence that are available in communities, and how best to arrange the hearings so that this evidence might be brought forward.

In advance of the community hearing, you will ensure that people have formal notice of your attendance and how they might participate.

The community hearing staff will continue to work with individuals and organizations in developing the plans for these hearings, and Inquiry staff will be active, providing assistance and information

to the people who are present submissions for presentation in their communities.

In order to assist participants in the Inquiry process, we have developed an information program, designed to give people access to the evidence being presented at the formal hearings. We expect
that many people will want to add to the evidence they read
about or hear about. Some will want to supplement it, and
others will want to challenge or correct evidence given.

You have already described proceedings and the arrangements made with two agencies for the preparation of educational material.

We expect that many people will want to write to you during the course of the Inquiry. Some of these letters will offer you valuable suggestions for questions or evidence which should be put before you. People will be able to ensure that matters of concern to them are raised before you by writing to you.

Commission counsel and staff will make use of these letters in developing questions for witnesses at the formal hearings, and to ensure that all the available information is brought before you in either formal hearings or community hearings. We encourage people to write to the Inquiry in this way.

Procedure at community hearings. The people who propose to give evidence at

ommunity hearings will be requested to notify the Inquiry in advance, but advance notice will not be a condition for giving evidence.

We anticipate that in most circumstances, representatives of the companies whose proposals are being examined, will be invited to attend the community hearings, so that they can answer questions put by local people.

People giving evidence at the community hearings will be sworn, and their evidence will be given the same weight as evidence given at the formal hearings. There will be no cross-examination of evidence presented at community hearings.

We do expect that some evidence given at the community hearings will be contentious, and that some participants may want to have a chance at questions or cross-examination. When this occurs, we propose to work out special arrangements for having these matters brought over into the formal sessions of the Inquiry for further examination.

Mr. Commissioner, you will see from the review of the phases of the Inquiry, and the discussion of the community hearing program, that this Inquiry has an ambitious task ahead of it. It also has a very important task, with important consequences for all Canadians.

The Inquiry demands the good faith and co-operation of all. We must not allow ourselves to slip into public postures of self-interest or attempt to set up legal technicalities or encumbering formalities. This Inquiry has a public trust. The projects being proposed involve hundreds of millions of dollars. They all have risks associated with them, risks that, by and large, the public of British Columbia must bear.

Is there not an obligation, therefore, on all of us involved in this Inquiry process, to ensure that there is a full, fair and public examination of these projects, so that we can understand them, their costs, their benefits and the alternatives?

There has been little ongoing broad public assessment of the impact on Canada of these projects. That is why this Inquiry has been created.

It is the view of Commission counsel and the Inquiry staff, that we have an obligation to ensure that all the evidence that can reasonably be brought before the Inquiry is presented to you; that the evidence is carefully considered and critically assessed with an open mind, and that we, along with the other participants, assist you in your task of evaluating the evidence and making sound recommendations to the Government of Canada.

It is in fulfillment of this

obligation that we dedicate our efforts to achieve the goal of a full and fair Inquiry.

Thank you, Mr. Commissioner,

for your patience.

THE COMMISSIONER: Thank you,

Mr. Anthony.

Considering how warm it is under the television lights, I think we will break now.

There is coffee available in the foyer, and we'll reconvene shortly after 2:30, at which time we have other opening statements.

Thank you.

(PROCEEDINGS ADJOURNED FOR A FEW MINUTES)

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(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

THE COMMISSIONER: Please

take your seats so that we may reconvene. Gentlemen, I made a ruling at Kitimat, at popular request, that during the sittings there would be no smoking in the hearing room and that we would invite those who wish to smoke to step out into the hallway or the foyer or out of the main hearing room. So, we'd appreciate that, I think, as the practice here as well.

May I ask Mr. Parfitt of the District of Kitimat/ Stikine to begin with an opening statement this afternoon. Is Mr. Parfitt here? His material is here but he's not. The next person on the list is Mayor Thom and I see his chair empty too. So, I guess we'd better round up these candidates. We'll just wait a few moments.

Commissioner, there was a line up at the coffee urn out

Sorry, Mr.

MR. PARFITT:

there. I'm Ray Parfitt, the planning director of the Kitimat/Stikine Regional District and just a very brief

The Regional District of

statement here of intent.

Kitimat/Stikine is one of twenty-eight regional governments in British Columbia. Included in its boundaries is over 39,000 square miles in the northwest part of the Province.

Our southern coast has about ten thousand lineal miles of

Pacific shoreline which will be indirectly affected by the Kitimat Pipeline opportunity, if it goes ahead. Included in the statutory responsibilities of the Regional District are the provision of a full range of planning and administrative services for unorganized areas, the co-ordination of Provincial Government resource agency activities through a standing technical planning committee, and the administration of our regional hospital district providing health care facilities throughout the North.

With the announcement that
the Federal Government had commissioned the Kitimat
Oil Port Inquiry and that monies would be available for
project assessment and research, the Regional District
applied for monies and received a sum of \$5,000.00. As
was outlined in the Regional District's application for
concern
funding on May the 5th, our major/in regards to the proposed
port pipeline project in Kitimat and the short and long
range social economic impacts of a development project
of this magnitude.

This concern is shared with members of the Inquiry as consultants had been assigned to survey these impacts of Commission staff. The Regional District has assumed responsibilities to provide information on the following aspect of social and economic impact. At this early date these components are tentatively outlined as follows.

1 lA) the recreational activities in the Kitimat/Terrace Marine and shore-related recreational 2 area. opportunities as may be affected by tanker traffic, 3 oil spills, or other tanker port pollution. 4 1B) the availability of alternative marine and 5 6 recreational areas or amenities in relationship 7 to current Kitimat/Terrace area populations 8 and in relation to possible economic development. 9 Tourism in the Kitimat/Terrace area 2) in terms of the current extent and economic 10 contribution of tourism to the region, and the 11 positive or negative impacts on this tourism as 12 a result of oil port development, tanker traffic, 13 oil spills or other tanker port pollution. 14 The Regional District firanced 15 and built a salt water marina at Kitimat on the Douglas 16 17 Channel which opened two years ago and in terms of the regional impact, it's about the closest to salt water 18 that we have on the highway 16 corridor, the Yellowhead 19 20 corridor, going into the prairie provinces and these are some of the users that we do receive from as far east 21 as Saskatoon and into Manitoba. 22 23 The other aspect we want 24 to examine and identify is the social service and housing 25 requirements at the oil port level in terms of the two

communities of Kitimat and Terrace. Current supply and

relationship to requirements with current population levels, additional requirements in terms of the amount that would be required, nature of housing, temporary or permanent, and the cost of providing this, particularly in respect to peak construction periods, and the production aspect after construction is terminated.

The third part that we wish to do is to define alternative economic developments and planning strategies for the Kitimat/Terrace area. We recognize that Kitimat is a northern port, could stand to be one of the major industrial areas of northern British Columbia, and we'd like to identify the future alternatives that are available with the current information that we have in our own library and with the research that we worked with government on on a day to day basis.

I want to examine the historical and present nature of Kitimat/Terrace area economies and define the possibilities for an assessment for future development strategies as viewed by ourselves and different subcommunities within the area.

I think, Mr. Commissioner, that is all that we'll identify at this point in time. We're working in conjunction with your Commission staff, as well as doing the work which the funding has allowed us to do. We'll be making further presentations at your community hearings in Kitimat. Thank you.

THE COMMISSIONER: Thank you,

Mr. Parfitt. Next on my list for the District of Kitimat, Mayor George Thom.

MAYOR THOM: Mr. Commissioner,

the Council of the District of Kitimat, by majority vote, endorses the development of an oil terminal at Kitimat. The decision by my council has been arrived at 1) on the strength of the Federal Government's statement, that Canada must have access to offshore oil to maintain its industrial development.

- 2) in the firm belief that the interests of British Columbia, the environmental risks resulting from possible oil spills are lower in the waterways approaching Kitimat Harbour than they would be from increasing tanker traffic in the Straits of Juan de Fuca.
- 3) that cleanup operations, should they be necessary, will be more successful and less costly environmentally in the channels approaching Kitimat.

We take this position with the full confidence that the two senior levels of government will ensure that the latest technology in the areas of navigational aides, pollution abatement and control will be implemented under the auspices of Canada Shipping Act.

We further believe that under Federal jurisdiction, the existing oil spill compensation

fund will be enlarged to cover the cost of any cleanup of private and public property, and will compensate those persons who suffer financial loss resulting from the development of an oil terminal at Kitimat, in the interest of the Canadian nation.

The District of Kitimat policy on industrial development has been to encourage industry to locate and expand in Kitimat. This policy has been subject to the provision that such industries will not have an unacceptable impact on the environment, and that the developer will be willing to accept the responsibility for a fiscal impact upon the municipality to lessen the demand upon the existing residents, particularly when new services and facilities are warranted by the influx of residents related to industrial development.

orderly development, the muncipality has over the years spent considerable sums of money for the ongoing planning of Kitimat's development. This planning has followed closely from the pattern set by the original master plan of Kitimat developed in the early '50's, at the time of Kitimat's inception.

In like manner to Kitimat's original birth and the economic development of British Columbia, and for that matter British Columbia itself, Kitimat's history has been closely related to the resource extractive and manufacturing industries.

Eurocan's development in the

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industrial planning does not foresee a break in this
pattern.
To bury our heads in the sand,

'60's did not change that pattern, and likewise, Kitimat's

and to expect to have small, secondary industries located in Kitimat, relatively far from the market place is unrealistic. Northern British Columbia and Kitimat should expect tohave industry develop, and should realize that this industry will be extractive in nature, large in size, and have environmental problems which will have to be resolved.

We in Kitimat, feel particularly proud that we have always been in the forefront of environmental protection. The best evidence of this was the Works Waste Regulation By-law, passed by Council in 1968, to control the air effluents of Kitimat's industries. At that time, it was the first and only by-law of its nature in Canada.

The by-law was geared to ensure environmental protection of Kitimat, its people and surroundings, and was particularly significant, in that the stringent regulations are valid even today, with the efficient regulations of pollution, which has been achieved in our province through the Pollution Control Act of 1967.

Since 1967, British Columbia

has developed some of the most comprehensive guidelines in North America, and perhaps the world, to regulate multiple uses of the environment. Industry expects to be regulated in the area of effluent discharges, and society recognizes the need for a balance between environmental protection and industrial development.

Unfortunately, the foresight of the provincial government in controlling usages of the environment, has not been taken up by the federal government. The federal government's lack of policies, or flexible policies, on energy and the environment, are directly responsible for the delays in establishment of industry such as pipelines.

While our neighbours to the south have made energy their number one priority, we in Canada have forgotten the energy crisis and the OPEC oil embargo. While the National Energy Board has clearly outlined our plight and a need for increasing amounts of offshore oil, an identified policy which government must pursue for conservation, research and development, and access to oil sources, the federal government has not made this explicitly clear to the people of Canada.

Let us view this pipeline proposal in perspective. Investment of a half a billion dollars in B.C.'s economy is not insignificant. It is a very substantial undertaking. In the short term, British

Columbia needs this type of investment. The economic forecast of B.C., is one centred on the expectations for the provincial export industries, and hence, the economic climate of our main trading partners.

Any way you describe it, the prognosis is not encouraging. Rightly or wrongly, our resource industries claim they are finding it extremely difficult to compete due to cost of production. Any young person going into the work force of British Columbia today knows that the economy is not booming.

Do not misinterpret us: We do not expect the pipeline to solve all our problems. Our only contention is that a half a billion dollar investment is a significant financial undertaking.

In Kitimat, a two industry town, we are acutely aware of the fluctuating financial successes of our industry. Their success or failure is quickly transmitted to the remainder of Kitimat's business community, and results in major variation in our city population.

The more diverse the industrial base of a community, the less susceptible it becomes to economic cycles.

A major harbour development on the Douglas Channel, would expand the economy of the entire northwest. The Council of the District of Kitimat

is aware of the plight of the small businessman, and of the complaints of the taxation of our industry, and of the demand for amenities and services by our citizens at large.

Despite demands for restraint, in all municipal expenditures, the mill rate in Kitimat has gone up 42.1 per cent since 1974. As costs of operations go up, and while assessment levels are relatively stable, only increasing 3.6 per cent over the same period, with an actual decrease in assessment levels in 1976, the Kitimat taxpayer is faced with ever-increasing taxes, no matter what restraints in spending are implemented overand above the already existing restraints in spending, implemented by both present and past councils.

Kitimat's expectations are for a ferry service to Vancouver, for development of Kitimat's port, and for recreation facilities, and for relief from increasing taxation.

The Municipality, meanwhile, is faced with having to replace much of its infrastructure of a community built 25 years ago, which is slowly having its streets, buildings and facilities wearing out or needing greater maintenance.

Our dilemma needs no economic study or Inquiry to understand. Our calculations indicate that a pipeline in Kitimat would pay somewhere in the order

of 1.6 million dollars per year in property taxes in the
District of Kitimat. Those tax revenues are badly needed
in Kitimat.

The council and administration of the District of Kitimat have, since March, 1976, closely followed, planned and thought about the implications of an oil superport. As has been our practice in Kitimat, we retained a consultant to advise us on the technical aspects that require up-to-date knowledge, in order to protect the interests of the people of Kitimat, and to ensure that any development will keep environmental concerns and values of the people of Kitimat foremost. Our consultant's report is a public document.

With responsibility for the protection of the environment foremost in our minds, the District of Kitimat has reviewed thousands of pages of reports on the Kitimat pipeline proposal; has questioned and dealt extensively with their officials and consultants, and have always found them to be forthright, frank and helpful.

The Council of the District of Kitimat is of the opinion that such a proposal would be beneficial to Kitimat, and that with the proper safeguards, and with the most modern technological procedures and navigational aids, the highest protection of the environment will be achieved.

We therefore endorse -- I'm sorry, we therefore endorse the development of an oil terminal at Kitimat, and request that the Inquiry proceed with its business expeditiously, and with the emphasis on procedural matters, to ensure environmental protection.

The District of Kitimat's approval is subject to the satisfactory resolution of all environmental and ancillary deficiencies, identified by the District of Kitimat's environmental consultant's report, many of which are the responsibility of the federal government.

The District views with some degree of concern, that the federal government's decision not to participate in the hearing, other than on specific requests.

We would like to emphasize that many of the deficiencies, as identified as the responsibility of the pipeline company, have been resolved to our consultant's satisfaction, but still need to be incorporated as part of the permit for the pipeline.

The District of Kitimat would also like to endorse the TERMPOL assessment of the Kitimat proposal in general terms, and endorse their recommendation.

In specific terms, the major aspects of the proposal, which the District of Kitimat wants

to see satisfactorily resolved are:

(1) Provisions by the senior levels of government, in co-operation with the pipeline company, of the most stringent regulations and requirements for navigational equipment and navigational aids along the tanker routes.

(2) The provisions of effective methods of enforcement of regulations, and strict
tanker and overall marine and terrestrial operational
requirements for the protection of the environment.

We see, as a necessary part of these requirements, a system of checks and balances, as well as periodical trials for all contingency measures.

(3) Particular protection for Kitimat's recreational resources and salmon and trout fisheries of the Kitimat River, and protection of the aesthetically pleasing pleasure boat cruising and fishing areas of the channel, of Lakelse Lake and our domestic water supply, and potentials for industrial waterfront development.

(4) A resolution of any air pollution problems from discharging ships, and

(5) The assurance, by the senior levels of government, that effective channels of communication will be developed and maintained with local government.

The District of Kitimat concurs with the TERMPOL Assessment Committee's decision that not all the information required of the pipeline is to be completed immediately, but can be included as operational requirements and conditions.

The District of Kitimat is

also of the opinion that much of the responsibility for satisfactory resolution of these matters lies with the senior levels of government, and particularly the federal government.

We recognize that British

Columbia is fortunate to have progressive pollution control

legislation like the Pollution Control Act of 1967, which

recognizes that there are multiple uses of the environment.

In our opinion, this recognition is what has made this

particular piece of legislation so effective.

On the other hand, the Federal Fisheries Act does not recognize multiple uses, and is prohibitive in nature. This, in our opinion, has made this legislation ineffective, and has fostered uncertainty as to the federal government's policy toward the environment, vis-a-vis industrial development, and has required constant policy decision making by the politicians, as opposed to developing administrative procedures for enforcement by experts and scientific personnel.

This Inquiry is perhaps a good example of the problem. A quasi-judicial recommendation will be made by you, Mr. Chairman, to a political body.

What is really needed is a forum for discussion of regulatory and enforcement procedures by technical staff, and Ministry of Transport's recognition in the TERMPOL poli, that only in the most extraordinary cases will environmental

constraints determine that a project is too environmentally sensitive to proceed is heartening for Canada's future as an industrialized nation, and will direct the efforts of the people of Canada to rationally control and regulate, rather than prohibit industrial development.

In summary, the District of Kitimat would like to make perfectly clear that we see the pipeline proposal and oil terminal for Kitimat, having significant positive impact for all northern development, and for Kitimat's development, not only in the terms of jobs, tax revenues and spin-off benefits, but for development of Kitimat as a major port, and tidewater gateway to a large system of valleys ranging all the way to the Yukon and Alaska.

This system of valleys is rapidly becoming one of the major transportation corridors of the north, and it's comparable in size only to the Fraser River Valley.

May we also mention that although the people of Kitimat have a high regard for the environment, Kitimat is by no means an environmental wonderland. But on the contrary, Kitimat is a major industrial city of the northwest.

Our support is given to the pipeline proposal, with the realization that this is not an American pipeline, but a pipeline for Canadian and U.S.

needs. It is a major industrial development which will bring significant revenue to Canada.

From a broader perspective, we feel that Kitimat offers significantly less environmental risk than a proposal at congested Cherry Point, or in the open pacific at Port Angeles. We feel that a terminal should be placed where they are the least environmental risk, and the situation is most favourable for clean-up.

We believe that the evidence shows that the Douglas Channel provides these. We do not see any problems with the assimilation of the proposed work force in Kitimat, and provisions of education, health and other services.

Kitimat's other industries
had a much larger work force, and were readily accommodated.

We also see considerable
potential, and benefit for Canada, in the development in
Kitimat of strategic oil reserves in the form of cavern
storage, as they have in other European nations and the
United States.

For these reasons, we support an oil terminal in Kitimat.

Mr. Chairman, in response to your specific request in your Notice of July the 6th, 1977, I am pleased to advise you that the District of Kitimat will be represented by Mr. Adrian Jones, during all

phases of the Inquiry, and by both Dr. Derek Ellis and Mr. Jones, during the environmental phase. We intend to cross-examine witnesses from time to time, when we feel that particular clarification of our interests are necessary.

We are prepared to provide information dealing with various aspects of the proposal, and its impact on Kitimat, be they environmental, economic or social impact. We also wish to retain an option to expand or decrease our participation in the Inquiry, if we see that changes in the scope and nature of the Inquiry warrants a reassessment of our participation.

THE COMMISSIONER: Thank you,

Mr. Thom.

We appreciate the active participation which you've indicated will be taken on behalf of the District. Thank you.

I also notice that you and I agree that an Inquiry like this is something that should happen only once in a lifetime.

Next on the list is for the Attorney-General's Department of the Province of British Columbia, Mr. Pearlman.

MR. PEARLMAN: Mr.

Commissioner, my name is Paul Pearlman, I appear as counsel on behalf of the Attorney-General of British Columbia, representing the Province of British Columbia

at this Inquiry.

Mr. Commissioner, it is the province's understanding of the role of this Inquiry, as outlined by you today, that the Inquiry will elicit facts and information and make recommendations, rather than any binding decision on any of the proposals.

Many factors have yet to come to light. An example would be Canadian national policy in respect of the allocation of Alberta crude oil. Until more evidence is in, the Province will not be adopting any formal policy position.

Accordingly, Mr. Chairman,

I should state that at present, the province is not participating in this Inquiry to support or oppose any particular proposal, or to advance any defined or pre-determined position in respect of any of the issues which may come before the Inquiry.

However, the Province does reserve the right to support or oppose any proposal at a later stage of the Inquiry, and to advance arguments on any issue which the Inquiry may consider as the evidence unfolds.

The Province does intend to make detailed submission; and call expert witnesses during each phase of this Inquiry, in order to provide the Inquiry with as much information as possible, which may be of

assistance to it. These witnesses will be drawn from an inter-departmental task force on Energy and Transportation, whose functions I shall describe shortly.

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1 The opinions expressed by the task force witnesses will be based upon their own studies 2 3 and expertise and will not be statements of government policy unless the contrary is clearly indicated. 4 interest of the Province in this Inquiry arises from the 5 very obvious facts that a decision to proceed with anyone 6 of the proposals will result in the construction and 7 operation of a major oil port facility, either within the 8 boundaries of the Province or closely adjacent to it. 9 Also, a substantial increase in oil tanker movements 10 along the British Columbia coast. Equally, each of the 11 12 proposals will have a major impact upon provincial 13 energy planning. Without making any attempt 14 to assign priorities, the provincial interest may be 15 16

broadly characterized as follows:

- the assessment of environmental risks and costs A) and ways of minimizing such risks and costs in respect of each proposal.
- the effect of each proposal on the provincial B) economy.
- the implications of each proposal for provincial C) energy policy.

Mr. Anthony, in his opening statement , identified in some detail the various concerns in relation to each one of these elements and I won't

reiterate those points now because, in many cases, they represent a parallel concern by the Province to that of the Inquiry.

At this point, Mr. Chairman, in order to indicate the nature and extent of British Columbia's participation in slightly more detail, I should like to read into the record a letter writtento you by the Honourable Mr. Jack Davis, Provincial Minister of Energy Transport and Communication on May 3, 1977. While the Honourable Mr. Davis wrote that letter before the terms of reference of this Inquiry were expanded to include proposals other than the Kitimat proposal, the commitment of the Province to provide its full co-operation to the Inquiry remains unchanged.

I should say that that letter was read into the record at the preliminary hearing at Kitimat. However, I would like to read it again just to make its contents known to members of the audience and the participants here today. The letter is addressed to Dr. Andrew Thompson, Commissioner.

"Dear Dr. Thompson:

On behalf of the Government of British Columbia

I am pleased to offer our full co-operation

in providing your Inquiry with documentary

information and expertise brought together by

the Energy Transportation task force of the

Provincial Government. This task force is an interdisciplinary group which has been organized to analyze the various project proposals which might come forward on west coast oil delivery systems.

Studies prepared by the task force have been based on information in the public domain or generated by provincial agencies. These studies are not complete due largely to a lack of hard information on the number of important environmental and navigational considerations, and to some extent by the absence of a clear national policy on the geographic pattern of crude oil deliveries. Because much remains unknown, the Province has yet to take an official policy position in relation to the Kitimat proposal or any alternative proposal.

We hope that your Inquiry will bring forward a good deal of the hard information we regard as lacking and thereby allow for more informed and complete consideration of the Kitimat proposal. Parenthetically I should say any other proposal.

The Province will make available as witnesses before the Commission knowledgeable personnel

from the task force who will offer their own judgments and opinions on issues within their areas of expertise. These will, of course, represent the professional judgment of these individuals and will not necessarily represent official provincial policy on any specific issue".

The task force on energy and transportation referred to in Mr. Davis' letter is comprised of persons from the British Columbia Energy Commission, the Ministry of the Attorney General, the Environment and Land Use Committee Secretariate which co-ordinates the work of the Ministries of Environment, Conservation and Recreation, the Ministry of Economic Development and finally, the Ministry of Energy, Transport and Communication.

detailed analyses of environmental, socioeconomic, navigational and energy policy matters in respect of the movement of oil from offshore throughout British Columbia, and these studies are still ongoing. Mr. Commissioner, I'm advised by Mr. Bob Green, the Chairman of the task force, that members of his group are now in the process of making available to the Commission library, copies of those documents requested by Commission counsel from the provincial list of documents. Of course, as the task force

generates further documents, we shall make available a 1 2 supplementary list of documents and provide those to 3 participants and the Commission. Finally, Mr. Chairman, I 4 5 would like to table a compilation of Provincial statutes of general application which the Province feels may be 6 7 relevant to this Inquiry. I should state that this is 8 not intended to be exhaustive and that we may be providing additional statutes from time to time as we unearth them. 9 10 As you can see, I'm concerned 11 that we make the full position of the Province known as fully as possible, Mr. Commissioner. 12 13 THE COMISSIONER: We appreciate 14 that. MR. PEARLMAN: Unless you 15 16 have any questions, I conclude my opening statement for 17 the Province. 18 THE COMMISSIONER: Thank you, Mr. Pearlman. Are you going to provide that list? 19 MR. PEARLMAN: I will provide 20 21 both copies. I have two copies of our statutes here and 22 I'll provide them to the Commission secretary now, if I may. 23 THE COMMISSIONER: All right. 24 Then they'll receive an exhibit number. Exhibit 23. 25 (COPIES OF PROVINCIAL STATUTES MARKED EXHIBIT 23) 26 MR. PEARLMAN: Thank you.

oil pollution.

THE COMMISSIONER: Thank you,

Mr. Pearlman. Finally, on my list for this afternoon,

there's Dr. Ruth Weiner for the Washington Coalition against

much for having me appear this afternoon. In fact, I would like to thank the Commission and Dr. Thompson for permitting us to appear at the Inquiry. I'd like to identify myself briefly for the hearing record. My name is Ruth Weiner. I'm a resident of Bellingham, Washington, and I'm Professor of Environmental Studies and Dean of the Huxley College of Environmental Studies, a division of Western Washington State College. I'm a member of the Board of Directors of the Coalition against oil pollution, the Washington Environmental Council and the Washington Air Quality Coalition. I'm also a member of the Oceanographic Commission and oceanographic Institute of Washington.

Dr. Weiner?

At this hearing, I am representing only the coalition against oil pollution.

The Commissioner has directed that opening statements be a general overview of participant interest and evidence. I would, therefore, like to present my statement in three parts.

First, an overview of the attitudes and actions of Washington State environmental groups regarding oil transport. Second, the position

of the coalition against oil pollution at this time. Third a brief survey of air quality impact .

Washington State first became aware that the Pudget Sound refineries would no longer be supplied with Canadian crude after 1977, their initial response was that this supply and this supply only would be replaced by tanker transported crude. The four Pudget Sound refineries use about 280,000 barrels per day. In 1972, ninety per cent of this crude was supplied by pipelines from Canada.

Today, it is all brought in

by tanker.

In 1975, the Oceanographic

Attempts were made to prevent this increase in tanker traffic on Puget Sound by exploring a range of trade-off alternatives, but no alternative was found. Tanker traffic on inner Puget Sound has increased fourteen-fold during this period.

Commission of Washington published a study entitled

"Offshore Petroleum Transfer Systems for Washington State".

This study, which I will refer to as the Oceanographic

Commission Study, recognized the possibility that crude

oil would have to be trans-shipped by pipeline from the

west coast of the United States, specifically through

Washington State, to supply refineries in North Dakota,

Montana, Wyoming and Minnesota, the Northern Tier states.

These refineries have also been supplied in part by Canadian crude. The ultimate capacity of the Northern Tier refineries, including crude which they sell, is estimated to be about 800,000 barrels per day.

report also considered the possibility of trans-shipment of crude oil through Washington State for California, and/or for the Midwest. The Coalition Against Oil Pollution, an organization of approximately 30,000 members and including ten supporting organizations, was formed in 1972. Our concern was to prepare ourselves knowledgeably for the political pressure to use Washington State as a port to

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receive oil from the Alaska north slope. The 1974 SOHIO proposal to transport crude oil through Washington for refineries in the mid-west, and the decision to terminate the supply of Canadian crude for American refineries, made this pressure a reality.

Environmental groups in Washington were forced to consider the possibility of trans-The initial reaction was, we are not convinced that we really must have trans-shipment through Washington. Alternatives were mentioned, including California as a trans-shipment site; sales to Japan; trades with the east coast.

Today, there is one environmental group which has issued public statements in opposition to any trans-shipment, and there is another which has requested federal determination of the need for transshipment.

There is also, of course, local opposition in those communities where a facility has been suggested. The Coalition is convinced that we are faced with trans-shipment through a port in the Pacific Northwest, whether we like it or not. We cannot, in good conscience, suggest Long Beach, California as an alternative, because of the severe air pollution considerations there.

Moreover, and more important

to this hearing, we cannot glibly suggest Kitimat, simply because we don't know, in detail, what the environmental problems there are.

The Coalition has therefore taken the following position:

(1) There should be one trans-shipment terminal only to serve the Puget Sound refineries and to provide for trans-shipment to the Northern Tier States, and if necessary, the Vancouver refineries.

- (2) Hook-up to this terminal should be mandatory for the refineries served.
- (3) Such a terminal is best located on the Straits of Juan de Fuca, or at or west of Port Angeles.

This position was arrived at early in 1976, after several moves on the part of various oil companies. In 1974, Ohio had -- SOHIO, excuse me, had proposed a trans-shipment terminal in Washington for north slope oil to supply the mid-west. The SOHIO proposal was abandoned in 1975. It did not address the problem of the Northern Tier States.

In early 1976, Northern Fier Pipeline Company proposed a trans-shipment terminal at Cherry Point near Ferndale, Washington, then revised the proposal to a site at Port Angeles. Cherry Point is the

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a trans-shipmer

site of two refinery complexes, Arco and Mobil, and is currently supplied by tanker. About three-quarters of the refined products from these and the Anacortes, Washington refineries, is shipped out, about 70,000 barrels per day are shipped out by tanker. Cherry Point seems, at first glance, a logical site.

ographic Commission Report was completed. As this study points out, increased tanker traffic through Rosario Straits, increases the risk of a major oil spill, a spill of 6,000 or more barrels in inner Puget Sound. The present risk, with local needs entirely served by tanker, this is the situation we currently have, is predicted to be two to three spills in 21 years.

The proposed trans-shipped volume would raise this to eight to ten spills in 21 years. The impact of a major spill on the Puget Sound fisheries, and the rocky beaches and waterfront property along the Sound, the extreme difficulty of spill clean-up within the Sound, the containment and spread of a spill in the inner Sound, and the miles of shoreline affected, have made this the overriding environmental considerations in siting of a trans-shipment terminal in Washington.

These considerations may be discussed in greater detail at future hearings, if the Commission so desires.

The Coalition has come to the same conclusion as the Oceanographic Commission report.

Many of us have reached this conclusion reluctantly, because there is no way to construct an off-loading terminal and oil storage facility without doing substantial environmental damage, and we do not want to see this happen on the Olympic Peninsula of Washington.

But if we hide behind a stone wall of a no trans-shipment policy, we will be excluded from any negotiations and may well end up with expanded facilities at Cherry Point; a terminal at Port Angeles; increased tanker traffic on the inner Sound, and other terminals in Washington, Oregon and British Columbia as well.

Since it appears that we must have a trans-shipment facility, it is far better to have only one to serve this area and the Northern Tier States. We are adamant in our insistence on mandatory hook-up. If this is not required, we will continue to have heavy tanker traffic at Cherry Point, and may even see increased traffic with the advent of offshore drilling. Again, without mandatory hook-up, we may end up with a terminal at Kitimat, and/or the Port of Vancouver as well.

The refineries will do what is easiest and cheapest. Mandatory hook-up ensures that 95 per cent of the crude oil needs will be served by

pipeline rather than by tanker.

Northern Tier Pipeline Company has now proposed a trans-shipment terminal on the southern shore of the Strait of Juan de Fuca. Currently, assessment of the environmental impact of the Northern Tier proposal is inadequate. We want to be assured that maximum environmental protection will be guaranteed. This not only includes mandatory hook-up, but also a pipeline route which avoids the Seattle and Tacoma watersheds, and protects the other river basins crossed.

Protection of the Skagit

River is of particular concern. We are also adamantly
opposed to the location of any refinery or petrochemical
facility associated with the terminal site. To this end,
and only for this reason, we have intervened in the
Northern Tier application to the Washington Energy Facility
Siting and Evaluation Council, WEFSEC.

As the Commission is aware,
Arco and TransMountain Pipeline Company, have also applied
to WEFSEC to expand off-loading facilities at the Arco
dock at Cherry Point, for ultimate use as a trans-shipment
facility.

We have also intervened in opposition to this application. Expansion of the Arco facility means increased tanker traffic on the inner Sound, exactly the worst alternative.

I would like to present a very brief overview, finally, of the air quality situation, and I would like to address the Commission to the extent that I would be glad to expand on this, and to provide any comments about the Kitimat air quality situation as well, at later hearings.

There are three sources of air pollutants associated with an offloading terminal: The tanker engines, the offloading operations and the storage area or tank farms. I've included in any statement, a table which summarizes the sources, the pollutants and possible mitigating measures which would protect the air quality.

Briefly, the tanker engines produce all five of the major pollutants that you can from an engine: Sulphur dioxide particulates, carbon monoxide, hydrocarbons and oxides of nitrogen. Their effects could be mitigated by pumping oil with another energy source by burning low sulphur, low residue oil.

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Venting, ballasting, purging and the tank farm itself all produce hydrocarbon emission.

On can use an inert gas to mitigate the venting effect, use of segregated ballast and the use of vapour recovery systems on the storage tank.

The effect of purging can be mitigated only by purging downwind and generally out of the air basin. At the present time, Federal ambient standards in the United States for sulphur dioxide are occasionally violated at Cherry Point and Port Angeles and Federal ambient standards for particulates are violated occasionally at Port Angeles.

There is no problem with either of these pollutants west of Port Angeles. Siting a terminal either at Cherry Point or in Port Angeles Harbour would mandate use of low sulphur, low residue fuel in the tanker engines and a source of energy for oil pumping other than the tanker engine.

At this point, we're not even sure whether this would clear up the air quality situation. Ambient hydrocarbons and carbon monoxide are not monitored at Cherry Point, but the quantities of these pollutants emitted into the Cherry Point air basin makes it very likely that ambient standards are currently being violated.

Purging emissions in

particular, since purging is done for safety reasons, would aggravate this problem severely. Before any final determination is made for terminal siting, a thorough air quality dispersion model which includes all sources must be computed. This would prove very important also in the case of Kitimat where existing sources and the typography lend themselves to fumigation and the accumulation of pollutants.

In closing, I would like to comment on two environmental attitudes which have emerged in the course of our controversy in the United States, and which are exceedingly questionable. The first is the not next door attitude toward environmental protection.

Long Beach was favored by some Washington environmentalists because it is in California; Kitimat because it is across the border in Canada. We cannot afford anything less than a position which considers the entire continent. Oil slicks and air pollutants do not respect political boundaries, and we cannot preserve our natural environment at the expense of some else's unless we are assured that it is the least damaging alternative.

The second questionable proposition is that we do not need more oil and should leave it in the ground in Alaska or wherever. The pipeline in Alaska is unfortunately a reality, and the corporations which financed it are going to recover their investments.

More pertinently, we are not going to stop using gasoline or even decrease our use until we are forced to and until alternative transportation is available; nor will we voluntarily abdure—synthetic fabrics, plastics or pharmaceuticals. It is even possible that oil, with trans-shipment at any of the proposed sites, is a more acceptable source of electric power than coal strip mined in Montana.

We must turn our efforts to finding the most acceptable and least environmentally damaging port of entry for crude oil in the Northwest.

We look to the Thompson Commission for material assistance with this task.

Thank you very much.

THE COMMISSIONER: Thank you,

Mrs. Weiner. That completes the list of submissions for this afternoon. I want to just make a comment at this point about the nature of the exercise we're going through. All the participants, those who are going to be continuing their involvement in the Inquiry in the way of presenting evidence and questioning, have been invited to make statements setting forth who they are and their positions, and we've had a number of these statements today.

Now, many matters are being presented in these opening statements. They

represent the viewpoints of the parties. They represent the positions that they will be supporting by evidence, and they represent the positions they will be asserting by questioning and cross-examining.

is that all of the questions that are being addressed in these opening statements will be gone into thoroughly in the Inquiry and where points are made, they'll be subject to scrutiny, and so at this time the statements that are being made about any aspects must be taken as simply presented by the parties and subject to verification through the processes of this Inquiry, later on, when we get to the evidence.

Tomorrow morning, we will with reconvene at nine o'clock. We will begin by presentations by Kitimat Pipeline Company, by TransMountain, and a presentation with respect to the Northern Field plot sel. Then we have Mr. David Anderson for the B. C. Wildlife Federation; Mr. Nichol for the United Fishermen and Allied Workers' Union; Mr. Skelly and Mr. Lea for the N.D.P. caucus; Mr. Stace-Smith for the Fraser Coalition; Dr. Hyrhurst for the Islands Trust; Lavina Lightbown for the Haida Nation; Kathleen Anderson for the Coalition Against Supertankers; Tony Pearse for the Kitimat Oil Coalition; George Manuel for the Union of B. C. Indian Chiefs; Peter Fisher for the West Coast Environmental Law

Association, and I think I missed a couple of them on the list. John Jensen for V.O.I.C.E.; and Ira Liebowitz for the Fusion Energy Foundation.

We've had a couple of other parties who have indicated to the Commission Secretary that they wish to make presentations. Mr. Rosenbloom for the Nishga Tribal Council and Mr. Ward for Victoria Bluepeace.

If there are any others who will be participants in the Inquiry and who wish to make opening statements, please let Mrs. Lewis know. That completes the proceedings this afternoon. Thank you.

(PROCEEDINGS ADJOURNED TO TUESDAY, JULY 19, 1977 at 9:00 A.M.)