



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 19th, 1977.

PROCEEDINGS AT INQUIRY

Volume 3

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Vancouver, B. C.

July 19th, 1977.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

THE COMMISSIONER: Ladies and gentlemen, we will begin this morning's proceedings.

The first item this morning will be the opening statement on behalf of Trans Mountain Pipe Lines Limited.

Mr. Hall?

MR. HALL: Mr. Chairman, Mr. Chairman, ladies and gentlemen. We have been asked to appear before this Commission, and describe the project for which we have made applications to the various regulatory bodies.

I might first give you a little bit of background into why Trans Mountain is proposing this alternating reversal scheme, which to the general public is perhaps a bit complex, and we'll try to get it into the simplest terms we can, to describe what it is we are trying to do and why.

Canada and the United States are facing the difficult dilemma of dwindling conventional crude oil reserves, and an ever-increasing volume and cost of importing crude oil. At the same time, the supply and

1 transportation patterns developed over the last 20 years
2 are undergoing substantial changes. One of the dominant
3 problems is the growing dependence of inland refineries on
4 foreign sources of crude oil and the absence of pipe line
5 capacity to move the oil from seaports to where it is
6 needed.

7 The United States is now
8 importing half of its crude oil supply. By 1985, Canada
9 too, will be importing between 40 per cent and 60 per cent
10 of its crude oil needs. This is many billions of dollars
11 to take into consideration in our balance of trade.

12 Ensuring transportation for adequate supplies of crude oil
13 to all parts of Canada, requires that important long range
14 decisions be made now.

15 It has been indicated that
16 this Inquiry will address itself to the impact on Canada
17 of the various proposals and of potential alternate port
18 sites. Trans Mountain has participated in most, if not
19 all, previous investigations involving British Columbia and
20 Washington coasts.

21 To the best of our knowledge,
22 there are no proposals other than those named in the Inquiry,
23 and further proposals are unlikely to be developed.
24 Facilities for transporting offshore crude inland from the
25 west coast have been under study or development for more
26 than eight years and time is running out. The industry is

1 badly in need of firm decisions by the end of this year.
2 There are refineries who will have real trouble getting
3 crude oil by next winter.

4 One of the big dangers is
5 that before a well planned and well established long range
6 project can be put into place, that the market area,
7 through desperation will fragment, and start accepting less
8 than desirable, partial answers from here and there, which
9 is not to the benefit of either country.

10 The four proposals named by
11 the Commission have some elements of competition. However,
12 one port and pipe line development in California, and one
13 in either British Columbia or Washington State can be
14 supported economically. These proposals serve different
15 market areas.

16 Of the proposals, three,
17 Trans Mountain, Kitimat and Sohio, are sponsored by major
18 companies, having the firm intent and the financial ability
19 to construct the described facilities once the necessary
20 permits are received.

21 The Northern Tier Pipeline
22 proposal is essentially a promotion by a group of individuals
23 and companies not primarily engaged in oil refining or
24 major crude oil transportation. One integrated oil company
25 has shown a limited interest in participation in the study,
26 and further evaluation of the economics of the proposal.

1 To date, we have observed no serious interest in Northern
2 Tier Pipeline by any responsible group within the industry,
3 capable of financing this immense one and a half billion
4 dollar project.

5 The Trans Mountain proposal
6 requires the least investment, makes the maximum use of
7 existing facilities, causes less environmental disturbance
8 and is aimed at resolving the immediate transportation
9 problems of those refineries having the most critical
10 need.

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1 I should tell you a little
2 bit about TransMountain and company. Many people think
3 of us as an oil company. We are in the oil business because
4 we are in the business of transporting oil. We do not buy
5 oil. We do not sell oil. We do not own any oil. We do
6 not produce any oil. We do not refine any oil. We sell
7 transportation.

8 In that sense, we're much
9 more like a railroad or a truck line that has a franchise
10 to provide needed transportation in a certain area; the
11 only difference being that we confine our transportation
12 to a single commodity. That is liquid petroleum.

13 The TransMountain Oil Pipe
14 Line Company was incorporated by a special act of
15 Parliament of Canada, 1951, with authority to construct
16 and operate interprovincial and international pipelines
17 for the transportation of oil. The head office of the
18 company is here, in Vancouver.

19 The authorized capital of
20 the company consists of twenty-five million shares without
21 nominal or par value. To date slightly less than a third,
22 about seven and a half million of these have been issued
23 for a total consideration of fifteen million dollars.

24 As at the end of December
25 last year, thirty-seven per cent of TransMountain shares
26 continued to be held by five of the original major oil company

1 shareholders. Sixty-three per cent were held by some
2 fourteen million individuals and companies.

3 Of these, thirteen and a half
4 million are Canadians. Two and a half thousand of these
5 are resident in British Columbia. I'm sorry, I said
6 fourteen million British Columbians. Of course, the figure
7 is fourteen thousand. We have seven and a half million shares
8 held by fourteen thousand individuals and companies.

9 Of these, thirteen thousand
10 are Canadian and about two and a half thousand resident
11 in British Columbia. Seven hundred are residents of the
12 United States and ninety are resident elsewhere. The
13 majority of the directors of the company are Canadians,
14 resident in Canada.

15 The company's business, as
16 I pointed out, is to own and operate a pipeline system
17 for the transportation of crude oil from a point near
18 Edmonton, Alberta to a tank farm and marine terminal in
19 Burnaby, British Columbia, together with a spur line from
20 Sumas, B. C. to the international boundary. At the
21 international boundary, just south of Sumas, the company's
22 pipeline joins that of a totally owned subsidiary, Trans-
23 Mountain Oil Pipe Line Corporation.

24 This is a Delaware Corporation
25 which owns and operates the system in the State of
26 Washington. In Canada, we are controlled and regulated by

1 the National Energy Board. Corporation Pipe Line in the
2 United States is controlled and regulated by the Interstate
3 Commerce Commission, the I.C.C.

4 The investment of the company
5 and its subsidiaries in plant and equipment totals some
6 \$165,000,000.00 as of the end of last year. As I said,
7 owning no wells, no refineries, nor the oil it transports,
8 TransMountain is solely a carrier, providing shippers of
9 crude oil with economical trunkline transportation from
10 the areas of production to the refining centers and to
11 marine facilities for enroute shipment via ocean borne
12 tanker.

13 Many people are unaware of
14 the fact that we do operate a crude oil loading lock in
15 the Vancouver Harbour. It has been used sporadically over
16 the last twenty years. In the early years, particularly
17 during the first Suez crisis we loaded out a good deal
18 of oil to California from our dock at Westridge. During
19 the OPEC embargo, we were loading a fifty thousand
20 ton tanker every other day for shipment from Westridge
21 around to the east coast of Canada.

22 Much of this went direct
23 to refineries. Some went to the Portland pipeline terminal
24 of the Portland pipeline system which feeds Montreal.

25 This system is of vital
26 importance in the event of hostilities or any other inter-

1 ruption in the movement of crude oil internationally. In
2 that OPEC embargo this was the only way you could get
3 Canadian crude oil into Montreal. It was shipped here
4 to Vancouver, loaded on board ship, went through the
5 Panama Canal and reached Montreal and was of significant
6 importance to the country during that upset.

7 Prior to the construction
8 of the TransMountain system, B. C. then having no indigenous
9 production, imported all of its petroleum requirements;
10 some as crude oil, the balance as refined products. One
11 of the points I would make is that there has been tanker
12 movement of oil and oil products through the waters of
13 British Columbia and Washington State for many years.

14 It has gone up and down in
15 volume as things vary but it has been there for a good
16 long time. The imports at that time were principally
17 from the United States and they constituted a substantial
18 drain on Canada's foreign exchange position. Since the
19 construction of the TransMountain Pipe Line system in
20 1953, refinery capacity in areas of British Columbia
21 which can be served by the company has increased from
22 one refinery of 26,000 barrels a day to the present
23 four refineries and the one in Kamloops, totalling
24 147,000 barrels per day.

25 Since 1953, refining
26 capacity of 343,000 barrels per day, has been constructed

1 in the Pudget Sound area of the State of Washington. All
2 four refineries were built where they are because they
3 could be served by the TransMountain Pipe Line, at least
4 to some extent with Alberta oil.
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1 The existing facilities
2 include the 718 miles of 24 inch pipeline in the main line
3 from Edmonton to Vancouver, and a two and a half mile
4 delivery line from Burnaby Terminal to the Westridge dock.
5 There are also two 30 inch loops, that is parallel lines,
6 each approximately 50 miles long; one in Alberta, running
7 from Edson to Hinton, one in B.C. running from Darfield
8 into Kamloops.

9 A 5 mile spur of 24 inch
10 pipe extends from Sumas Station south to the international
11 boundary, and connects the system with the Trans Mountain
12 Oil Pipe Line Corporation.

13 In Washington State, the
14 Corporation, as I mentioned, was incorporated in 1952 in
15 the State of Delaware, for the purpose of constructing and
16 operating pipelines in the United States of America. It
17 is a wholly-owned subsidiary of Trans Mountain Company here
18 in Vancouver.

19 At the international boundary
20 near Sumas, the pipeline owned and operated by Trans
21 Mountain, connects with the pipeline owned and operated
22 by the Corporation. From the boundary, a 20 inch pipe
23 extends south to a pump station, and a further 27 miles
24 south to a place called Burlington. From Burlington, a
25 nine mile 16 inch lateral serves the two refineries in
26 Anacortes, Washington, and from the pump station nearer to

1 the border, an eleven mile 16 inch lateral extends west to
2 Ferndale, Washington. The western end of the Ferndale
3 lateral is connected directly with the Mobil refinery at
4 Ferndale, and to the refinery and port facilities of
5 Atlantic Richfield at Cherry Point, by its own 24 inch
6 pipeline, some 5 miles in length.

7 Now, having said that about
8 the company and the facilities that are in place, what is
9 it that we are proposing to do? Well, Trans Mountain pro-
10 poses to construct additional storage and pumping facilities
11 to its existing pipeline, to provide for the alternating
12 flow of oil in its pipeline system, from Edmonton to the
13 points of delivery in B.C. and from the international bound-
14 ary to Edmonton.

15 This will enable offshore
16 crude, landed at port facilities in the State of Washington,
17 to be delivered to connecting pipelines at Edmonton. At
18 the same time, the proposal assures movement of all neces-
19 sary oil from Alberta and Northern B.C., to the refineries
20 inthe Vancouver area.

21 Now, this sounds like a bit
22 of an anomaly, carrying oil in both directions, but it is a
23 sign of the times. It's a question of who owns the oil,
24 what price is the oil, and what is involved in the trans-
25 portation.

26 What we are saying in effect is,

1 the Alberta oil must continue to flow to the Vancouver
2 refineries, as long as it is available to them, and we will
3 guarantee to move that, but it doesn't take the complete
4 resources of a system, our system is much larger than that.
5 So what we are saying is that with the unused portion of
6 the system, let's put some offshore oil into Edmonton, to
7 bolster the supply of the Canadian oil, and move it out
8 through the existing pipelines to the refineries who have
9 been drawing on those pipelines for transportation.

10 That, in essence, is the
11 proposal.

12 Because of the phasing out
13 of exports from Canada, a number of important refineries
14 in the north central area of the United States are in
15 serious need of an alternate source of supply of crude
16 oil. They have been told that they cannot have the Canadian
17 oil, they do not have the indigenous production in their
18 area of the United States, they don't have pipelines that
19 come in from the areas where oil is, Louisiana, Oklahoma,
20 Texas, they're strapped, they don't know where they are
21 going to get their crude oil, and some of them will be in
22 trouble this winter.

23 If a sufficient volume of
24 oil from any other source can be transported to Edmonton,
25 the requirements of the land-locked refineries in these
26 areas could be met. Trans Mountain proposes to transport

1 the required volumes of oil to Edmonton from the inter-
2 national boundary near Sumas, Washington, by making use of
3 its existing pipeline and right-of-way.

4 Refineries dependent on off-
5 shore supplies will require stocks of crude oil from Alaska,
6 Indonesia, Nigeria and various Persian Gulf sources.
7 These are the same sources that now make up the import
8 quantities to the west coast in Washington, the Bay area
9 of San Francisco, and in the Los Angeles Basin.

10 The basic problem with getting
11 these same kinds of supplies to refineries inland, is that
12 there is no existing pipeline system to transmit the off-
13 shore supply of crude oil inland to those refineries that
14 need it, and this is the link that we're trying to supply,
15 the missing link.

16 Now, how about the surplus
17 capacity of Canadian pipeline systems, capable to carry
18 this oil, if we once get it to Edmonton, and to get it
19 there? Now, the Trans Mountain system is presently operat-
20 ing at only one-third of its designed capacity in trans-
21 mitting from Alberta, to the points of delivery in British
22 Columbia, all of the requirements of these B.C. coastal
23 refineries.

24 The total capacity of the
25 system was required to move oil from Alberta into B.C.,
26 and the State of Washington, until governmental policies

1 reduced the export of oil from Canada. By the end of 1976,
2 it virtually eliminated the movement of Canadian oil to
3 refineries in the Puget Sound area. This was partly
4 influenced by decisions of the Federal Energy Administration
5 in Washington, who said that now that there is only so much
6 Canadian oil available, it's only about a third of what was
7 moving four years ago, they said "You refineries in Puget
8 Sound, you have access to world markets, you can bring it
9 in by water, we're going to save the Canadian oil for the
10 inland refineries that need it worse", and as a result , our
11 business to Washington State has vanished.

12 In 1972, the rate of deliv-
13 eries by Trans Mountain to refineries in B.C. was 104,000
14 barrels a day, and to Washington, we were delivering 276,000
15 barrels per day.

16 In the first quarter of '77,
17 this year, our delivery rates to British Columbia refineries
18 is up somewhat from those earlier figures to 123,000
19 barrels per day, the Washington State, a mere trickle,
20 19,000 barrels a day because of an exchange arrangement.
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1 As a result of dwindling
2 oil reserves in Canada and the past and future reduction
3 of exports of oil from Canada, there is ample excess
4 capacity in the pipeline system of interprovincial and
5 other systems to carry oil transmitted to Edmonton by
6 TransMountain. In other words, these systems were carrying
7 out of the country, in addition to the Canadian supply, about
8 a million and three hundred thousand barrels a day in
9 1974, spring of '74, and now they're moving only about
10 a quarter of that volume, in addition to the Canadian supply.
11 So, there's ample capacity out of Edmonton.

12 The markets that we intend
13 to serve with these offshore crude oils, if we can get it
14 to Edmonton, are those connecting refineries in the
15 central areas of the continent, primarily and initially
16 in the northern central United States, but also making
17 offshore oil available to central Canada.

18 A review of all available
19 sources has been used to develop the forecast demand
20 resulting from the shortfall to be experienced by these
21 refineries. Independent studies have been made by a
22 number of industrial and also by regulatory agencies.
23 The consensus of the studies indicates that if crude
24 oil exports from Canada were to cease, there would be
25 a shortfall of some eighty to a hundred thousand barrels
26 per day of light sweet crude oil and up to a hundred and

1 fifty thousand barrels per day of heavy crude oil used in the
2 interior parts of the country.

3 Supplemented with some
4 continued export of heavy crude oil from Saskatchewan and
5 Alberta, the alternating flow proposal of TransMountain
6 will be able to supply the requirements of these north/central
7 refineries for some years to come. A system with much
8 larger capacity than the capacity proposed by us is not
9 required at this time.

10 With TransMountain serving
11 all immediate markets with requirements, additional time
12 will be provided to assess the alternate proposals for
13 utilizing ocean-borne crude oil supplies. The proposal
14 will also provide time to assess Canada's long term crude
15 oil supply and transportation requirements.

16 Sometimes this proposal
17 of ours has been criticized as being too small. They say
18 well, gosh, we're talking about eight hundred or a million
19 barrels a day. You people are talking about two hundred
20 thousand barrels per day. We repeat that that volume will
21 take care of the situation for some time to come. You
22 just do not need a much larger capacity than that.

23 However, if you do, the
24 capacity of the alternating flow system can be expanded,
25 initially by adding additional horsepower or by completing
26 the looping of the line with the parallel thirty inch pipeline,

1 which was the original design of the system, or if the
2 situation arose, by reversing the twenty-four inch pipeline
3 totally.

4 The investment required for
5 such additional expansion would be made, only if justified
6 by the then confirmed supply and demand forecasts. The
7 development of system capacity by stages in this manner
8 is more orderly, it allows maximum use of existing facilities,
9 it minimizes environmental impact and conserves the use
10 of material and capital in the most effective manner. That
11 is of interest to everyone because the consumer pays for
12 those materials and raises that capital in the long run.

13 From the standpoint of
14 economics, the capital costs of the facilities required
15 in Canada, to enable the alternating flow of oil, are
16 estimated at approximately ninety million dollars. The
17 capital cost of the expanded port storage and transmission
18 facilities to be constructed in conjunction with Atlantic
19 Richfield in the State of Washington are estimated at
20 about fifty million dollars; a total of some \$140,000,000.00.

21 Let's say a word or two about
22 Atlantic Richfield. Atlantic Richfield Company, of course,
23 is one of the major integrated petroleum companies. In
24 this particular instance here, it is the owner of a refinery
25 and a dock with crude oil receiving facilities at Cherry
26 Point, Washington. That was the last of the four refineries

1 built in that area. It was built with the knowledge of
2 Prudhoe Bay oil. Atlantic Richfield are also one of the
3 principal producers of oil in Prudhoe Bay. They are also
4 a twenty-one per cent owner of the Alyeska Pipe Line
5 system. They built this refinery to bring oil by water
6 from Valdez to Cherry Point, to run on north slope crude.
7 It's the only refinery in Washington State designed to
8 run on north slope crude.

9 They are moving oil in
10 now from various sources by water from around the world.
11 Once they can receive Alaskan oil, they will displace
12 these other foreign sources and switch their tankers from
13 the one service to the other. This does not bring in
14 additional oil, but it changes the source of supply.

15 Now, it's proposed that
16 the existing system of Trans Mountain Corporation would
17 be expanded to connect to another berth at the ARCO
18 dock at Cherry Point and connect this with the full pipeline
19 system of Trans Mountain. With the construction of the
20 additional pumping and storage facilities on the Canadian
21 system and with the expansion of the dock facilities and
22 the system of the Corporation, it would be possible
23 initially to move an average of 180,000 barrels
24 per day of offshore oil eastward to Edmonton, while
25 still meeting the full requirement of the Vancouver
26 refineries of approximately 130,000 barrels per day; their

1 requirement of Alberta oil.

2 In addition, offshore crude
3 oil can be moved to the other Pudget Sound refineries over
4 the new berth at Cherry Point through the existing Trans
5 Mountain Pipe Line Corporation's system, thereby reducing
6 the net tanker movements in Pudget Sound.

1 A number of things have been
2 said about tanker traffic in Puget Sound, and I'll be saying
3 more about that later. The tanker traffic has been there
4 for many years, it goes up and it goes down, depending on
5 how things work out.

6 During the OPEC embargo, it
7 reached an all-time low, and there was maximum reliance
8 on pipeline deliveries, and then, of course, very quickly
9 after that, as the Canadian government cut out -- cut down
10 on Canadian exports, and the F.E.A. decided that not even
11 those limited volumes would be allowed into Puget Sound,
12 then the tanker traffic went the other way.

13 So quoting figures like we
14 heard yesterday of a fourteen-fold increase in tanker
15 traffic between 1974 and 1977, is a bit of a misnomer.
16 If you look at the 50 year curve of tanker traffic, you're
17 picking the lowest point and the highest point, and saying
18 one is 14 times greater than the other. That's true, but
19 if you draw a mean, the figure is much more like double.

20 What about the permit
21 applications? Who do we need to apply to, and what is the
22 status of these applications? In Canada, our primary
23 application is filed with the National Energy Board in
24 Ottawa. By law, we ask for a certificate of public con-
25 venience and necessity, authorizing us to construct the
26 necessary facilities for this alternating reversal operation.

1 The alternating reversal
2 operation, as I mentioned, would ensure this continued
3 movement first of Alberta to B.C., and then the flow inland.

4 We filed this application
5 with the National Energy Board on the 24th of May, they asked
6 for some additional information on the 10th of June, and
7 this additional information, largely of a technical, engineer-
8 ing nature, was forwarded to the Board last week. We
9 anticipate that public hearings will be conducted, probably
10 starting about mid-August. The N.E.B. have not yet set
11 the date, that's my own guess. It will be sometime this
12 fall, we have the hearings, the National Energy Board will
13 then -- once they have conducted the full hearings -- make
14 their recommendation to the federal cabinet, who then
15 makes its decision.

16 Within Washington State,
17 an application for site certification for the dock expans-
18 ion and the new tank farm, was filed with the Energy
19 Facility Site Evaluation Council, in Olympia, Washington,
20 on the 28th of April. This Council, known as the EFSEC,
21 for short, is -- was set up in 1970 in Washington State
22 law, to bring together some 12 State regulatory agencies
23 to deal jointly with energy site facilities. At that time,
24 it was dealing primarily with thermo-nuclear, it also
25 deals with hydroelectric dams, with anything involving a
26 major oil site that involves 50,000 barrels a day or more,

1 it will also deal with coal plants and so forth.

2 We filed with that group on
3 the 28th of April, and the application is then reviewed in
4 three stages: Firstly, a public information meeting is
5 held, and this was done on the 23rd of June in Ferndale,
6 Washington.

7 Secondly, a hearing to deter-
8 mine whether the site proposed is consistent and in com-
9 pliance with the land use plans and zoning ordinances, must
10 be held. This was held on the 24th of June, and at the end
11 of the day, the council ruled that we were in compliance
12 with all land use and zoning ordinances with this
13 application.

14 Then you move into the final
15 phase, which is EFSEC then conducts an analysis of the
16 technical aspects of the application, and its projected
17 impacts, including, of course, the impact on air quality
18 of the entire Cherry Point complex.

19 EFSEC, when it has these
20 analyses made, it conducts a contested hearing, and makes
21 a final recommendation to the Governor. The date for the
22 opening of the contested hearings has not yet been
23 announced, but we expect that it will probably parallel
24 quite closely, those of the National Energy Board in
25 Canada.

26 A further application was

1 required with the Department of the Army, and this was
2 filed with the Army Corps of Engineers in Seattle, on May
3 the 2nd.

4 They are involved in some of
5 the marine aspects, and represent in this case, as the lead
6 agency for the U.S. Federal Government, to deal with
7 matters affecting the Coast Guard, the Army Corps of
8 Engineers and so forth.

9 Now, the request that was
10 filed with them, was for the renewal of a permit approved
11 earlier in January of 1969, and it was to allow completion
12 of that portion of the overall facility that was defined
13 at that time. In other words, Arco originally designed
14 and filed, and held a permit to build a Y type dock with
15 two berths feeding onto a single causeway.

16 At that time, for their own
17 reasons, they decided to build only the one berth and did
18 not complete the second half of the Y. What they are
19 applying for now is to complete the second half of that Y,
20 on the basis of the renewal of a permit that they previously
21 held.

22 The portion to be completed
23 is the northerly berth of the two berth oil pier for
24 handling oil tank vessels and associated services, and a
25 decision on that application for renewal of the permit is
26 pending.

1 Now, what about the impact
2 of what we're proposing on the B.C. consumer? The B.C.
3 Government, of course, on behalf of the B.C. consumer, is
4 naturally interested in the rates charged by Trans Mountain
5 for transporting oil to the Vancouver refineries. For
6 many years, the basic charge for this transportation was
7 40 cents per barrel of crude oil.

8 In the ten year period from 1967
9 to 1976, only 30 per cent of our pipeline deliveries were
10 to the Vancouver refineries. The other 70 per cent of the
11 throughput was delivered to refineries in Washington State.

12 In November, '76, when we
13 knew that we were virtually wiped out of moving oil to the
14 United States, and were left with only one-third of our
15 business, due to this declining throughput, we filed for
16 an increase in tariff, last April, actually. It was
17 granted in November, raising the tariff to Vancouver from
18 40 cents to 50 cents per barrel.

19 In late 1976, when the F.E.A.
20 decided that the brunt of the reduction in the U.S. oil
21 imports from Canada should be borne by the west coast
22 refineries, as I say, the deliveries to Washington State
23 virtually ceased at the end of '76.
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1 This application has been
2 made before the Board. The dates have not yet been set
3 for a rate hearing, but there will be a full rate hearing
4 into Trans Mountain's business and they will decide what
5 tariffs are going to be permissible for the charge for the
6 movement of Alberta oil to the Vancouver refineries.

7 As a common carrier pipeline,
8 which I described earlier, we must provide transportation
9 for all the Alberta oil that is available to and purchased
10 by the Vancouver refineries and is tendered to the company
11 for shipment. The tariff through this rate hearing will
12 be regulated by the National Energy Board.

13 The impact on the B. C.
14 consumer, when the eastward and westward movements are
15 consolidated would be to provide some reduction in the
16 level of tariffs otherwise charged. What about the impact
17 of increased tanker traffic? We live here. Many of us
18 in the company are boaters. We are the same as anyone
19 else, John Q. Public, in our interest in keeping clean
20 these waters that we all so much enjoy. We are fully cognizent
21 of the fact that the impact of the tanker movement, and
22 therefore the potential environmental difficulties off
23 the coast of British Columbia and in the Juan de Fuca Strait
24 is of prime concern to the Canadian public.

25 The proposal the company
26 is putting forth, it feels, will minimize any environmental

1 that volume of tanker traffic is here. It will remain and
2 is a very important part of our overall economy in the
3 northwest.

4 The Trans Mountain proposal
5 would increase the number of tanker calls to one of these
6 docks, the one at Cherry Point, by some six or seven vessels
7 per month. This is an increase of fourteen and a half
8 per cent of all tanker transit in the Juan de Fuca Strait,
9 or an increase of 1.9 per cent of all deep sea vessel
10 transits or slightly less than one per cent of all vessel
11 transits recorded by the Coast Guard which does not record
12 fishing vessels or pleasure craft.

13 The impact on Trans Mountain:
14 The major business risk facing our company is the potential
15 decline or loss of the oil movement to Vancouver because
16 of the predicted future decline of the known Canadian
17 oil supply. It is difficult to foresee oil from new
18 Canadian sources such as the Tarsands or the heavy oils
19 of the Canadian Arctic becoming available in sufficient
20 quantities soon enough to ameliorate this risk.

21 Recently, the Federal
22 Government announced a series of price increases for
23 Canadian crude oil at the wellhead which, by the end
24 of 1978, will price Alberta oil delivered to Vancouver
25 refineries well in excess of \$14.00 per barrel.

26 Vancouver's location on

1 tide water renders Trans Mountain vulnerable to competition
2 from foreign crude. As I said before, we don't own any
3 oil. We don't buy any oil. We sell transportation.

4 If someone else can buy their
5 oil cheaper and by a cheaper transportation method, we're
6 as vulnerable as any other common carrier. Once the
7 price of Canadian crude reaches world levels, Vancouver
8 refineries have a choice of using either Canadian or
9 foreign crude. If these customers of Trans Mountain
10 become discouraged with the outlook for Canadian supply,
11 they could well switch to foreign crude, given that
12 economics, environmental and security of supply considerations
13 are satisfactory.

14 Where would this oil be
15 landed? Cherry Point or at the four refinery docks in
16 Vancouver? An extended period of declining east/west
17 throughput could ensue. The rapidity of which will depend
18 on governmental policy and on the development of Canadian
19 sources of oil supply.

20 Trans Mountain's subsequent
21 throughput will depend on how Canadian oil is allocated
22 to the areas east and west of Alberta and whether oil
23 imported to meet supply shortages is brought in from the
24 east or the west coast. These are very important long
25 range decisions which need to be made and will be made
26 eventually. The impact on Canada and on B. C. and on the

1 B. C. waters must not go unrecognized. The Trans Mountain
2 proposal is seen, not only as an important business
3 opportunity for the company and its thirteen thousand
4 Canadian shareholders, but as a means of satisfying an
5 urgent need for crude oil transportation to areas facing
6 critical shortages of supply.

7 Maximum use will be made
8 of existing and underutilized crude oil transmission
9 facilities which require no new right-of-way, no new
10 port sites, thus ensuring the minimum environmental
11 disturbance.

12 Continued maximum use of
13 pipeline systems emanating from Edmonton, both east and
14 west, will ensure the the transportation costs of oil
15 from Alberta to Canadian refineries will be kept to a
16 minimum; thereby benefitting the Canadian consumer.

17 Most importantly, the
18 proposal of Trans Mountain will provide more time for
19 further assessment of the long-term offshore crude oil
20 supply and transportation requirements of Canada and shall
21 it be east coast, shall it be west coast. Thank you.

22 THE COMMISSIONER: Thank you,
23 Mr. Hall. Mr. Hall?

24 MR. HALL: Yes, sir.

25 THE COMMISSIONER: Or maybe
26 this is for Mr. McEachen. Commission counsel yesterday

1 mentioned that he had requested Arco to indicate how relevant
2 information, documents and witnesses might be brought before
3 the Inquiry and Arco, in response, as I understand Commission
4 counsel, indicated that Trans Mountain would respond to
5 this issue or question.

6 I think it would be helpful
7 if you were to indicate the relationship between Trans
8 Mountain, the subsidiary in Washington State and Arco.
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1 MR. HALL: Yes, I can certainly
2 enlighten you on that. First of all, I might add that
3 Atlantic Richfield have expressed nothing but desire to
4 co-operate in every way, in providing whatever information
5 is relevant to this Inquiry.

6 It would perhaps help to
7 understand our relationship down there. First of all, the
8 Arco refinery, and the existing berth at their dock, are
9 intended to be kept quite separate from the operation.
10 This will continue to operate independently as a refinery,
11 and they will use their own dock to receive their own
12 crude oil and to ship out their own products.

13 Now, they are joining with
14 Trans Mountain Pipe Line Corporation in a joint venture,
15 where the Corporation will become the owners of the new
16 berth, the owners of the new storage facilities, and of
17 course, as they are now, the owners of the pipeline system.

18 Now, there will be an arrange-
19 ment whereby Trans Mountain Company in Canada, which now
20 owns a hundred per cent of that subsidiary, will sell a
21 portion of that subsidiary to Atlantic Richfield, so they
22 will become partners in that venture.

23 Their primary interest, of
24 course, is as north slope producers, they have some surplus
25 oil to move, and they would like to see facilities built
26 that will take care of some of the forecast west coast

1 surplus of crude oil. So inasmuch as all of the new
2 facilities will be owned by the newly organized Trans
3 Mountain Pipe Line Corporation, then they are saying the
4 Trans Mountain Corporation is the right legal body to pro-
5 duce all evidence.

6 Now, obviously, we will need
7 to dip back into Atlantic Richfield company's files for
8 some information from the earlier days of the dock, and
9 they have indicated they are quite happy to provide that,
10 once we know what is required.

11 THE COMMISSIONER: Thank you
12 very much, Mr. Hall. Thank you.

13 Next, Kitimat Pipe Line
14 Limited.

15 MR. SAVILLE: Mr. Commissioner,
16 my name is Frances Saville, and I appear as counsel for
17 Kitimat Pipe Line.

18 Mr. Jack Cressey, the Vice-
19 President and the Project Manager of Kitimat Pipe Line,
20 will give our opening address, and then I have a couple of
21 exhibits to put in and a few other remarks to make when he
22 is finished.

23 THE COMMISSIONER: Thank you,
24 Mr. Saville.

25 Mr. Cressey?
26

MR. CRESSEY: Mr. Commissioner,

Kitimat Pipe Line Limited was incorporated on November the 2nd, 1976 under the Canada Business Corporations' Act, and is owned by Ashland Oil Company, 24 per cent; Continental Pipe Line Company, 15 per cent; Farmers' Union Central Exchange Incorporated, 5 per cent; Interprovincial Pipe Line Limited, 15 per cent; Koch Industries, Incorporated, 26 per cent; and Murphy Oil Corporation, 15 per cent.

The project was proposed by -- as proposed by Kitimat Pipe Line Limited, would provide west coast access for Alaskan and offshore crude oil as feed stock for refineries in the northern United States and in Canada.

A 30 inch crude oil pipeline from the Port of Kitimat, British Columbia, to Edmonton, a distance of 753 miles, would be constructed, with initial capacity of 300,000 barrels per day, increasing to 500,000 barrels a day, with full capacity in excess of 600,000 barrels a day.

Included in the project were floating dock facilities at Kitimat to receive and offload crude oil carriers into a tank farm with three to five million barrels of storage capacity, for delivery into the pipeline system.

The tanker traffic necessary to serve the crude oil volumes anticipated would range from

1 7 to 13 tankers per month as volumes increase from 300,000
2 to 500,000 barrels a day. The tankers would range in size
3 from 16,000 to 320,000 dead weight tons.

4 The entire project is esti-
5 mated to cost between 5 and 600 million dollars.

6 Five of the sponsor companies
7 operate, or are affiliated with companies which operate,
8 refineries in the northern United States and have been
9 historically dependent upon Canadian source crude oil ex-
10 ports for this supply. These refineries are designated as
11 "Priority 1 Refiners" by the United States Federal Energy
12 Administration, because of their past and present dependency
13 on Canadian crude oil, having no or limited pipeline access
14 to alternate crude oil supplies.

15 These and other United States
16 refineries provided a market for Canadian crude oil when
17 Canada was actively seeking to increase crude oil export
18 volumes.

19 The sixth sponsor company,
20 Interprovincial, is a Canadian crude oil pipeline company,
21 transporting crude oil from Edmonton to Toronto, Ontario,
22 and recently on to Montreal. A significant part of the
23 Interprovincial system is located in the United States,
24 and is operated by Lakehead Pipe Line Company Incorporated,
25 a wholly-owned subsidiary of the Canadian parent. In
26 fact, all Western Canadian crude oil, moving to Ontario

1 and Quebec, passes through the United States via this 1,000
2 mile pipeline system.

3 The Interprovincial system,
4 directly and through connecting pipeline systems, is the
5 main pipeline artery for the movement of Canadian crude oil
6 to most of the historical United States refinery markets.

7 In 1974, the National Energy
8 Board, and the Canadian government, announced a planned
9 program to phase out the export of Canadian crude oil.
10 Canada's crude oil exports in 1972, totalled 942,000 barrels
11 per day, and in June, 1977, crude oil exports were 288,000
12 barrels a day.

13 Crude oil exports, under the
14 export reduction program, are expected to cease around
15 1980, or be limited to small volumes of heavy crude oils,
16 not required to serve market demand in Canada.

17 With the phasing out of
18 Canadian crude oil exports to refineries, totally or
19 partially dependent upon Canadian crude oil, and with
20 declining United States crude oil supplies south of the
21 49th Parallel, it became apparent that access to Alaskan
22 and foreign offshore crude oil was essential.

23 The sponsor companies, and
24 others, including Trans Mountain Pipe Line Limited, indi-
25 vidually and later as a group, commenced to study alter-
26 natives. It became evident that the only available sources

1 of crude oil, including Alaskan oil, would require tanker
2 transport to the North American Continent, and thereafter,
3 a pipeline system providing access to the respective
4 refineries.

5 There was already an existing
6 pipeline system, Interprovincial, providing access to the
7 United States refineries and in particular, at the source
8 point in Edmonton, Alberta. The interested companies,
9 therefore, examined alternatives by which they could utilize
10 the existing Interprovincial Pipe Line system.

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1. The reduction of Canadian crude oil exports to the United States resulted in unused capacity in the Interprovincial pipeline system.
2. The idle capacity was expected to increase further as western Canadian production and reserves declined.
3. The National Energy Board published an evaluation of future Canadian crude oil needs against the estimated Canadian productive capacity. The February, 1977 update by the National Energy Board forecast Canada would need access to foreign source crude oil in ever-increasing quantities, including supplies for Canadian refineries west of the Ottawa Valley.
4. There was the need for a transportation system to not only meet the market demand of the United States refiners, but also to serve the

1 anticipated future demand of the Canadian
2 refiners for offshore crude oil ..

3 5. Trans Mountain Pipe Line had an existing
4 pipeline moving Canadian crude oil from
5 Edmonton to refineries in the British Columbia
6 Lower Mainland and the Pudget Sound area in the
7 State of Washington.

8 6. The Canadian crude oil volumes moving to the
9 United States and Pudget Sound area would also
10 be reduced and ultimately eliminated as a result
11 of the phase-out of Canadian exports. This
12 would cause the idle capacity in the Trans
13 Mountain system, which is the now the case,
14 as evidenced by Mr. Hall, suggest an upward
15 revision of tariffs to refiners in British
16 Columbia because of reduced throughput.

17 7. Initial discussions were held with Trans
18 Mountain in 1975 to examine the possibility
19 of reversing the Trans Mountain system to
20 allow movement of crude oil from the west
21 coast to Edmonton. This would have required
22 a major tanker unloading facility in the
23 Lower Mainland of British Columbia or in the
24 State of Washington.

25 8. A report on the possible reversal of the
26 Trans Mountain system was prepared by Trans

1 Mountain. Trans Mountain concluded that the
2 reversal was impractical.

3 9. The sponsoring companies of Kitimat and other
4 companies, including Trans Mountain, formed
5 a group to identify a more practical alternative,
6 and the Port of Kitimat was selected as the
7 most probable site.

8 10. Hence, the Kitimat Pipeline project was conceived
9 and the Kitimat Pipe Line Ltd. was formed.

10 11. On behalf of Kitimat Pipe Line Ltd. an evaluation
11 of Kitimat and other potential port sites
12 was carried out. It concluded that the previously
13 dedicated industrial harbour site at Kitimat
14 was the most desirable port for a crude oil
15 tanker receiving and offloading facility.

16 12. Engineering, design, environmental and economic
17 studies were then undertaken leading to a
18 forming part of the Kitimat application to the
19 National Energy Board for a Certificate of
20 Public Convenience and Necessity, filed on
21 December 8, 1976.

22 13. Concurrently, Kitimat undertook the necessary
23 studies to prepare the TERMPOL Submission to
24 the TERMPOL Co-ordinating Committee of the
25 Federal Government which was needed to secure
26 permission to build the marine facility at

1 Kitimat.

2 14. The TERMPOL Co-ordinating Committee concluded
3 its assessment of the Kitimat submission in
4 May of 1977 which would appear to support our
5 view that Kitimat is a viable port for receiving
6 and offloading large crude oil tankers.

7 15. Trans Mountain participated in and shared the
8 cost of the studies supporting the Kitimat
9 application to the National Energy Board, but
10 dropped out of the Kitimat group prior to the
11 application being filed in December of 1976.

12 16. In May of 1977 Trans Mountain filed an application
13 with the National Energy Board to operate their
14 pipeline system on an alternating flow or "yo yo"
15 basis. This would allow the movement of certain
16 crude oil volumes from the west coast to
17 Edmonton.

18 17. The sponsoring companies of Kitimat studied
19 the Trans Mountain application and concluded
20 that if Trans Mountain could secure the necessary
21 approvals to deliver crude oil from the west
22 coast to Edmonton in the timeframe and at the
23 costs stated in their application, and in
24 sufficient volumes to meet U. S. immediate
25 and future demand, and the expected Canadian
26 demand, the original objectives of the sponsoring

companies would be achieved.

18. As a result, Kitimat Pipe Line Ltd., by letter dated June 1, 1977, requested the National Energy Board not to set its own application down for hearing but to hold it in abeyance, and we stated in our letter and I quote:

"The Applicant and its Participants have now had an opportunity to consider Trans Mountain's Application. They have concluded that Trans Mountain's proposal has considerable merit and will achieve the main objective of the Kitimat project if Trans Mountain obtains the necessary regulatory approvals and expands its proposed system to attain sufficient capacity in an easterly direction and satisfy U. S. and Canadian requirements. The applicant and its Participants have therefore decided to intervene in general support of Trans Mountain's application".

The use of Trans Mountain existing and expanded facilities should be the most economic means of transporting crude oil from the west coast to Edmonton. Also, allowing continued use of the major Interprovincial system already in place.

The Trans Mountain alternative is predicated on receiving the necessary approvals from appropriate Canadian and United States authorities to offload both Canadian and United States destined crude oil at a deep water terminal in the State of Washington.

There are practical and political considerations for both Canada and the United States in the location of such a marine terminal. We conclude, from our own review of west coast natural harbours, and their associated facilities, that the most economic location for a tanker off-loading facility would be Cherry Point, Washington or Roberts Bank in British Columbia.

Should a Lower Mainland port site not be acceptable to the various regulatory authorities, for whatever reasons, we remain convinced that Kitimat is a viable alternative. The West Coast Oil Port Inquiry was established as a part of the decision-making process, seeking recommendations and the need for a west coast port facility, its location and the terms and conditions under which such construction and operation would proceed.

All of the studies undertaken by Kitimat Pipe Line Ltd., as contained in its TERMPOL Submission, and the results of all of the technical studies and evaluations by the TERMPOL Co-ordinating Committee, as

1 contained in or referred to in the unabridged version of the
2 TERMPOL Assessment, are available for the use of this
3 Inquiry.

4 THE COMMISSIONER: Thank you,
5 Mr. Cressey. Mr. Saville, I think you wished to add
6 something.

7 MR. SAVILLE: Mr. Commissioner,
8 I think it would be appropriate to file the letter from
9 which Mr. Cressey quoted dated June 1, 1977 to the
10 Secretary of the National Energy Board and I believe it
11 would be Exhibit 24.

12 THE COMMISSIONER: Thank you,
13 Mr. Saville.

14 MR. SAVILLE: Similarly,
15 there is a publication which has a summary of the project.
16 It's a blue book entitled the "Pacific Link", and I would
17 suggest that it be filed in case others wish to review it
18 in that it does give a capsule description of the project
19 and we do have other copies available. That would be
20 Exhibit 25.

21 I appreciate, sir, that
22 there other documents that will be filed as exhibits.
23 For instance, the N.E.B. application, the TERMPOL
24 Application, and the TERMPOL Assessment, but it's my
25 understanding in discussions with counsel that we'll put
26 all of those exhibits in in September. The counsel and

1 the major participants--or the Commission already having
2 had copies of them.

3 Now, sir, you have asked
4 us to indicate what participants feel their role in the
5 Inquiry should be and I feel I should say something about
6 that, particularly in light of your remarks yesterday as
7 well as those of Mr. Anthony.

8
9 (LETTER DATED JUNE 1, 1977 TO THE SECRETARY OF THE NATIONAL
10 ENERGY BOARD MARKED EXHIBIT 24)

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12 (BOOK ENTITLED "PACIFIC LINK" MARKED EXHIBIT 25)
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1 As is obvious by our presence,
2 Kitimat Pipe Line displayed its position in general support
3 of Trans Mountain, and is prepared to participate in these
4 proceedings.

5 As evidence of that, you know
6 that we have already filed a comprehensive list of documents,
7 pursuant to your rulings, as well as one supplemental list,
8 and no doubt, there will be others forthcoming. I know,
9 for instance, yesterday, that I found some other documents
10 that we didn't know about before.

11 Secondly, my client will be
12 represented by counsel at this Inquiry, and finally, we
13 will produce witnesses to explain the Kitimat Pipe Line
14 project, including the studies that have been done to date
15 in respect of the project.

16 I do, however, wish to make
17 it clear, and this was stated in our opening session in
18 Kitimat, that my client does not feel that it has an onus
19 or burden in respect to these proceedings. It does feel
20 that it should make available, the information that it has
21 developed to date, in respect of its project, to the extent
22 that it is relevant to your Inquiry.

23 We do this because it will
24 serve to prevent unnecessary duplication of effort by all
25 of us, and it will also assist you in fulfilling your
26 very important mandate.

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Those are all my remarks.

THE COMMISSIONER: Thank you,
Mr. Saville.

Mr. Anthony?

MR. ANTHONY: Mr. Commissioner,
you will recall yesterday in my statement that I advised
the Inquiry had requested a project description be provided
concerning the proposal to build an oil port at Port
Angeles, Washington.

Because of the late withdrawal
of Northern Tier, we have asked that the project be des-
cribed, for the information of this Inquiry, and to the
public in British Columbia and Canada, by Dr. William
Brewer.

Dr. Brewer has his Doctorate
in Engineering Science from the University of California-
Berkeley, and a post-doctoral degree from Harvard Business
School. He was, from '73 to '75, the Executive Director
of the Energy Policy Council, the Office of the Governor
in Washington State.

He is currently a Research
Professor of Civil Engineering at the University of Washing-
ton, and is a Research Professor and Director of the
Washington Energy Research Centre.

I think Dr. Brewer is
eminently qualified to understand the implications, and he

1 has agreed to review the materials which he will describe
2 to you, and present the project description.

3 I wish to make it clear that
4 Dr. Brewer is appearing at our request, to assist this
5 Inquiry in our understanding of the project, and of course,
6 is not appearing either as an expert witness or in advocacy
7 of any particular position. He is here to inform the
8 Inquiry as best he can, of the project as it relates to
9 Port Angeles.

10 I would ask Dr. Brewer if he
11 would come forward.

12 THE COMMISSIONER: Thank you,
13 Mr. Anthony.

14 DR. BREWER: Mr. Commissioner,
15 I have to begin my testimony here with an apology. I was
16 pressed into service over the past weekend, and I do not
17 have it in written form. That can be taken care of later,
18 if the staff desires.

19 It is not polished, but I
20 believe it's reasonably accurate. What I have done is to
21 review documents that are part of the public record with
22 the Energy Facility Site Evaluation Council of Washington,
23 in Olympia, to make sure that what I say is consistent with
24 what is on file with that agency.

25 I've reviewed seven documents
26 in total, five of these are connected with the application

1 of the Northern Tier Pipe Line Company, and two are docu-
2 ments that I prepared myself and delivered to counsel, by
3 way of backgrounding the situation on oil terminal sitings
4 in the State of Washington.

5 I'll try to cover 5 elements
6 of the Northern Tier situation here. The effect of Washing-
7 ton State's siting laws, the company itself, the pipeline,
8 the port and terminal, and the status of the application.

9 The Northern Tier Pipe Line
10 Company is a real company. It's incorporated in the State
11 of Montana in 1975. The address of record of the Corporation
12 is 206 Ecklund Building, Great Falls, Montana, and the
13 business office is in Billings, Montana.

14 The Articles of Incorporation
15 and the By-laws are part of the public record in Olympia.
16 We have no indication there of the amount of capital that
17 has been raised. As I recall, there are 50,000 shares
18 authorized at a hundred dollars par value.

19 The President and chief
20 spokesman for the company is D. Michael Curran, who as an
21 individual, has had a long and apparently successful
22 career in the pipeline business in the United States.
23 Mr. Curran is represented in the State of Washington by
24 counsel, and has vigorously pursued his application before
25 the Energy Facility Site Evaluation Council.

26 Referring to something that

1 Mr. Hall said, I might amend the statement about the
2 Energy Facility Site Evaluation Council. While it is true
3 that in 1970, the State of Washington set up a so-called
4 one-stop licensing agency, that was for thermal power
5 plants, and it was not until 1975 that the legislature
6 extended the authority of this one-stop licensing agency
7 to cover all energy facilities, including corridors,
8 additions, and amendments to existing facilities, and new
9 facilities such as the port at Port Angeles.

10 It has not been until this
11 year, 1977, that the Siting Council has been able:

12 (1) To establish guidelines,
13 its guidelines for applicants in the case of oil facilities,
14 and

15 (2) To have the werewithal
16 to pursue at the staff level, its own investigations. In
17 fact, the actual financial support of the agency was not
18 very secure until last week when the Governor signed into
19 law, an action of the legislature in the previous section.

20 This has affected Northern
21 Tier to some extent, because while Northern Tier did
22 attempt to pursue its application before the Siting Council,
23 to the best of its ability, the Siting Council was still
24 developing the guidelines, and I'll refer to a statement
25 that the application contains some serious deficiencies,
26 but that that is because the guidelines were developed after

1 the application had been initiated.

2 In its original application,
3 the Northern Tier Pipe Line Company, presented data based
4 on a study by Butler Associates, a well known consulting
5 firm of Tulsa, Oklahoma, which included a pipeline design,
6 which would run 1,570 miles from Port Angeles, Washington,
7 around the southern end of Puget Sound, to North Bend,
8 Washington, which is east of Seattle, and then following
9 primarily railroad rights-of-way, generally eastward to
10 Clearbrook, Minnesota, which is on the Lakehead Pipe Line
11 in northern Minnesota, that is the terminal.

1 The initial capacity of the
2 pipeline would be 600,000 barrels per day, with the addition
3 of additional horsepower for pumping, that could be raised
4 to an ultimate capacity of 800,000 barrels per day east of
5 the State of Washington. However, it's important to note
6 that the pipeline design calls for a capacity potential
7 out of Port Angeles, of 1,300,000 barrels per day. This
8 would include up to 500,000 barrels per day for the use of
9 existing Washington State refiners, if they so desire.

10 There is nothing in the public
11 record to indicate any interest on the part of those
12 refiners, any or all of them, but the pipeline design is
13 such that they could be supplied, as well as taking care
14 of oil for trans-shipment eastward.

15 The minimum diameter of the
16 pipeline is 40 inches, it's a very large line. It would be
17 42 inches coming out of Port Angeles, the additional 2
18 inches of diameter adds a great deal to capacity, but the
19 nominal diameter east of Washington State is 40 inches.

20 The cost of the entire pro-
21 ject in 1976 dollars, this is the pipeline and the terminal,
22 was estimated by the applicants at 846 million dollars,
23 including 89 million dollars for the port development in
24 Port Angeles.

25 Operating expenses were
26 estimated at 32 to 44 million dollars per year.

1 The operational date, based
2 on an approval of its application in April of 1977, a
3 date which has already passed, would have called for the
4 pipeline being operational early in 1979. I'll come back to
5 this point in the status, but at the earliest now, it
6 appears that it would be 1980 or later before this project
7 could be in operation.

8 Over the first five years
9 of its operation, the applicant estimates that capacity
10 throughput would build up from 400,000 barrels per day to
11 the ultimate 800,000 at the end of five years, which now
12 would mean something like 1985 or '86.

13 The applicants assume that
14 a market exists as far east as the Chicago area, and
15 possibly even beyond that for crude that they would trans-
16 port. I would make clear, by contrast, with some of the
17 other applications, but as far as the record, the public
18 record shows, Northern Tier stands alone; that is, there
19 are no major oil companies associated with Northern Tier.

20 The applicants do state that
21 they have an arrangement with two railroads, the Burlington
22 Northern Railroad and the Milwaukee Road, to utilize parts
23 of their existing railroad right-of-way, for the pipeline,
24 for about a third of its length, and this would apply
25 particularly in the mountainous areas of the Cascade Range
26 and the Rockies.

At full development, that is

1 800,000 barrels per day of oil being trans-shipped eastward
2 in the United States, if the average tanker calling at this
3 port is 120,000 tons, the applicants estimate 340 vessel
4 calls per year.

5 If, in addition to that, the
6 port is used to serve Washington State refiners, at up to
7 500,000 barrels per day, there would be 553 tanker calls
8 per year from 120,000 dead weight ton tankers.

9 Now, if the average size of
10 the tankers rises to 300,000 tons, obviously the volume is
11 the same and the number of calls much fewer. In case of
12 the large vessels at full throughput at 800,000 barrels per
13 day for trans-shipment, they estimate 136 tanker calls
14 per year.

15 The port itself would consist
16 of two parts. There would be the berths at the western end
17 of Ediz Hook, the natural formation that forms Port Angeles,
18 and then a five mile submarine pipeline to a booster pump
19 station at a location known as Green Point, east of Port
20 Angeles, where apparently some property is available.

21 There, the company would build
22 storage at up to an ultimate level of 13 million barrels,
23 that is about 10 days' crude storage at the maximum through-
24 put for both trans-shipment and the needs of Washington
25 refiners, 1,300,000 barrels per day.

26 The tank size would be 500,000

1 barrels, there would be a floating roof design, and these
2 tanks would be built in stages, as the throughput develops.

3 It is planned that Port
4 Angeles would be, not only the western terminal, but the
5 operation centre for the entire pipeline system, which would
6 be highly automated.

7 In the case that it was not
8 possible to construct conventional fixed berths within
9 Port Angeles harbour, the second alternative, in order of
10 preference, would be to build a single point -- two single
11 point mooring systems, using modern design, the Caternary
12 anchor leg mooring system, two or three miles offshore, and
13 about six miles east of Port Angeles. There would be sub-
14 marine lines connecting those to the booster pump station
15 and tank farm on the same site at Green Point.

16 In its application, the
17 original application for site certification, the two amend-
18 ments to that, or annexes, and a later independent study
19 on environmental impacts, the Northern Tier Company has
20 come to grips with the problems of oil spill risk, air
21 pollution, spill containment and general environmental
22 considerations, which are of paramount importance in the
23 siting process in the State of Washington.

24 There is a supplement called
25 "Preliminary Environmental Review", prepared by Dames and
26 Moore, a well known United States consulting firm, for the
Northern Tier Pipe Line Company.

1 That is done in the format
2 of, not as a substitute for, an environmental impact
3 statement. Since that was submitted, another consulting
4 firm in the Seattle area, CH2M Hill, has been retained
5 not by Northern Tier but by the Siting Council to review
6 the adequacy of the application, the two annexes to it
7 and the Dames & Moore Study on preliminary
8 environmental review.

9 The CH2M Hill Study indicated
10 that the application in total is seriously deficient in
11 respect to the existing guidelines of the Siting Council.
12 As I explained before, some of the deficiencies arose
13 in the opinion of CH2M Hill because the guidelines were
14 fully developed after the application had begun.

15 What CH2M Hill has told the
16 Council is that there has to be a better discussion of
17 the siting and the route alternatives, beyond those which
18 are simply proposed by the applicant. There has to be
19 more inventory level information on existing environmental
20 quality and uses. There has to be a better description
21 of the total geographic areas to be impacted by this
22 development and a better discussion of specific measures
23 used to reduce or to prevent adverse impacts.

24 Some of the specific
25 technologies addressed in the CH2M Hill Study include
26 air quality, requirement to perform studies of the background

1 meterology in the Port Angeles area, discussion of the
2 potential for spills and leaks, a detailed risk analysis
3 inside the harbour area, biological inventories required
4 by Washington State law with a data base, biological
5 protective measures and a number of lesser criticisms.

6 At the present time, in the
7 siting process, Northern Tier is responding to the CH2M
8 Hill Study. The application now is at what is called a
9 data collection phase. In discussions with the Chairman
10 of the Siting Council on Sunday and with his staff yesterday,
11 it appears that it will be not less than several months
12 before Northern Tier's application moves ahead to the
13 contested hearing stage which is required under the Washington
14 State law.

15 But it is, in fact, under
16 consideration in parallel with the Arco/Trans Mountain
17 proposal. The Siting Council is looking at two apparently
18 competitive applications before it. The Northern Tier
19 application is in good shape administratively. The fees
20 have been paid promptly and it is being vigorously
21 pursued before the State.

22 I think at this point I will
23 stop with the background presentation. If you have any
24 questions, Mr. Commissioner, I'll handle those.

25 THE COMMISSIONER: There may
26 be questions later. I think this would be an appropriate

1 time to have an adjournment and we'll reconvene in fifteen
2 minutes. Thank you.

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4 (PROCEEDINGS ADJOURNED FOR FIFTEEN MINUTES)
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1 (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

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THE COMMISSIONER: Dr. Brewer
is on the stand and will continue his statement.

5

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DR. BREWER: Mr. Commissioner,
I've been asked to expand on a few points in my earlier
testimony. One, regarding the principles and the institu-
tional arrangements of the Northern Tier Pipe Line Company.

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It appears from the documents
in the public record, and as I said Northern Tier is a
stand alone company and the principal owner and certainly
always the spokesman is Mr. Curran himself. There is
no indication of contractual relationships or shared
ownership or partnership with any other corporation other
than the two railroads that I have mentioned.

16

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18

19

Now, this may or may not
be a key point, and certainly I'm only talking about
what's available to us in the public record. What deals
have been cut on the side, I haven't the faintest idea.

20

21

Secondly, I've been asked
to describe a more--

22

23

THE COMMISSIONER: Excuse
me.

24

25

26

DR. BREWER: Yes?

THE COMMISSIONER: These two
railroads were?

1 DR. BREWER: The Burlington
2 Northern and the Milwaukee Railroad. Now, both of those
3 railroads serve the State of Washington and they have
4 extensive right-of-way through the mountainous areas which
5 is essential to the siting and construction of this
6 pipeline. It's absolutely critical, and I'll cover that
7 in some detail.

8 The pipeline route, and I'm
9 going to have to rely on a word description here, begins
10 at Port Angeles. It runs east and then south on the
11 west side of Pudget Sound proper. For most of that distance,
12 the applicants feel that it will be possible to use the
13 right-of-way of existing high voltage power lines, owner
14 operated primarily by the Boneville Power Administration.

15 The site itself at Port
16 Angeles is sensitive in the environmental view because
17 Port Angeles is at the base of the Olympic Mountains,
18 the Olympic National Park, and a national park has a
19 special status relative to national forest land or anything
20 else in the U. S. law.

21 So, by utilizing these
22 power line rights-of-way that exist, they can traverse
23 rolling terrain, east and then south to the vicinity of
24 Shelton and then east again around the south end
25 of Pudget Sound and then north to about the latitude
26 of Olympia.

1 Now, that part of the siting
2 process would be relatively straightforward. One of the
3 features in the 1975 Energy Facilities Siting Act of the
4 State of Washington is that the State can site what we
5 called in that legislation, energy corridors. That is
6 multiple use or shared corridors. In this case, it would
7 be a classic example of what we had in mind.

8 There would be a power line
9 and a pipeline sharing the same ground.

10 Now, from Olympia, which is
11 on the southeast side of Pudget Sound, the pipeline would
12 have to cross a combination of State, Federal and
13 privately owned land to North Bend, which is due east
14 of Seattle. North Bend is on the railroad, on the right-
15 of-way of the Burlington Northern Railroad.

16 Then it would go across the
17 Cascade Range, again using the railroad right-of-way.
18 They're both operative and abandoned rights-of-way there.
19 That's through an environmentally sensitive area. Again,
20 having the existing rights-of-way for transportation in
21 hand and having the co-operation of their owners, the
22 railroads, would be critical in this stretch of the
23 pipeline.

24 From the Cascades, the
25 pipeline route would run east through Spokane. At this
26 point, let me stop and say that several municipalities

1 are likely intervenors in the Northern Tier application on the
2 basis that the pipeline will cross the watersheds supplying
3 domestic irrigation and industrial water.

4 So far the cities of Tacoma,
5 Seattle and Spokane County have all indicated an intense
6 interest in construction standards and operation and the
7 record of losses from oil pipelines.

8 From Spokane, again using
9 mostly railroad rights-of-way, the pipeline would go past
10 Coeur d' Alene Idaho and across into Montana at about
11 the latitude of Helena. Now, in Montana there are
12 existing refineries which could be served by this pipeline
13 at Billings and Laurel, Montana. Those refiners still have a
14 dwindling Canadian supply, but eventually we anticipate
15 that they will be entirely cut off and they have no good
16 alternative today.

17 If they cannot get oil from
18 a new source, presumably coming in from overseas or
19 Alaska, they're going to be out of business. The same
20 applies to refiners in the Mandan area of North
21 Dakota and in the twin cities, that is Minneapolis,
22 St. Paul. All of those refiners have been dependent on
23 Canadian crude and most of them are set up for the light
24 sweet crude type, which is available from Indonesia now
25 and the Near East.

26 The Northern Tier Pipe Line

1 route crosses three of the existing, largely idle pipelines
2 from Canada to the United States. These are the Glacier
3 Pipeline in western Montana, the Western Crude pipeline in
4 eastern Montana and the Lakehead Pipeline in northern
5 Minnesota.

6 So, if it were constructed,
7 there is always the potential for having even a highly
8 interconnected system.

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1 There are many, many jurisdic-
2 tions involved in the siting of this proposed pipeline. It's
3 much more complex than in Canada. I have brought with me,
4 and will deliver to counsel, a recent study done by Federal
5 agencies in the Seattle area, which covers only the federal
6 jurisdictions involved. We have the Federal Power Commission,
7 Interstate Commerce Commission, Department of Interior,
8 Bureau of Land Management, any number of jurisdictions.

9 I would offer as an opinion
10 that there may be -- in fact, there is a proposal now
11 before Congress, to do for oil pipelines, not necessarily
12 Northern Tier, but any pipeline sited in U.S. territory,
13 what Congress did for the Trans Alaska Pipe Line, that is
14 to create a single authority and a timetable for all federal
15 agencies with regulatory authority, to get their act to-
16 gether, and to deliver, from the federal standpoint, an
17 approval very quickly.

18 But that does not count all
19 the State and local jurisdictions involved, any one of
20 which could, if it felt its interests were being threatened,
21 delay the siting of a pipeline, either in California or
22 in Washington, or in any of the Northern Tier States. It
23 is a wide open field, it's fraught with opportunities for
24 litigation and delay.

25 The study, which I will
26 deliver to counsel here, should be -- it's quite extensive,

1 and I can't summarize it, except to say that it's/^{an}extremely
2 complex situation.

3 Finally, I would say that
4 what I've done today is simply skimming the surface of this
5 issue, as far as the State of Washington and Pacific North-
6 west is concerned. I have read counsel's opening statement
7 of yesterday, in which the phasing of this Inquiry is
8 spelled out, and barring specific questions at this time,
9 I would postpone until later, more detailed discussions --
10 some of the environmental, jurisdictional, legal complex-
11 ities that we face.

12 THE COMMISSIONER: Thank you,
13 Dr. Brewer.

14 We appreciate your coming
15 here on such short notice to give this presentation about
16 the Northern Tier proposal. I just repeat what I think
17 counsel mentioned yesterday, Commission counsel, and that
18 is that as far as this Inquiry is concerned, Northern Tier
19 is welcome to be a participant, should it decide that it
20 would be in its interests.

21 We certainly, I think, assess
22 the situation that Northern Tier is of importance to this
23 Inquiry.

24 We now have on the list,
25 for this morning, Mr. Stan Persky on behalf of V.O.I.C.E.,
26 and then Mr. Liebowitz for Fusion Energy Foundation. Mr.

1 Persky?

2 MR. PERSKY: Mr. Thompson,
3 I'm Stan Persky, I'm an anthropologist, sociologist, and a
4 member of the Northwest Community College Faculty Union of
5 Northwest College, which has its main offices in Terrace,
6 B.C.

7 I appear before you on behalf
8 of the Labour Advisory Committee of Northwestern British
9 Columbia, and V.O.I.C.E., which is a committee of the Kitimat,
10 Terrace and Prince Rupert labour councils, at the request
11 of John Jensen and Bill Gannon, officers of those organ-
12 izations, who have asked me to briefly indicate to you the
13 intended participation of the trade unions of Northwestern
14 British Columbia in these formal hearings.

15 Although the terms of reference
16 of this Inquiry have been somewhat altered since the estab-
17 lishment of this Commission, and although the budget allo-
18 cated by the Commission to us has imposed clear limitations
19 on the character of our participation, we have not found it
20 necessary to significantly revise our intentions with
21 respect to participation.

22 It's our intention to parti-
23 cipate in phases 2 and 6 of the formal hearings, as we now
24 understand them, utilizing legal counsel and introducing
25 evidence in accordance with the guidelines established by
26 the Commission.

1 It's also our intention to
2 minimize duplication of evidence being presented by other
3 participants, which directly represent or compliment the
4 general thrust of our views.

5 At a meeting of representatives
6 of all labour councils in the northwest, held in late spring,
7 after your introductory hearing in Kitimat, we discovered
8 there was basic agreement among the representatives with
9 respect to both our position concerning a proposed oil port
10 at Kitimat, and the method by which these views could be
11 presented to the Inquiry.

12 We felt that the main burden
13 of presentation would lie with workers in the fishing
14 industry, as represented by their principal organization,
15 United Fishermen and Allied Workers' Union, given that these
16 workers' jobs are most directly affected by the proposal.
17 I gather that budget allocations have made this feasible,
18 and therefore the positions taken by and evidence presented
19 by workers in the fishing industry and their organizations
20 may be taken by the Commission as representing the views of
21 the organizations of working people of Northwestern British
22 Columbia, unless specifically indicated otherwise.

23 Further, many trade union
24 members in our region, as individuals, belong to the series
25 of popular organizations specifically concerned with
26 environmental questions, who have coalesced for purposes

1 of this hearing, and the evidence they develop will, in
2 general, be supported by us.

3 Finally, an agreement was made
4 in May, 1975 at the Northwest Study Conference held in
5 Terrace between trade union organizations and representatives
6 of aboriginal peoples in our region, that working class
7 organizations supported the proposition that prior to any
8 further major industrial development in the region, the
9 claims and grievances of native people in the region should
10 be settled.

11 The trade union organizations
12 of the region still, of course, hold to this agreement, and
13 evidence presented by organizations representing native
14 people upholding this proposition, has our endorsement and
15 support. Thus, we feel that the arrangements made to date
16 by the Commission, have successfully ensured that the views
17 of working people in our region will be heard.

18 At the preliminary hearings
19 of the Commission held in Kitimat, the Commissioner expressed
20 his desire to consider alternatives to the present proposals.
21 It is with respect to this issue, that the appropriate
22 place for discussion is during Phases 2 and 6 as we under-
23 stand them of the Inquiry, that we hope to make a contribut-
24 ion on behalf of working people of the region.

25 We assume that by alternatives,
26 that what is referred to is not some preferred method of

1 passing the oil and buckets hand-to-hand, but rather
2 alternatives in terms of socio-economic development of
3 our region, whose growth has been patterned on large scale
4 capitalist enterprises of the type we're once again being
5 presented with.

6 During the course of the
7 hearings, we want the Commission to learn of the socio-
8 economic conditions of our region, and the results of
9 capitalist development there in terms of unemployment,
10 population turnover, economic crises determined by inter-
11 national capitalist markets, and the quality of life pro-
12 duced by typical capital exploitation of a resource hinter-
13 land, designed to maximize profits, but which is almost,
14 by definition, generally indifferent to the social conditions
15 generated by such lopsided development.

16 It is our tentative view
17 that capitalist development of the type we have experienced,
18 and of which the present proposal or proposals are proto-
19 typical examples, is incapable of generating well-rounded,
20 relatively self-sufficient regions, for people living or
21 desiring to live in the region, these of course, are not
22 abstract questions but relate to practical matters like
23 job security, raising families, and having access to
24 desired cultural facilities.

25 We have yet to see evidence
26 that our present economic system is capable of producing

1 anything other than regional disparities, as they're
2 politely called, despite incessant governmental lamenting
3 over these social disorders, which are said to adversely
4 affect our national unity.

It is our hope to develop our evidence in such a way that it has the genuine and majority support of working people of the region and is not simply an expression of the views of the elected leadership of workers organizations.

MR. LIEBOWITZ: This presentation

1 I want to make today is entitled "The necessity of growth
2 and progress". The Fusion Energy Foundation and also the
3 British Columbia organization of the North American Labour
4 Party endorse the Trans Mountain's Pipe Line Company's
5 proposal for an oil port facility at Cherry Point and the
6 reversal of oil flow of the pipeline through to Edmonton,
7 allowing the flow of offshore oil into the mid-west of the
8 United States and Canada.

9 The best way to present
10 the Fusion Energy Foundation's policy perspective before
11 the Inquiry is to first read the statement of 9,235
12 British Columbians, give or take I would say a couple of
13 hundred, to the Government. I would like to submit these
14 to Dr. Thompson now and inform him that three thousand
15 of these petitions are presently in the possession of the
16 B. C. Energy Minister, Jack Davis, in Victoria.

17 These petitions have been
18 collected from among primarily workers, technicians and
19 professionals in British Columbia by the Northern American
20 Labour Party, following the escalation of a zero growth
21 drive in the United States and Canada beginning in April of
22 1977.

23 The statement reads as follows:

24 "Petition to the Parliament of Canada. James
25 Earl Carter in his fireside chat announced and
26 is now attempting to impose a zero growth policy.

1 This policy has already had devastating effects
2 on the economy and the population of our
3 neighbours to the south. Carter's effort to
4 deindustrialize the United States is a treasonous
5 violation of the deep seated commitment to
6 industrial, agricultural and technological
7 advancement permeating the best traditions of
8 modern nations".

9 It goes on:

10 "In Canada, echoes of the Carter policy have
11 begun to emerge from such public officials
12 as Mr. Gish of the B. C. Energy Commission,
13 as well as the Naderite environmentalists,
14 the opponents of technology and energy projects.

15
16 We, the undersigned, under no condition will
17 accept the efforts to undermine the national
18 self-interest of Canada by the Rockefeller-
19 controlled Carter administration. We reject
20 the efforts to impose deindustrialization and
21 so-called energy conservation as proposals
22 for unemployment, inflation and destruction
23 of education. The independent national self-
24 interest of Canada depends upon fostering the
25 idea of progress through scientific and
26 technological innovation applied to the expansion

1 of Canada's power as an industrial country.

2
3 We, the undersigned, therefore urge the speedy
4 adoption of national and provincial policies
5 to expand energy development and technological
6 development. The nation and the province
7 must undertake full development of existing
8 energy sources including nuclear fission power
9 and expanding the research and development
10 of fusion energy. We urge passage of the
11 Nuclear Energy Research and Development Act
12 of British Columbia of 1977".

13
14 That's the end of the petition
15 statement. I'll go on. The development and delivery of
16 the .5 to 1.2 million barrels per day flow of Alaska oil
17 has been from the very beginning, at the center of a raging
18 battle over the issue of whether we shall follow a course
19 in North America and globally of economic contraction,
20 rationalized as the theory of "zero growth" or alternately
21 undertake continental and global economic development.

22 Because of the ability of
23 this flow of Alaska oil to fuel the industrial heartland
24 of North America and definitely crack plans for twenty-five
25 per cent, I should add or more, energy cutbacks which were
26 most recently called for by U. S. energy czar, James Rodney

1 Schlesinger, the Alaska oil flow, along with the potential
2 development of northern gas reserves, is of enormous
3 importance.

4 I will present today the
5 chief features of a wholistic approach to evaluating the
6 issues before the West Coast Oil Port Inquiry, indicating
7 the reasons why the TransMountain proposal is required,
8 but also why it is in the interest of Canada and this
9 Province to take a pro-growth stand on the Mackenzie
10 Pipeline, the raising of the Ross Dam, the development of
11 so-called secondary and technologically advanced industries
12 and advanced energy sources of mankind's next technology,
13 nuclear fusion research and development.

1 Because of the more limited
2 scope of the Inquiry, I will focus on the wholistic
3 economic and social conceptual basis for decision making
4 on the oil delivery system.

5 My remarks will cover three
6 chief considerations. First, current actual supplies of
7 oil and related fossil fuel energy sources, is there a need
8 for conservation?

9 Number two, a strategy of
10 industrial development and technological growth that's
11 capable of ushering in a new usable energy supply before
12 current resources are depleted.

13 And three, the corporate and
14 financial factions, who have fielded the so-called environ-
15 mentalist movement, as well as other operations, to halt
16 the development of energy and specifically the Alaska oil.
17 These together will help redefine, I think, the thrust of
18 environmental concerns towards the much wanted approach of
19 protection and development of the environment through man's
20 economic progress.

21 Current world oil reserves
22 are today estimated at two trillion barrels, with between
23 500 and 600 billion barrels in known reserves, according
24 to the recent Massachusetts Institute of Technology study
25 by Carol Wilson, and also Judy Wyer, in her article in
26 the April, 1977 issue of the Executive Intelligence Review.

1 The world presently uses
2 about 18 billion barrels per year. The estimates are that
3 if restraints on exploration, which are severe, are removed,
4 peak extraction can be maintained and we can look forward
5 to many decades of supply. Namely, there are 30 to 40 years
6 of supply of known reserves at current rates of use, and
7 probably a hundred years of actual supplies at current
8 consumption rates.

9 For an industrial development
10 strategy, which I propose, we will have to accelerate oil,
11 coal, gas and fission energy use for growth of the world
12 economy, and still look forward to many decades of supply.

13 We must, however, aim to
14 develop new science now for when we do run out. Without
15 detailing the picture region by region, suffice it to say
16 that the major oil producers are proceeding with output
17 expansion.

18 Saudi Arabia, for example,
19 plans to increase its output from the present 8 million
20 barrels per day, to 14 million barrels per day by 1978,
21 according to oil minister, Yamani, and could go as high
22 as 20.

23 At that rate, that country's
24 supplies, which are probably 300 billion barrels, but
25 officially estimated at 177, would last at least half a
26 century. Provided that the effects of the recent Exxon

1 and Mobil deployed suspicious explosions of Saudi pipelines
2 are rectified, and mid-east marketing arrangements with
3 European consumers are carried through, increased product-
4 ion and price stability policies of the oil producing
5 nations can be achieved.

6 In North Africa, for example,
7 the Libyans hope to increase exploration and production of
8 their reserves in line with the oil producing nations'
9 policies of industrial goods imports in exchange for oil
10 supply.

11 In Latin America, the dis-
12 covery of Mexican Oil Reserves on the order of between 60
13 and 100 billion barrels makes Mexico the probable third
14 largest oil nation, capital and industry are needed for
15 developing it.

16 In sum, there is oil available.
17 Contrary to the credulous stories in some newspapers, the
18 oil producers and potential oil producers, desire the export
19 of oil to the developed nations, in exchange for capital
20 goods, with which to mechanize agriculture, build modern
21 industrial economies and educate a skilled and cultured
22 work force.

23 This has been the policy
24 adopted by the "third world", the U.N. group of 77, during
25 their 1976 conference in Sri Lanka, and in fact, despite
26 enormous pressure from the Exxon faction of the seven

1 sisters marketing cartel today, Saudi Arabia, Kuwait, Iran,
2 are involved in a growing nest of oil for technology trade
3 deals, or financing, in the case of Saudi Arabia, a develop-
4 ment fund for African import of capital goods.

5 In the case of the Arab oil
6 producing countries, heavy investments in European nations'
7 industries, to enable economic expansion is being carried
8 out.

9 Interestingly enough, at this
10 moment in history, major portions of the world are driving
11 forward to a policy of economic recovery, associated with
12 either the capital transfer strategy, being solidified
13 between OPEC and developing nations generally, on the one
14 side, and Europe and the Soviet Union on the other.

15 The problem of available
16 investments for development is being solved through the
17 process of forming the new monetary system typefied by
18 the creation of the Arab Monetary Fund, and motion
19 especially in Europe and Japan for gold-backed currencies
20 taking shape around the commitment to economic development.

21 In large part, this is
22 possible because the OPEC nations have staunchly refused
23 to replay the "Seven Sisters" orchestrated 1973 price
24 increases, and are diverting the flow of what are called
25 "petrodollars" into real industrial production. At least,
26 that is the possibility, if we can successfully guide this

1 world of ours past dangerous opposition to just this policy.

2 So while much of the world
3 moves to adopt the spirit of industrial and technological
4 progress, North America, which for so long represented the
5 essence of that outlook, the frontier spirit of civilizing
6 and developing nature for man, is now in the grip of
7 forces demanding retrogression in the name of a so-called
8 new values. The values which say that there is going to be
9 no more energy tomorrow, and then proceeds to fulfill that
10 prophecy by obstructing energy development.

11 It is our position to support
12 the Trans Mountain Pipe Line because it presently appears
13 to be the cheapest means, and the quickest means, for
14 delivering energy supplies to the midwest United States and
15 Canada. Because the pipeline is to be reversed, the delays
16 due to environmental problems can be expected to be
17 minimal.

18 From facts I will present in
19 the concluding portion of these remarks, on the interesting
20 facts of who sponsors and did sponsor several rounds of
21 environmental problem scandals, and legal cases in the
22 history of developing the Alaska oil, I think we shall
23 have a sound basis for distinguishing exactly what are
24 serious and also unserious, or stalling tactics, environ-
25 mentalist concerns.

26 It is now generally recognized

1 within informed scientific circles, that nuclear fusion and
2 related advanced industrial processing will be the long
3 term energy supply for mankind. Beginning in the late
4 1980's, this clean, cheap and limitless fuel, can begin
5 coming in, relying on deuterium as fuel from seawater, or
6 any other form of water.

7 The current estimate of the
8 U.S. Energy Research and Development Administration is one
9 relevant agency which has more recently come into agreement
10 with the Fusion Energy Foundation on this assessment.

11 In order to move towards the
12 next energy systems, we must pursue three criteria. The
13 next advance in energy supplies must be able to provide a
14 higher, and therefore more efficient, energy flux density
15 to improve the environmental efficiency of industrial pro-
16 cesses.

17 For example, I cite Magneto
18 hydrodynamic coal-fired electricity plants, which are now
19 operational in the U.S.S.R., and under research in Britain
20 and Japan, which increase the burn temperature of the coal,
21 automatically remove air pollutants in the course of ion-
22 izing the gas, and nearly double energy conversion of coal
23 to electricity.

24 Secondly, we cannot merely
25 build fusion generators and apply that technology to indus-
26 trial processing in the economy, unless we are stressing
technological advances in today's economy that will give us rising
productivity.

The laws of human development
and the development of the ecology are just as demanding as

1 aerodynamics. There are competent and incompetent environ-
2 mentalists concerns. From the premise of development,
3 science must be concerned to determine the ecological
4 effects of man, the most advanced biological species, and
5 his economic social evolution upon other species in the
6 biosphere.

7 We undoubtedly will change
8 nature, alter the various population potentials of other
9 species, by our alteration of nature. We must plan development
10 For example, we may want to increase heated water output
11 in order to increase fish density and thereby farm
12 the seas in a more conscious way.

13 We do not want to make certain
14 species extinct because they represent the source of
15 greater knowledge of biological evolution and therefore,
16 man's evolution. In the case of the past and current
17 environmental concerns about the development and delivery
18 of the Alaska oil, there is a clear pattern of the use of
19 two different sets of environmental issues that were
20 clearly fielded for obstructionism.

21 The Alaska oil deposit is
22 presently owned by a group including Arco, British
23 Petroleum and Sohio which controls seventy-five per cent.
24 It was British Petroleum and Arco which first explored
25 and drilled, intent on opening what promises to
26 be an oil field equal to 1/7th of current U. S. production.

1 The Exxon Company has with
2 Mobil, Mobil Oil Company, the remaining twenty-five
3 per cent. It is well known within the oil industry that
4 Exxon has long pursued a policy of withholding new oil
5 discoveries and this has been the case with the North
6 Slope oil.

7 This company, which is most
8 closely tied to the financial interests of the Rockefeller
9 family, seeks to maintain a marketing grip on the U. S. It
10 is this company that is the base for plans which were
11 announced by Lawrence Rockefeller during a 1976 conference
12 of National Resource Defense Council and virtually every
13 other large and small environmentalist group, all of which
14 are being generously funded by the Rockefeller and Stern
15 and Kaplan Foundation, including Ralph Nader.

16 Lawrence Rockefeller made
17 a call for a hundred per cent and larger energy price
18 increases. More recently, President Carter and others
19 in the United States have launched a campaign for large
20 energy cuts and price increases to make retrograde energy
21 sources "competitive".

22 Up until 1970, Exxon's
23 stalling tactics sufficed to hold back a commitment
24 to building the Alaska pipeline, such as a ludicrous
25 caper with the "SS Manhattan" ice breaker. However, in 1970
26 the first wave of environmentalists opposition campaigns

1 was launched once British Petroleum and Arco decided to
2 proceed with a pipeline.

3 The Environmental Defense
4 Fund, the Natural Resource Defense Council, and Ralph
5 Nader's Center for Law and Social Policy launched a barrage
6 of objections. Cases abounded concerning the permafrost
7 danger, disruption of tundra vegetation, caribou who might
8 be disoriented by a pipeline in their path, earthquake
9 danger and Native rights to land claims.

10 This log jam was broken
11 in 1973 through a combination of Exxon's weakness as
12 a minority shareholder and the fight in the United States
13 which was capped when former Vice-president Agnew cast
14 the tie-breaking vote in the U. S. Senate that passed
15 the Trans Alaska Pipeline Act.

16 The current round of concern
17 over oil spills, tanker navigation and others, essentially
18 stems from this post 1973 period. Once one understands
19 what the delivery of the oil represents in the way of
20 threatening Rockefeller price increase and shortage
21 policies in North America and also once one examines the
22 financing of the chief U. S. environmentalists groups,
23 one can determine why certain environmentalists issues
24 become vogue when they do.

25 According to its contract
26 with Sohio, which controls a larger portion of marketing of

1 oil in the State of Ohio, British Petroleum stands to open
2 up access to U. S. markets once the oil flows into the
3 United States.

4 Currently, as this West Coast
5 Oil Inquiry meets, we are now treated to open threats from
6 several quarters of terrorist strikes against oil and gas
7 pipelines. Even this is being mobilized to stop the
8 Alaska oil. In these situations, it is mere common sense
9 to ask who benefits, when trying to determine exactly why
10 certain issues become a focus of attention and concern.

11 In sum, it is in the vital
12 self-interest of this Province and this nation that the
13 effort to choke off energy fail. The conditions of an
14 expanding economy in the United States, Canada's large
15 trade partner, will obviously benefit Canada's contracting
16 economy, particularly if this nation is able to undertake
17 development of an industrial base. This consideration must
18 be added to the more immediate issue of a sound supply of
19 energy for this Province, and the boost that a pipeline
20 project will provide.

21 From the support we have
22 received for the petitions submitted to you, we have found
23 that a majority of the population fundamentally understands
24 the necessity for economic development, and understands the
25 need for employment expansion in technologically advancing
26 economy as opposed to make-work schemes. Finally, regards

1 zero growth as a threat to mankind, a fancified rationalization
2 for economic depression.

3 During these hearings, I
4 will be expanding on the perspective I have outlined here.
5 Thank you.

6 THE COMMISSIONER: Thank you,
7 Mr. Liebowitz. Instead of just beginning with the next
8 statement, that we'll adjourn now and reconvene at 1:30.
9 Thank you.

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11 (PROCEEDINGS ADJOURNED TO 1:30 P.M.)
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2 (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

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4 THE COMMISSIONER: Ladies and
5 gentlemen, we will begin this afternoon's proceedings. I
6 have an announcement. Mr. Jack Kent, of the Federal
7 Energy Agency, is requested to call Mr. Peterson, and I
8 have a phone number here. I'll leave it with Mrs. Lewis,
9 the Secretary of the Commission.

10 Also, I would remind you that
11 the rule for our proceedings is that those wishing to smoke
12 will go outside into the hallway, rather than smoking
13 inside the room.

14 I arranged with Mr. Liebowitz,
15 who gave his opening statement just preceding the break,
16 that these petitions which he has left with the Inquiry,
17 will be marked for identification at this time, and that
18 later in the proceedings, he will be given an opportunity
19 to lay a proper foundation for whatever purpose they would
20 serve in the Inquiry, and for that purpose, he can consult
21 with the Commission counsel, Mr. Anthony.

22 Our first speaker on the
23 list this afternoon is David Anderson, for the B.C. Wild-
24 life Federation. Mr. Anderson, please.

25 MR. ANDERSON: Mr. Commiss-
26 ioner, in your directive on supplementary preliminary

1 rulings, dated the 5th of July of 1977, you outlined the
2 nature and scope of the participants' opening statements.

3 Briefly, the opening state-
4 ment is to identify the participant, to describe the inter-
5 est represented, and the extent to which the participant
6 intends to be involved in the Inquiry, to outline the general
7 nature and scope of evidence which the participant intends
8 to present, to comment on the scope and procedures of the
9 Inquiry, to provide general comment on the issues before
10 the Inquiry, and to provide comments on the policy positions
11 of the participants, and I will follow, naturally, the out-
12 line that you gave us in my presentation today.

13 My name is David Anderson,
14 and I have been authorized by the Directors of the British
15 Columbia Wildlife Federation, to represent the Federation
16 before this Inquiry on the Kitimat Pipe Line Company's
17 application, and on the proposals of other companies on
18 other west coast oil terminal projects.

19 In addition, I am authorized
20 to represent the Federation before the National Energy
21 Board, and the Washington State Energy Facility Site
22 Evaluation Council, where these questions are also being
23 considered.

24 The British Columbia Wildlife
25 Federation is composed of 154 clubs in every part of the
26 province, with the combined membership of some 24,000 dues

1 paying members.

2 Since the formation of the
3 Federation 23 years ago, the organization has been in the
4 forefront of conservation efforts in British Columbia.
5 We have members in every town, village and in every unorgan-
6 ized area of all parts of British Columbia, and certainly
7 in the north as well.

8 Independently, and through
9 our national organization, the Canadian Wildlife Federation,
10 we have taken an active interest in pipeline and tanker
11 questions on the west coast over the past eight years,
12 indeed, ever since the Alaska north slope discoveries were
13 first made. This has included three years of litigation
14 in the United States courts on the Trans Alaskan Pipeline
15 SYstem, under the National Environmental Policy Act of 1969.

16 We have an excellent working
17 relationship with a number of Washington State environmental
18 organizations, in particular for the purposes of this hear-
19 ing, the Coalition Against Oil Pollution, with whom we
20 attempt to co-ordinate our activities.

21 On behalf of the Federation,
22 I have been working full time since shortly after the
23 Kitimat Pipe Line Company disclosed its proposal late last
24 year, and the Federation and I intend to continue such
25 full time participation, for as long as it appears to us
26 worthwhile. We therefore intend to take a full part in

1 this Inquiry, as has already been outlined to you, Mr.
2 Commissioner, and to your Commission counsel. To this end,
3 we have, of course, as you know, put forward our list of
4 documents as previously requested.

5 Mr. Commissioner, in light of
6 the change from a site specific examination of the proposal
7 of the Kitimat Pipe Line Company Limited to a general
8 Inquiry into west coast oil transportation, the British
9 Columbia Wildlife Federation believes that the second phase
10 of the Inquiry, dealing with demand for crude oil, conser-
11 vation and government policies, and the implication these
12 have to west coast tanker traffic, to be the most important
13 and the most difficult of the various phases outlined in
14 your timetable.

15 The demand aspect of the
16 questions before the Commission appears to be at least
17 three-fold: First, the demands of the Northwest, Washington,
18 Idaho and Oregon; second, the demand for crude of the
19 midwestern or Northern Tier States of Montana, the Dakotas,
20 Minnesota, Michigan and Wisconsin; and third, the
21 Canadian demand, which can in turn be broken down into the
22 future requirements of western British Columbia, served
23 now by the Trans Mountain system, and the future require-
24 ments of central Canada.

25 With your permission, Mr.
26 Chairman -- Mr. Commissioner, I would like to deal with

1 these briefly, one by one.

2 Mr. Commissioner, the Federat-
3 ion has watched unhappily as crude oil shipments to the east
4 of Cape Flattery have increased many-fold since 1972 .

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Anyway while we are looking for charts, about the proposals of the various companies, I'll continue with my presentation. Now, Mr. Chairman, we

1 feel that there should be no use of ports to the east of
2 that Discovery Island to Dungeness line, and as I stated
3 at the Washington State Energy Facility Site Evaluation
4 Council hearings at Ferndale, Washington last month, our
5 Federation wishes to see a single port as far to the west
6 in the Strait of Juan de Fuca as possible. We fully
7 support the concept endorsed by the State of Washington
8 Legislature that a terminal, at or to the west of Port
9 Angeles be established as a single terminal to the entire
10 northwest. I will be commenting further on this later
11 in my presentation.

12 The second area requiring
13 supply, Mr. Commissioner, are the Northern Tier states.
14 The Federation is at present reluctantly of the opinion
15 that there is no practical alternative to a Pacific Northwest
16 port and pipeline linking such a terminal to the Northern
17 Tier states. We would be most pleased, most pleased, if
18 in the course of hearings either here, or in the United
19 States, or before the National Energy Board, it could be
20 demonstrated that this conclusion is incorrect. However,
21 at the present time, we can find little reason for
22 optimism.

23 In this connection, Mr.
24 Commissioner, we expect the Commission to obtain full
25 information on the oil swap discussions of the Minister
26 of Energy, Mines and Resources, Mr. Alastair Gillespie,

1 with his United States counterpart, Mr. James Schlesinger,
2 on March the 4th of this year. Canada has conditionally
3 offered a quarter of a million barrels of oil a day for
4 five years under future swap arrangements. This obviously
5 has very important implications on the timing and the scope
6 of the various energy delivery and supply proposals which
7 are before this Inquiry.

8 In addition, we will expect
9 the Commission to obtain full information on the United
10 States-Canadian Federal discussions on west coast oil
11 terminals which have been going on for some years and
12 which were recently adjourned temporarily to permit a
13 study by officials of the Department of Fisheries and
14 the Environment on the environmental risk to Canada
15 attached to a range of present and potential west coast
16 oil ports in Canada and adjacent areas of the United
17 States.

18 According to the Secretary
19 of State for External Affairs, the Canadian/U.S. discussions
20 will resume when this study is completed and the British
21 Columbia Wildlife Federation expects the Commission staff
22 to obtain full information on the talks themselves, on the
23 information gaps which led to the adjournment of those
24 talks and the commissioning of the comparative analysis,
25 and finally, the study itself.

26 Mr. Commissioner, we come now

1 to the third area of demand which is the Canadian demand
2 and future Canadian requirement for a west coast oil terminal.
3 This is undoubtedly the most important question facing
4 this Commission, under its amended terms of reference.
5 The British Columbia Wildlife Federation believes that
6 if we fail to deal with this question adequately, the
7 report of this Commission and Inquiry will be of minor
8 value.

9 We do not believe, for instance,
10 that our inquiry into United States requirements and the
11 consequences of terminal proposals in the United States
12 can be taken seriously, if we Canadians fail to come up with
13 answers to exactly the same sort of questions with respect
14 to our own country.

15 Mr. Commissioner, may I
16 refer to the very first sentence of the Kitimat Pipe Line
17 Company's proposal summary, the "Pacific Link". I think
18 these words of the company hit the nail squarely on the
19 head. They are: Where will oil come from when Alberta
20 can't meet the demand? That's the first sentence of their
21 proposal, and the second line of this proposal of theirs
22 goes on to say the question is vital. Well, they're
23 dead right. It's a vital question, and it's the reason
24 that we're all here today and expect to be here for many,
25 many weeks hereafter.

26 It's only after those questions

1 have been properly looked at, the very first question
2 raised by Kitimat Pipe Line Company in their application
3 which led to the formation of this Commission, that you
4 can proceed to the many other questions so exhaustively
5 dealt with yesterday by Commission counsel in his twenty-
6 five page presentation.

7 But that is the crux in the
8 first one. Now, to arrive at a basic--at least to arrive
9 at a systematic study of the basic question, we will require
10 substantial participation from the affected provinces.
11 Obviously the Departments of Energy or Petroleum Resources
12 or the energy commissions of Ontario, Alberta and
13 British Columbia will all have important contributions
14 to make during such an examination. Incidentally, Mr.
15 Chairman, we were a little distressed to hear that the
16 B. C. Government has as yet not made a decision to participate
17 according to their counsel yesterday.

18 Obviously, it will be critical
19 for the energy commissions, for the Petroleum Resources
20 or Energy Departments of affected provinces to take part.
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1 THE COMMISSIONER: Just for
2 the record, Mr. Anderson, as I understand it, and I could
3 be corrected, I think that was wrong. I think they have
4 agreed to participate, but/^{what}they haven't stated yet is what
5 their policy is with respect to particular applications.
6 I don't think there is any doubt about their agreement to
7 participate in the Inquiry.

8 MR. ANDERSON: Well, there is
9 no doubt, Mr. Commissioner, and I am delighted you corrected
10 me. There is no doubt in my mind about the participation
11 by individual civil servants; there's no doubt in my mind
12 about the participation of the government in terms of
13 producing documents, but there is doubt still in my mind,
14 despite your most recent remark, about the participation
15 as a government, putting forward official British Columbia
16 Government policy.

17 The letter from Mr. Jack
18 Davis, read out by the representative for the Province of
19 British Columbia, the representative of the Attorney-General's
20 Department, Mr. Pearlman yesterday, indicated to me that
21 there is, at the present time, no decision to participate
22 as a government, putting forward official policy.

23 THE COMMISSIONER: Yes, I
24 agree, but they have reserved whether or not they will
25 indicate any official policy.

26 MR. ANDERSON: Well, I

1 believe official policy is most important, and Mr. Chairman,
2 could I continue by saying, equally important is the federal
3 government's Department of Energy, Mines and Resources
4 participation in this Inquiry, and once again, Mr.
5 Commissioner, as you mentioned, they have offered to produce
6 civil servants and documents, but we're into a policy area,
7 where I think participation is important, as I will discuss
8 in a moment.

9 We believe it is impossible
10 to determine when Albertan crude will cease to move into
11 British Columbia, and if and when Ontario will require a
12 pipeline to Pacific tidewater, if the Department of Energy,
13 Mines and Resources does not present the government's
14 views. It is, after all as I mentioned, a policy area and
15 a policy decision.

16 The British Columbia Wild-
17 life Federation does not believe it possible to begin to
18 tackle this difficult area, if the statement on Page 16 of
19 your 27th of May preliminary ruling still holds, Mr.
20 Commissioner, namely "No federal government Department or
21 agency will be participating -- will be a participant in
22 the Inquiry".

23 Those preliminary rulings
24 that you put out were issued before the terms of reference
25 of this Commission were altered, and in my mind, we cannot
26 carry out the amended terms of reference without alteration

1 of that preliminary ruling, and the two or three that
2 immediately follow it, which deal with the same subject.

3 Now, Mr. Commissioner, at that
4 time when the terms of reference were altered, we raised
5 the question about the wisdom of departing from a site
6 specific examination and altering the terms of reference,
7 as was ultimately done, but that is behind us. The terms
8 of reference were altered, and we are now required to
9 examine,

10 "The broader Canadian concerns and
11 issues related to oil tanker move-
12 ment on the West Coast, as might be
13 affected by the Kitimat Pipe Line
14 Company Limited, Trans Mountain
15 Pipe Line Company Limited, and other
16 proposals."

17 We submit this cannot be done
18 effectively without knowing whether a West Coast port for
19 offshore oil destined for Canada will be required, and that
20 in turn, cannot be determined until we know when British
21 Columbia will cease to receive Albertan crude.

22 A quick glance at expected
23 Albertan production schedules, and of tanker rates, and
24 of pipeline tariffs, Mr. Commissioner, suggests strongly
25 that major population centres, on ice free tidewater, are
26 the most likely areas of this country to be required to

1 switch to offshore tanker borne crude. The refineries of
2 the lower mainland are obvious candidates.

3 The only question in our
4 analysis is whether -- is when B.C. refineries will be cut
5 off in its supplies of Albertan crude, and that question is
6 one of national policy which the federal government must
7 provide, aided by the Governments of the three provinces I
8 mentioned.

9 I could refer you, of course,
10 to the similar views put forward on Page 14 of the Trans
11 Mountain brief this morning.

12 It is our considered opinion
13 of the Federation that British Columbia will certainly have
14 to turn to offshore oil within ten years, and probably
15 within five years. We have reluctantly concluded, there-
16 fore, that it is none too soon to look at sites for an
17 oil terminal to supply refineries in the Vancouver area.

18 At present, there is no alter-
19 native but to bring such tankers under the Lion's Gate
20 Bridge, and into the Port of Vancouver, which is a substan-
21 tially more risky procedure than is the Trans Mountain/Arco
22 proposal at Cherry Point, and discussions of shipments from
23 the Port of Vancouver were given to you this morning by
24 Trans Mountain in their brief.

25 Similarly, Mr. Commissioner,
26 the Province of Ontario may well have to turn to offshore

1 oil for part of its requirements. The Kitimat Pipe Line
2 Company's application quite rightly stresses this. However,
3 it may well be that a pipeline elsewhere might be competitive,
4 and that alternatives to the Kitimat proposal from the
5 Ontario point of view should be considered. We think that
6 is obvious.

7 It is pointless to give weight
8 to the Kitimat Pipe Line Company's argument regarding the
9 requirements of Ontario if, for example, the terminal at
10 Portland, Maine, and the Portland to Montreal pipeline linked
11 to a reverse Montreal to Sarnia pipeline, could handle the
12 Ontario requirements more efficiently and more cheaply.

13 Let me repeat: For the
14 Commission to proceed without the full participation of
15 the Federal Department of Energy, Mines and Resources, is
16 next to pointless.

17 The participation by individual
18 civil servants in no way deals with the basic problem,
19 which is one of national government policy.

20 Mr. Commissioner, our concern
21 for and our involvement in these questions over the years,
22 has led us to conclude that the three distinct geographic
23 interests, the northwestern, the Northern Tier and the
24 Canadian, all require a tanker terminal in the northwest.
25 As I have stressed, it is a reluctant conclusion. We
26 would prefer it to be otherwise, but we see no alternative

1 at the present time.

2 We therefore believe that a
3 single port would be superior to a number of ports, and
4 furthermore, we believe that the area at or to the west of
5 Port Angeles in the Strait of Juan de Fuca is the most
6 desirable location.

7 The Wildlife Federation has
8 outlined its position on this matter previously, and let me
9 quote briefly from our submission to the Washington State
10 Energy Facilities Siting Council, at a hearing they held
11 last month:

12 "We have been impressed by the work
13 of the Oceanographic Commission of
14 Washington which indicated in its
15 study entitled 'Offshore Petroleum
16 Transfer Systems for Washington
17 State', that the frequency of crude
18 oil carrying tanker casualties to
19 the east of Cape Flattery, are
20 expected to be 25 to 26 in the 21
21 year period, 1978 to 1999, if
22 Cherry Point is their destination,
23 and only 7 to 8 in the same period
24 if Port Angeles is their destination.
25 We have noted with interest
26 the number of crude oil spills

1 resulting from those casualties can
2 be expected to be 2 or 3 at Port
3 Angeles, compared to 6 or 7 at
4 Cherry Point. We appreciate that
5 the amounts of oil in question and
6 a number of ships in question in the
7 Oceanographic Commission study are
8 not identical to the Trans Mountain/
9 Arco proposal, but the study serves
10 for comparative purposes."

11 In a study of the Environment
12 and Land Use COmmittee Secretariat of the British Columbia
13 Government, dated the 4th of October of last year, entitled
14 "Preliminary Comparisons of Kitimat and Port Angeles Tanker
15 Routes", the authors concluded:

16 "Environmental resources at stake
17 are estimated to be five times
18 less at Port Angeles than in
19 Puget Sound, twenty times less
20 than in Georgia Strait, and
21 possibly three times less than at
22 Kitimat."

23 Now, these are tentative
24 figures, but they indicate the relative situation at the
25 three locations.
26

1 Obviously an object of this
2 Inquiry is to find out how accurate those tentative figures
3 are. Mr. Commissioner, although this Commission is limited
4 to marine aspects of oil movement , may I briefly mention
5 that we envisage a jointly United States/Canadian oil
6 terminal facility at or near Port Angeles linked by a
7 land and submarine pipeline to the TransMountain system
8 with TransMountain running full-time west to east.

9 We believe that the Canadian
10 Government should be involved financially in such a
11 project to guarantee its international common carrier
12 status. This is not obviously the cheapest of proposals.
13 The TransMountain/Arco proposal would involve less
14 construction. Nor is it necessarily a long term solution.

15 The Northern Tier states
16 requirements will increase as our Canadian deliveries are
17 further cut-back if the schedule is adhered to, and as
18 their own local production declines. Perhaps in the
19 future a looping or a rebuilding of TransMountain would
20 be required, or perhaps the Northern Tier Company will
21 in fact be authorized to link such a Port Angeles terminal
22 to an all U. S. pipeline to Clearbrook, Minnesota.

23 Such questions are not
24 within the scope of this Commission, and the Federation
25 will be pursuing them elsewhere. Our port proposal,
26 however, is in line with the environmental concerns of the

1 legislators in the State of Washington as expressed in their
2 recent legislation. It is in line with the environmental
3 concerns expressed by the members of the Washington State
4 Congressional Delegation and in particular Senators
5 Magnusson and Jackson. We believe it would meet the future
6 energy and the present^{and} future environmental concerns of
7 Canada, and finally it has the approval of the two major
8 environmental organizations of Washington State and
9 British Columbia, namely ourselves and the Coalition Against
10 Oil Pollution of Washington State whose representative
11 you heard yesterday, and whose brief I think you will see
12 indicated a general agreement with our own.

13 We have discussed it informally
14 with some company representatives and will be going into
15 it in more detail with them elsewhere. But it would seem
16 to meet the objectives of the Kitimat Pipe Line Company in
17 that it would deliver oil quickly to their refineries
18 in the Northern Tier states, and that after all is their
19 stated objective.

20 I cannot see TransMountain
21 raising substantive objections to a proposal which would
22 have their line running at full capacity west to east.
23 Turning briefly to the shipping aspect of the Inquiry,
24 Mr. Commissioner, our Federation will be taking an
25 active interest in this area. It is our belief that the
26 commitments concerning west coast tanker traffic made four

1 years ago to the United States Secretary of the Interior
2 should be the basis for new regulations governing super-
3 tankers and very large crude carriers plying the Strait
4 of Juan de Fuca waters.

5 We are particularly interested
6 in the recent proposals of the President of the United
7 States and of Secretary of Transport, Brock Adams, himself
8 a resident of Washington State. We will be examining
9 carefully the information obtained by the Commission on the
10 joint U. S./Canadian discussions on ship safety in the
11 Strait of Juan de Fuca, which have been taking place over
12 the past few years.

13 More specifically, we favor
14 double hulls, twin shafts, twin propellers, segregated
15 ballast systems and mandatory collision avoidance radar,
16 and will^{be}/inquiring and trying to find out why such
17 requirements are not already in place. We believe that
18 higher standards, higher safety standards for tankers
19 would be as easy to obtain in these days of a tanker glut
20 as were the improved fire and other safety standards for
21 passenger and crew ships which came in in the 1960's.

22 We further believe that long term
23 contracts with individual companies for specific ships
24 will be another important method of reducing risk, by assuring
25 complete familiarity of the ships crews with the Strait
26 of Juan de Fuca, and with the terminal or terminals ultimately

1 decided on. Under such long term contractual arrangements,
2 crew training, the greatest single factor in reducing
3 accidents can be substantially upgraded.

4 We do not envisage this
5 phase of the Commission's activities as being particularly
6 difficult or lengthy, as adequate information is available
7 on these matters and technical criteria is available
8 for evaluating ship improvements and improved crew training.
9 We will provide the Commission with more detail on our
10 involvement in this phase, when we have received and had
11 an opportunity to examine the working proposals of the
12 Commission staff.

13 Our activities in phase four
14 of the proceedings will likewise depend to a large extent
15 on the material brought forward by the Commission staff.
16 In this phase, we expect to be presenting information and
17 observations obtained by fishermen who spend the good
18 part of each year in northern waters. This phase will
19 be of particular importance to us. The fish and wildlife
20 are areas of concern to our membership, and environmental
21 impacts of the various proposals must be examined with the
22 greatest of care.

23 Member organizations such as
24 the Northwestern Chapter of the Steelhead Society of
25 British Columbia will be assisting us as will the Fish
26 and Game Clubs of Terrace, of Kitimat and of Prince Rupert.

1 In phase five, we will restrict
2 ourselves to the sports fishery aspect. We expect most of
3 the impact on fish populations of the various proposals
4 to have been covered in the fourth phase, and thus we do
5 not expect environmental questions to be a major focus
6 in this section of the Commission's Inquiry.

7 In phase six, the Wildlife
8 Federation does not expect major participation, except
9 in the sports fishing and recreational areas. We will
10 provide further comment on the extent of our participation
11 when we have more information from Commission staff as to
12 what they expect this phase to involve.

13 At this time, Mr. Commissioner,
14 I would like to comment on the scope and procedure of the
15 Inquiry other than under a phase by phase heading. The
16 Federation is concerned that we are attempting to make
17 an overall examination of west coast tanker and oil
18 transportation questions without adequate information or
19 even adequate participation.

20 I have already stressed the
21 need to have the participation of the Governments of
22 Alberta, Ontario and British Columbia, as well as the
23 participation of the Federal Government. However, there
24 are other parties involved. There are companies not now
25 present that should be present and present on the same
26 basis as the Kitimat Pipe Line Company or TransMountain.

1 Atlantic Richfield Company is
2 an obvious example. In response to my questions at a meeting
3 of Counsel on the 8th of July, '77, the representative
4 of TransMountain informed me that he was acting only for
5 TransMountain and not for Arco. I've listened with interest
6 to the question that you asked the representative of
7 TransMountain this morning and we understand that a company
8 is to be set up, a company not yet in existence, which will
9 handle the port facilities.

10 I would still like a definitive
11 reply to the question as to whether or not officers of
12 Arco and material and documents of Arco will be present
13 before this Inquiry on exactly the same basis as the
14 personnel, documents and evidence of TransMountain.

15 Mr. Commissioner, I wonder
16 if it is possible to evaluate one port proposal against
17 another when the proponents are not in attendance. Once
18 again, we had this morning an excellent presentation
19 on the Northern Tier proposal and yet it was by a person
20 who was an interested observer, rather than the people
21 putting forward the proposal themselves.

22 I just wonder how easy it
23 is or how efficient we're going to be, faced with this
24 disadvantage. Similarly, Mr. Commissioner, in a recent
25 article taking up a large amount of newspaper space, a
26 reporter claimed that the proposal of Sohio Transportation

1 Company of California for a pipeline between Long Beach,
2 California and Midland, Texas was in competition with
3 northwest pipeline proposals.

4 I personally believe that the
5 article was inaccurate in that respect, but it would appear
6 to me desirable that the Commission take steps to obtain
7 representatives of Sohio in order to determine what the
8 situation actually is.

1 Mr. Commissioner, I fully
2 appreciate your difficulties in this regard. However, if
3 you are intending to carry out a comparative study of
4 competing proposals, as your Supplementary Preliminary
5 Rulings of the 5th of July, 1977 indicated, then surely
6 we must take every step possible to put the competing pro-
7 posals and companies on an equal basis before your
8 Commission. As of the meeting of counsel on the 8th of
9 July, it appeared to me that that was not the case, and
10 I have not changed my mind as a result of submissions to
11 date.

12 I am not impressed with assur-
13 ances of co-operation received to date. That type of co-
14 operation tends to occur only when it is in the interest
15 of the company or individual concerned, and it obviously
16 evaporates under other circumstances.

17 Mr. Commissioner, I wrote
18 those words before Northern Tier proved them true.

19 Mr. Commissioner, the British
20 Columbia Wildlife Federation looks forward with interest
21 to your statement on how the problems of participation of
22 governments and companies referred to in our opening state-
23 ment are to be dealt with.

24 We look forward to receiving
25 also from your staff, the outline of the approach to be
26 taken in the various phases of the Inquiry.

It would be easier for us to come here and say "no" to trans-shipment, and to suggest that there are alternative methods to northwest trans-shipment to serve the Northern Tier, but we have reluctantly

1 concluded there are not.

2 Finally, Mr. Commissioner, it
3 would be easier to say that there is no need for offshore
4 oil to B.C., that we can rely upon oil from elsewhere, but
5 once more, a careful examination of this has convinced us
6 that this problem will be in front of us and in front of us
7 very soon.

8 Mr. Commissioner, it would be
9 easier to keep our ^{eyes and our} minds on the past, but if we do so, we
10 think your report will be an historical analysis of events
11 over which we and you have had no opportunity to take part
12 in shaping. It will not be a guidepost to intelligent
13 decisions in the future, it will simply be a footnote in
14 the library as to what has taken place in the past.

15 Thank you.

16 THE COMMISSIONER: Thank you,
17 Mr. Anderson.

18 I would like to -- maybe you
19 could stay there just a moment -- comment in response to a
20 number of the questions you've raised.

21 First, I want to state what
22 my understanding is with respect to Arco, and if I have
23 not a correct understanding, then I am sure there will be
24 an opportunity for someone on behalf of Trans Mountain to
25 make a correction.

26 As I understood Mr. Hall's

1 evidence, or his statement, I should say, it was to the
2 effect that Trans Mountain has an arrangement, which he des-
3 cribed as a joint venture with Arco, under which the operations
4 of Trans Mountain Corporation, a Delaware Corporation, will
5 be controlled by Arco and by Trans Mountain, and this
6 Corporation will have ownership of the deep sea berthing
7 terminal that is proposed, and operation of that terminal,
8 and of new pipeline facilities.

9 And as I understand the
10 situation, Trans Mountain is in control of, as a partner
11 at least, of Trans Mountain Corporation in the State of
12 Washington, which will be the owner and operator of these
13 facilities, and in that sense, as participants before the
14 Inquiry, those issues will be fully represented.

15 Now, that's my understanding,
16 and as I say, if that understanding is not correct, there will
17 be an opportunity for a correction to be made.

18 MR. ANDERSON: Mr. Commiss-
19 ioner, I appreciate that, and I trust that it will be
20 settled, because it is of concern to us. Some of this was
21 written, of course, shortly after the Counsel meeting.

22 Now, however, the Arco
23 company, the Atlantic Richfield Company, has an application,
24 that company has the application before the Washington
25 State Site Evaluation Council, not some new company not
26

1 yet formed out of Delaware, and what we want to know is
2 right now, whether Arco people, Arco information, Arco
3 documents, will be as fully available as are the Trans
4 Mountain.

5 THE COMMISSIONER: Yes, well
6 if I'm correct in my understanding of the position, they
7 will be, because of the fact that they are in the control
8 of Trans Mountain, and Trans Mountain are participants
9 before this Inquiry, and they have given us their assurance
10 that they will make all documents available.

11 In effect, you might say
12 that Arco is here through its partner in a joint venture
13 arrangement, and that's the way I am interpreting the
14 situation to be.

15 The other question I want to
16 raise, and I wanted you to stay on the stand, because
17 you're particularly a person fitted to comment. The
18 arrangements that have been made with the federal government
19 and invitations have been extended to other governments,
20 Ontario and Alberta, as you have mentioned.

21 The arrangements that would
22 normally be^{made} would be to make available personnel who can
23 give evidence about studies, about established positions,
24 but governments are reluctant to make their policy before
25 Inquiries.

26 Now, you're a Parliamentarian,

1 you've served in Parliament, and what I'm wondering is how
2 you would reconcile to yourself, the role of having policy
3 announcements, or policy formulations made before an
4 Inquiry --

5 MR. ANDERSON: Well, Mr. --

6 THE COMMISSIONER: And I just
7 don't understand how this is to be done.

8 MR. ANDERSON: Well, it is
9 relatively simple, Mr. Commissioner. The first policy
10 announcement should certainly be made in Parliament, they
11 are made in Parliament, and the results are transmitted to
12 you, but as you saw when the counsel, Mr. Pearlman, for the
13 province of British Columbia came to the stand, and quite
14 rightly said -- in my view, quite rightly said, given his
15 position, that there was no way that the Province of
16 British Columbia was going to be able to determine some of
17 these questions until they had indications from Ottawa,
18 therefore, they were going to have to hold their hand and
19 not come forward as a full participant.

20 Certainly, they are letting
21 their civil servants come here as individuals; certainly
22 they are providing documents, but we are into an area where
23 policy decisions are more critical at the moment than the
24 opinions of either civil servants or the views expressed
25 in documents.

26 I would suggest, Mr.

1 Commissioner, as you have asked me directly how this should
2 be dealt with, I would suggest that you inform the Minister
3 of Fisheries and the Environment, who amended the regulation
4 -- or at least who was responsible for having the Privy
5 Council amend the terms of reference of this Commission --
6 first that he inform the Minister of Energy, Mines and
7 Resources, of the scope of the amended terms of reference,
8 which I'm not at all sure is understood by that Department
9 at the present time; not at all sure it's understood by
10 them, and that you have him inform the Minister of Energy,
11 Mines and Resources, and the two of them come up with a
12 statement for you, as to whether or not they will be in a
13 position at any particular time to answer certain questions;
14 the first one of which is when do they expect Albertan oil
15 to cease flowing into British Columbia?

16 Because only then can we start
17 looking at our own western Canadian requirements for a port
18 for offshore oil.

1 I would suggest a direct
2 request by you to the gentleman who amended your terms
3 of reference that he consult his colleagues, because I trust
4 he's done so already, but if he hasn't, it's about time he
5 did. I just cannot see this question simply dragging on
6 and on and on before this Commission with just suppositions
7 put forward by people, civil servants as well as private
8 citizens and no real hard information available upon
9 government policy.

10 The Minister of Energy, Mines
11 and Resources have made it perfectly clear that we will
12 be relying to a very large extent on foreign oil to meet
13 Canadian demands. The companies speaking this morning,
14 in particular the TransMountain brief which provided me
15 with a typescript, made this perfectly clear as well;
16 that they agreed with that assessment.

17 The British Columbia
18 Wildlife Federation, an environmental organization, has
19 looked at the problem from a totally different viewpoint
20 and has come up with the same conclusion. Therefore, the
21 question that ^{we} must determine before we trot off to the
22 Americans to ask them for information, we must determine
23 some of the questions that they have themselves already
24 answered.

25 I think that they will then
26 take our views a lot more seriously and be a lot more

1 interested perhaps in participation.

2 THE COMMISSIONER: Okay. Thank
3 you.

4 MR. ANDERSON: So, a letter
5 from you is my suggestion.

6 THE COMMISSIONER: I think that,
7 so that it's well understood exactly what the position of
8 government witnesses is, I should in effect repeat the
9 arrangements that have been made and that are referred to
10 in the preliminary rulings. They are that government
11 personnel and I'm now speaking of the Federal Government
12 will be available, not only as witnesses for Commission
13 counsel, but also as witnesses for parties, for participants,
14 and that they will be provided at the expense of the
15 Government to testify to matters before the Inquiry.

16 These matters could include
17 situations where Government policy has been enunciated.
18 That can be established in evidence through civil servants
19 or through others. It's clear, on the other hand, that
20 governments are not going to announce policies before this
21 Inquiry and senior civil servants are not going to be put
22 in the position where they are asked questions such as
23 what are you going to advise the Minister of Energy next
24 week when you're pressed with this question, because that's
25 not the way in which our parliamentary government has
26 operated.

1 I think it's consistent with
2 the position that the Province of British Columbia has
3 taken. The indication is simply they will participate,
4 they will make all the evidence and witnesses available,
5 they have not yet a policy--I think this is what is implicit
6 in their statement. They haven't yet established a policy
7 with respect to preferring one or other applicant or any
8 at all.

9 When that time comes, it will
10 be announced. The matters that you referred to, Mr. Anderson,
11 are clearly important and need decision and I think the role
12 of the Inquiry in that respect and your participation too
13 will be to highlight these issues, to bring as much factual
14 evidence to bear on them as possible and therefore to
15 demonstrate the need for policy-making to occur in the
16 appropriate places.

17 Thanks very much for your
18 presentation.

19 Mr. Rosenbloom for the
20 Nishga Tribal Council.

21 MR. ROSENBLOOM: Dr. Thompson,
22 I am legal counsel for the Nishga Tribal Council. I appear
23 on their behalf. The Nishga Tribal Council is an organization
24 representing the Nishga Indians who reside in the northwest
25 quarter of our Province.

26 There are approximately four

1 thousand Nishgas residing in the four villages of Kincolith
2 Greenville, Canyon City and Aiyansh.

3 These villages are located
4 within the watershed of the Nass River, the river that flows
5 into the Pacific Ocean at the southern tip of the Alaskan
6 Panhandle. The town of Kincolith is located right at the
7 mouth of the Nass River, at the north end of Portland
8 Inlet and at the southern tip of Observatory Inlet.

9 The other three Nishga
10 villages are located on the Nass River to the east of Kincolith.
11 All the villages are navigable from the sea. From time
12 immemorial, these people have occupied this territory. More
13 precisely, delineated the watershed of the Nass River and
14 its tributaries.

15 It is a well documented fact
16 that the Nishga people have always been a marine-oriented
17 society. The Nishga culture, economy and diet have always
18 been oriented to the sea and its fishery resource. Indeed,
19 the Nishgas have participated in west coast fishing from
20 time immemorial. The fruits of the sea have always represented
21 a major staple of the Nishga diet.

22 Equally prominent in Nishga
23 history, is the use of the fish as a commodity to trade with
24 neighbouring tribes. Indeed, it is in more recent times that
25 the Nishgas have been major participants in the commercial
26 fishery of the Province.

This ownership interest has

1 been spoken of as an aboriginal right. Treaties extinguishing
2 these rights have never been signed by the Nishgas. It's
3 suffice to say at this juncture of the Inquiry that my
4 clients take the position that there has never been an
5 extinguishment of those rights. The Nishgas maintain a
6 legal ownership in both the land and the resources of the
7 area.

8 On this very issue, in 1973,
9 the Supreme Court of Canada ruled on the monumental test
10 case brought by the Nishga nation to resolve this contentious
11 issue. As is now history, the highest court of our country
12 delivered a deadlock decision in respect to the very
13 fundamental issue of whether the Nishgas maintain their
14 aboriginal rights.

15 The Nishgas have always
16 seen that judgment as a great legal and moral victory, in
17 light of the fact that the highest court of this country
18 was evenly split on this fundamental question. It will
19 therefore be strenuously argued by my clients during the
20 conduct of this hearing that the Native people have the
21 most to risk by this oil transportation gamble and the least
22 to gain.

23

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1 We will call upon you, Dr.
2 Thompson, to recognize the tremendous jeopardies that oil
3 tanker movement will cause to the native interests on this
4 coast.

5 The Nishga participation in
6 this Inquiry will concern itself with the obvious environ-
7 mental questions; the preservation of the fishing resource;
8 and the protection of the coastal foreshore, particularly
9 at Portland Inlet, Observatory Inlet, and the tidal areas
10 of the Nass River.

11 My clients will attempt to
12 concentrate their efforts at this Inquiry on the environ-
13 mental, fishing and socio-economic phases of the Inquiry.
14 More particularly, the Nishgas intend to tender evidence
15 in respect to the general question of how the fishery
16 resource would be affected by an oil spill.

17 They will also tender evidence
18 in respect to whether the foreshore within the nishga lands
19 would be directly affected by an oil spill off the B.C.
20 coast.

21 The Nishgas are hopeful that
22 substantial information will be put forward at this Inquiry,
23 as to the experiences of Canada, and of other countries
24 where major oil spills have occurred. By gleaning inform-
25 ation as to the causes of those spills, and as to the
26 problems of clean-up, hopefully this Inquiry will be better

1 able to make its recommendations to the federal government.

2 The issues facing this Inquiry
3 are of a delicate nature. Should the delivery of energy to
4 the oil hungry U.S., south and east, override the precious
5 jeopardies to local, native economies, environment and
6 native cultures? In some ways, the matters before this
7 Inquiry are just that delicate.

8 The Nishga position must
9 already be obvious. The Tribal Council will argue for the
10 highest protection possible for the fishery resource, which
11 in turn, will be a plea for the protection of their local
12 economy, their environment and their culture.

13 A continuing survival of the
14 Nishga nation is dependent upon a clean environment. To
15 destroy the life cycle in the sea will, in turn, destroy
16 the Nishga. The native dependency on the fruits of the
17 land and of the sea, were best stated in 1888 by Chief
18 David MacKay, speaking for the Nishga at a Royal Commission
19 hearing, conducted by the Federal Government in the Nass
20 Valley. Chief MacKay said this in 1888, and I quote:

21 "These Chiefs do not talk foolishly.
22 They know the land is their own.
23 Our forefathers for generations and
24 generations past, had their land
25 here all around us. Chiefs have
26 had their own hunting grounds,

1 their salmon streams, and places
2 where they got their berries.

3 It has always been so.

4 It is not only during the
5 last four or five years that we
6 have seen the land, we have always
7 seen and owned it. It is no new
8 thing, it has been ours for gener-
9 ations.

10 If we had only seen it for 20
11 years and claimed it as our own,
12 it would have been foolish, but
13 it has been ours for thousands of
14 years. If any strange person came
15 here and saw the land for 20 years
16 and claimed it, he would be fool-
17 ish. We have always got our living
18 from the land, we are not like
19 white people who live in towns and
20 have their stores and other
21 businesses, getting their living
22 in that way, but we have always
23 depended on the land for food and
24 clothes.

25 We get our salmon, berries
26 and furs from the land."

1 That statement, made by a
2 Nishga. chief almost a hundred years ago, can still stand
3 as a legitimate statement of Nishga interest in contemporary
4 times.

5 The Nishga wish to publicly
6 state at this time that they oppose both the Kitimat pro-
7 posal, and the alternate suggested terminals in the State
8 of Washington.

9 In the latter proposal, the
10 fact that the oil ends up at U.S. terminals is irrelevant.
11 Neither fish nor oil can ever recognize international
12 boundaries. An oil spill anywhere between Alaska and the
13 proposed terminals would destroy our coast line and the
14 fishery.

15 Keep in mind that we do not,
16 we are not talking about a Canadian market for this oil.
17 Let the risks flow with the recipients of the oil. Let a
18 port be found further south that will not endanger our
19 B.C. coast and fishery.

20 The Nishga thus emphatically
21 oppose the Kitimat and Washington State proposals. In
22 any event, we submit that such proposals should never be
23 considered by the Government of Canada, until settlement
24 of the land claims issue is arrived at between the govern-
25 ments and the native people.

26 As the fishery resource is

1 so threatened by all three of these proposals, it is only
2 fair that the native people have the opportunity to first
3 negotiate with the government concerning this resource which
4 they maintain they continue to own.

5 Dr. Thompson, it is hoped
6 that your recommendations to the Federal Government, in
7 respect to oil tanker traffic down the west coast, will
8 reflect Nishga concern about these issues.

9 Thank you.

10 THE COMMISSIONER: Thank you,
11 Mr. Rosenbloom.

12 Mr. Nichol of the United
13 Fishermen and Allied Workers' Union, please.

14 MR. ANTHONY: Mr. Commissioner,
15 I'm advised that Mr. Nichol has only now arrived, and I
16 wonder if he could be put down the list for just a short
17 while.

18 THE COMMISSIONER: Would
19 that be more convenient?

20 MR. NICHOL: I'm ready.

21 THE COMMISSIONER: All right,
22 Mr. Nichol says he's ready to go, we'll proceed, thank you.

23 MR. NICHOL: Mr. Commissioner,
24 our participation in this Inquiry reflects a long-standing
25 concern on the part of the United Fishermen and Allied
26 Workers' Union, for a perpetual yield from marine resources,

1 and for safety to people engaged in harvesting and process-
2 ing these resources.

3 Our constituency includes
4 thousands for whom the sea is a direct source of food, as
5 well as those for whom the fishery is a source of cash
6 income, and a unique and distinctive way of life.

7 For us, the workers in the
8 fishing industry, the people who produce its wealth,
9 preservation of these marine resources is essential.

10 Although the fishermen's
11 interest in the sea is primarily economic, he shares with
12 many, many others the desire to preserve the cleanliness
13 of our waters, the beauty of our shores and our marine
14 resources. We therefore count among our allies in defence
15 of the sea and the life it produces, all those whose lives
16 are intimately bound to the sea, whether it be for economic
17 or aesthetic reasons.

18 Mr. Commissioner, we appre-
19 ciate the trust that you place in us, by your act of
20 designating the U.F.A.W.U. to represent in this Inquiry,
21 the interests of the fishing industry. We hereby acknow-
22 ledge the immense responsibility thus placed upon us, and
23 take this opportunity to reassure you and our entire con-
24 stituency that we will bend every effort to discharge this
25 responsibility.

26 May we at this time reiterate

1 our desire to receive from any and all components of the
2 fishing industry, suggestions, information and any other
3 assistance that will enhance our common cause.

4 The funds allotted us for
5 participation in this Inquiry enabled us to appoint
6 recently, a small staff of researchers. They are concentrat-
7 ing their efforts on aspects of the proposed tanker and
8 oil port operations, which threaten the fishing industry
9 in B.C.

10 Operating out of the union
11 office in Vancouver, they will be communicating with all
12 sectors of the industry as time and finances permit. They
13 therefore welcome contact by phone, letter or visit from
14 individuals and organizations sharing our concerns.

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1 The performance record of
2 tankers shows emphatically that of all vessels, they are
3 the most dangerous. Their history shows, moreover, that both
4 the probability and the magnitude of disaster increases
5 exponentially with their ever-increasing size.

6 As we study proposals to
7 establish supertanker routes in either our northern waters
8 or through Straits of Juan de Fuca, we become both worried
9 and incensed. As we shall demonstrate during succeeding
10 hearings, the proposals are so ill-advised that their very
11 presentation must be viewed as an act of cynicism. While
12 implicitly conceding that major oil spills would inevitably
13 occur, the proponents ignore or deny evidence that
14 petroleum is deleterious to marine life.

15 We have neither time nor
16 funds capable of conducting field studies and experiments
17 that are essential to assess fully the inescapable bio-
18 logical consequences of the proposals. Despite having
19 both time and funds, the proponents have failed to conduct
20 adequate studies of the ecological impacts of tanker
21 traffic and spilled oil. Nevertheless, we intend to pre-
22 sent evidence, obtained from the literature and from expert
23 testimony, that the predictable oil spills would spell
24 disaster to our fisheries.

25 It is our further intention,
26 again relying upon public information and witnesses for

1 evidence, to demonstrate that the proposed tanker traffic
2 and port facilities, entail risks to the public safety so
3 immense as to be wholly unacceptable. And we will attempt
4 to demonstrate by these hearings, that an oil port and
5 supertanker traffic in Canadian waters or waters which we
6 share with the United States, are of no benefit to Canada
7 whatsoever and to explode the myth they are essential to
8 Canada's energy needs.

9 With respect to the nature
10 and the scope of the Inquiry, Order-in-Council PC19771890
11 of June the 30th, 1977, which established the present scope
12 of the West Coast Oil Ports Inquiry says in part, and I
13 quote:

14 "A proposal has been made by
15 Kitimat Pipe Line Limited for the
16 construction of a marine terminal
17 at the Town of Kitimat, to form
18 part of a new pipeline system for
19 the transmission of oil from
20 Kitimat to Edmonton.

21 Proposals have been made to
22 receive oil shipped by tankers
23 moving along Canada's west coast
24 for transmission in other pipeline
25 systems, including a proposal by
26 Trans Mountain Pipe Line Company

Limited."

And that therefore, the Inquiry should concern itself with,
"The broader Canadian concerns and
issues related to oil tanker move-
ments on the West Coast as might be
affected by the Kitimat Pipe Line
Limited, Trans Mountain Pipe Line
Company Limited, and other proposals,
and to report to the Minister of
Fisheries and the Environment and
the Minister of Transport before the
end of the rent year."

Treated in isolation, these
terms of reference appear to be broad and all encompassing,
but upon examination of the specific framework that obtains,
the terms are quite unsatisfactory in our view.

We consider that the matters
we are about to detail are vital ones and have as much to
do with the ultimate outcome of any findings as the actual
"evidence" that might be forthcoming under the present
terms of reference.

We would have preferred that
Phase I of the hearings be postponed pending new terms of
reference, and conditions which we feel are vital to the
really fruitful inquiry that will protect the essential
Canadian interest.

Here are our concerns:

(1) The length of time for the Inquiry. The December the 31st, 1977 deadline is far too tight and adequate time must be allocated if the Commission is to render a report that reflects the concerns and aspirations of Canadians. The implications of any decisions regarding West Coast Oil Ports, in our view, are as great or even greater than those that obtain in the Arctic.

We are talking about oil, a super pollutant, not natural gas. At present, oil is the major component in our energy picture, accounting for 55 per cent of our consumption needs.

We concur wholeheartedly with the report of Mr. Berger, and the nation-wide call for a ten year moratorium on pipeline construction to the Arctic. The need for time to consider.

We are talking about the possible destruction of a flourishing long-established fishing industry which already has a significant role in the economy of British Columbia and Canada. We are talking about supertankers exceeding 300,000 dead weight tons, a qualitative new development, with staggering implications for urban society on the West Coast.

The Berger Inquiry in the north required two years. To suggest that this Inquiry

1 should be only one-quarter as long, is to underestimate
2 the truly international significance and profound impact
3 on the Canadian economy that any recommendations will have.

4 We believe that the target
5 date of December the 31st, 1977 ought not impose unreal-
6 istic restraints on this Commission and the participants
7 in this Inquiry, and every assurance must be given to the
8 Canadian people that as much time will be devoted to this
9 Inquiry as is needed to reach logical, practical and
10 acceptable conclusions.

11 On funding, although we
12 are aware of the fact that new ground is established by
13 the funding of some intervenors, we wish to stress that
14 we find the amounts involved hopelessly inadequate and
15 limited to too few recipient groups.

16 The apparent scope of the
17 Inquiry has been significantly increased by reason of the
18 fact that the Trans Mountain proposal, and the Northern
19 Tier proposal, is now before the Inquiry. This fact did
20 not result in any increase in funding nor broadening of the
21 intervention to include many groups whose interest is
22 vital.

23 Even before this change, a
24 major intervenor received approximately one-quarter of
25 what it requested. We seriously question whether we
26 can discharge our responsibility to our constituency with

1 the funds allocated and can foresee an expenditure of many
2 thousands of dollars from the Union's treasury if we are to
3 fulfill our task.

4 Many vital interest groups
5 received no funding whatsoever. No matter how well we try
6 to represent the entire industry, it is only natural that
7 certain segments of it, for long-standing historical reasons,
8 would much prefer to make their case directly.

9 The Commissioner must be
10 aware of the fact that the proponents are intricately con-
11 nected with the very top giants in the financial and
12 industrial world, who are spending many, many times the
13 amount of money that is allocated to the intervenors.
14 Moreover, they have cumulative experience and resources
15 that magnify their current direct expenditures on the
16 Inquiry a thousand-fold.

17 Failure of the government to
18 at least double the funding of those already funded, and
19 to add all those who made application previously, is to
20 compromise the integrity of the Inquiry in the very
21 beginning.

22 We would like definite
23 assurance, no matter whether the deadline is extended
24 now or later, during the course of the hearings, that
25 the funded groups will receive additional funding on at
26 least a strictly time proportional basis.

Status of the Participants:

The role of the proponents and the major participants is only vaguely defined in the originating order in council. In our opinion, there is such confusion and considerable unreality regarding these matters, that they should be fully clarified before phase one begins on September 7, 1977. Consider the following:

- A) The only proponent for a Canadian sited west coast oil port, Kitimat Oil Pipe Lines Limited, has set aside its proposal and is supporting another proposal as their first choice.
- B) This particular other proposal is not an integrated one as is the Kitimat one, in the vital sense that it involves relationships with a foreign country as such; whereas the Kitimat one falls within exclusive Canadian jurisdiction.

The oil port component of this particular other proposal is by Atlantic Richfield Corporation Limited to expand their already existing oil port facilities at Ferndale, Washington in the United States; namely facilities in a foreign country. Obviously the Canadian Government has no direct jurisdiction over this matter.

The jurisdiction belongs to some Federal U. S. or Washington State agency, precisely which

1 one is presently the subject of heated division in that
2 State. The unreality of this situation as far as this
3 Inquiry is concerned, is further compounded by the fact
4 that the proponent, Atlantic Richfield, or Arco is not
5 even named in the order in council and is not treated as
6 a full-fledged participant before this Inquiry.

7
8 C) This particular 'other' proposal, like that
9 of Kitimat Pipe Lines Ltd. also has a land
10 pipeline component, namely to take oil from
11 Arco lines at the Canadian border and pump
12 it through the existing B. C./Alberta facilities
13 of TransMountain Pipe Lines to Edmonton.
14 In this case, we have the ridiculous situation
15 that the company involved, TransMountain
16 Pipe Lines, is classified as a participant
17 in the Inquiry, in spite of the fact that the
18 land pipeline component is not the subject of
19 this Inquiry. The jurisdiction of this pipeline,
20 as well as the land component of the Kitimat
21 Pipe Lines' proposal falls to the National
22 Energy Board. As matters now stand, the N.E.B.
23 will hold hearings and presumably make pronounce-
24 ments on this aspect of the matter. This would
25 be perfectly proper, but only after all the
26 implications are studied by the West Coast Oil

1 Ports Inquiry.

2 Yet, we are faced with the announced intention
3 of the N.E.B. to commence hearings in August
4 of this year and in the words of the legal
5 counsel for TransMountain Pipe Lines, these
6 will be concluded long before the completion
7 of the West Coast Oil Port Inquiry.

8 In our opinion, this renders the West Coast Oil
9 Ports Inquiry vulnerable to use as a smokescreen
10 designed to preoccupy the public with a Kitimat
11 proposal as such, and thus facilitate the
12 Arco west coast proposal and/or the Northern
13 Tier proposal.

14 Imagine what the effect of an N.E.B. decision
15 to grant the TransMountain application would be
16 if it were publicly rendered before the completion
17 of the West Coast Oil Ports Inquiry.

18 From the point of view of the interests of
19 Canada as a whole, it would mean surrendering
20 up in advance any clout Canada might have
21 regarding the site of any oil port in the
22 United States that threatens the Canadian
23 coastline. The ability to deny the TransMountain
24 application is precisely the indirect ability
25 to deny Arco proposals at Ferndale; a proposal
26 which in our view is every bit as potentially

1 injurious to the fishing industry and the
2 environment of Canada as is the Kitimat
3 proposal.

4 D) Another proposal is the so-called Northern Tier,
5 all-America scheme. In this instance, there
6 is no Canadian jurisdiction whatsoever. Both
7 the oil port and the pipeline are wholly within
8 the United States, yet this proposal too could
9 have just as serious implication for Canada and
10 B. C. as the Arco/Transmountain proposal, as the
11 oil port involved at Port Angeles is within a
12 short distance of Canadian waters, but Northern
13 Tier is not a full-fledged participant in this
14 Inquiry.

15 E) Sohio, who proposes to transport the major
16 part of the oil involved from Alaska, currently
17 has an application before Long Beach, California
18 to take some of the oil there. Its implications
19 for Canada are not a subject matter of this
20 Inquiry. Sohio is not even invited to be a
21 participant. On the surface, this is patently
22 absurd, since all of the oil involved for the
23 foreseeable future is to service United States
24 needs, and the Long Beach port facility is the
25 only one which does not jeopardize Canadian
26 interest. After all, this is a Canadian inquiry

1 and presumably the interests of this country should
2 be put first. The built-in downgrading of the
3 Sohio situation is by implication, tacit agreement
4 that some west coast oil port facility should
5 be allowed in Canada or the northwest U. S.,
6 adjacent to Canadian waters and it is only a
7 question of which one does the least damage.
8 We cannot accept this implicit frame of reference
9 for the Inquiry.

10 For all of these reasons, we
11 call upon the Commissioner to approach the Canadian Government
12 immediately with the following proposals:

- 13 1) To give it authority to name and invite Arco,
14 Northern Tier, and Sohio on the same full status
15 as Kitimat Pipe Lines and TransMountain. Whether
16 or not the required co-operation will materialize,
17 depends, in our view, precisely on how strongly
18 the Canadian Government presses for a comprehensive
19 inquiry.
- 20 2) In order to bring the maximum pressure to bear
21 on this situation, the Canadian Government must
22 instruct the National Energy Board not to hold
23 hearings on the land pipeline components until
24 after the completion of a reconstituted inquiry
25 which specifically clarifies not only the status
26 of participants as contained in number 1, but also

1 authority to investigate the land pipeline
2 components as well.

3 3) To seek and declare the expansion of time for
4 this Inquiry, to fully assess the impact of the
5 applications made by all proponents of a west
6 coast oil port and related facilities.

7 We do not want this present
8 Inquiry to be utilized in a somewhat analogous fashion to the
9 integrated role played by the Berger Commission, the N.E.B.
10 and the Lysak Commission in the north, where considerations
11 of timing and fracturing of scope are playing a major role
12 in actually shaping the ultimate decision.

13 We want the job done properly
14 right from the very beginning. The interests of the various
15 contending multi-national oil companies are being put first
16 by the present fractured approach in the West Coast Oil Port
17 Inquiry. The interests of Canada demand the truly comprehensive
18 inquiry we propose.

19 The issues involved: This
20 Inquiry is being asked to give approval, or otherwise to
21 a variety of proposals, all of which are designed to deliver
22 vast quantities of oil to the United States, through Canadian
23 Territory, thus subjecting Canadian citizens and industries
24 to all the costs and risks inherent in the inevitable widespread
25 despoilation of our resources, widespread annihilation of
26 marine life and the fishing industry of B. C., invasion of the

1 historic land of our Native people, the loss of our sovereignty
2 and national independence.

3 Our reply to all this is a
4 resounding NO. We will do everything in our power and
5 ability to prove the folly of the proposals. And beyond
6 this Inquiry, we will fight with all the resources we can
7 muster to prevent any supertanker oil port being established
8 in the Canadian west coast and for that matter in the
9 State of Washington as well.

10 Our loyalty is first and
11 foremost to the needs of the Canadian people. The U.F.A.W.U.
12 rejects from the very start the concept of continentalism
13 inherent in the proponents' case, just as we reject the
14 concept of continentalism in the managing and harvesting
15 of our fisheries resources, particularly with regard to
16 salmon.

17 Continentalism and the
18 struggle for Canadian national unity and Canadian nationhood
19 are completely opposite poles. No single action could
20 more tie British Columbia into the north/south United
21 States axis than any one of the proponents' schemes to
22 link us physically by the most powerful economic factor
23 of our time, oil.

24 Adoption of this stance is
25 not anti-American. We know that the vast majority of
26 the American working people share our concerns over the

At the present time, the

1 Federal Government is on the eve of spending 150 million
2 dollars over the next five years on an extensive salmon
3 enhancement program, attempting to restore the damage
4 caused by such natural occurrences on the super-sensitive
5 fishing ecology, and to raise the salmon resource to the
6 upper limit of its vast potential. Something like 300
7 million dollars is contemplated as an expenditure beyond
8 that five years. To even consider adding to this the
9 devastating effect of the world's worst pollutant, that
10 is oil, is nothing short of madness.

11 As far as the British
12 Columbia fishing industry is concerned, we are faced with
13 disaster in the certain event of a major spill, or spills.
14 We are thrust, on behalf of our membership, into a position
15 where we must defend our livelihood from destruction from
16 a source over which we have no control.

17 The oil port proposal and
18 the stream of supertankers that will ply internal waters
19 of Canada, is not our doing nor our choosing. We have
20 nothing to gain from it, and everything to lose by it.
21 We reject all such proposals categorically, and call on all
22 Canadians to support us in this endeavour.

23 The record of credibility
24 of the proponents. During the course of these hearings,
25 we will endeavour to refute evidence to be produced by
26 the proponents that will undoubtedly attempt to prove the

1 opposite of what we said about the fishing industry. More-
2 over, we will produce comprehensive evidence through expert
3 witnesses and the like, to substantiate the claims made in
4 this opening submission, and to prove conclusively that we
5 face the destruction of the B.C. fishery resource if the
6 Government of Canada submits to an oil port and supertankers
7 in Canadian or adjacent waters.

8 We believe that the lack of
9 credibility of the proponents is a vital element in this
10 Inquiry. We can say from the outset that we simply do not
11 believe any figure they might bring forth regarding the
12 supply of oil and the state of oil reserves. It is simply
13 not in their interests to tell the truth and the public is
14 not being told the truth about Canada's energy reserves.

15 The more they can hoodwink the
16 public into believing that Canada is about to run out of
17 oil, the greater they can force up the price of oil, the
18 greater the profits, and the lesser our living standards,
19 and the greater becomes the chances for public acceptance
20 of a B.C. oil port and even its consequences.

21 The main line that the pro-
22 ponents would advance as justification for involving
23 Canada in the process of serving United States needs, is
24 that we can use a B.C. pipeline to bring in foreign oil
25 for our needs as well, since our supplies are drying up.
26 This is the so-called "piggyback" argument used so

1 effectively by U.S. interests in many instances involving
2 Canadian/U.S. economic relations. The argument is false.
3 Canada is currently exporting 40 per cent of our oil product-
4 ion to the United States, and this huge drain can be cur-
5 tailed.

6 Far more important is the
7 fact that in the tar sands of Alberta, strategically
8 located to supply the needs of both eastern and western
9 Canada, are contained the largest reservoirs of oil known
10 to man, with proven reserves in excess of half of those
11 obtaining in the entire world. There's enough oil in the
12 tar sands to supply Canada's needs for centuries.

13 The public is told of enormous
14 problems of extraction of the sands oil, and inadequate
15 technology for processing. It is only a matter of exper-
16 ience and a relatively short period of time, under ten
17 years, that will make this vast treasure which underlies
18 10 per cent of the entire province of Alberta available to
19 the Canadian people.

20 The technology is completely
21 known. The present difficulties in production are only
22 those of any large new enterprise which must and will
23 overcome technological deficiencies.

24 We hereby serve notice that
25 we intend to call the very best independent witnesses in
26 the world to testify to the truth of these facts, and we

1 urge the Commission to do likewise. The Canadian public is
2 entitled to the truth of their energy reserves which are
3 not in the state of peril that the oil industry's public
4 relations would have us believe.

5 In conclusion, Mr. Commissioner,
6 we wish to state we trust that this Inquiry is more than
7 just a kite flying expedition by the Federal Government, to
8 pave the way for the decisions that must inescapably be
9 made by the politicians. Our commitment is to do the best
10 job possible to present the case for the B.C. fishing
11 industry, and to appeal to Canadians for its preservation.
12 And for the protection of a coast line that is unequalled
13 in beauty and natural abundance anywhere in the world.

14 We believe that when all the
15 evidence is in, the recommendations you make will be bene-
16 ficial to the environmental and economic interests of
17 British Columbia. If this is so, then we also trust the
18 Federal Government will adopt your recommendations and take
19 a forthright stand in whatever pressures may develop from
20 the United States and the international oil and pipeline
21 monopolies.

22 Otherwise, this Inquiry is
23 but one step in the process to ensure that Canadians are
24 aroused to force the government to act in their long term
25 interests, and not for the short term expediency to
26 accommodate other than our national interests.

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THE COMMISSIONER: Thank you,
Mr. Nichol.
It's now time to adjourn for
a cofeee break, thank you.

(PROCEEDINGS ADJOURNED)

1 (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

2 THE COMMISSIONER: The next
3 speaker is Tony Pearce for the Kitimat Oil Coalition. He'll
4 be followed by Mr. Ward for Victoria Blue Peace and
5 Dr. Stace-Smith for the Fraser River Coalition.

6 MR. PEARSE: Dr. Thompson,
7 my name is Tony Pearce and I'm representing the Kitimat
8 Oil Coalition.

9 The Kitimat Oil Coalition
10 is an umbrella organization representing some twenty
11 community groups and professional organizations in British
12 Columbia and Alberta. We are opposed to the establishment
13 of an oil port at Kitimat, B. C. and concerned in an overall
14 way about the prospects of oil tanker traffic in the coastal
15 areas of the Province, and the imminent threat of large
16 scale pollution of the marine environment and the fisheries
17 resources.

18 I'll list off the member
19 groups. I should say that I have a long opening statement.
20 I'm not going to read it all. I'm just going to highlight
21 parts of it and copies will be available for media and
22 interested people. The member groups of the Kitimat
23 Oil Coalition include the Amalgamated Shore Workers and
24 Clerks Union, Prince Rupert Local; the B. C. Sierra Club;
25 Blue Peace; CASE; Canadian Society of Environmental Biologists;
26 Clean Shores; Clear Water; Coast, Federation of B. C.

1 Naturalists; the Greenpeace Foundation; the Hartley Bay Stop
2 Supertanker Committee; Kitimat Spec; Save our Shores from
3 Prince Rupert; Sooke, Bluepeace; SPEC; a group called
4 STOP; Save Tomorrow, Oppose Pollution are from Edmonton;
5 Task, Terrace Alliance Against Supertankers to Kitimat;
6 the TELKA Foundation; the United Fishermen and Allied
7 Workers Union and the Westcoast Environmental Law
8 Association.

9 Membership has fluctuated
10 slightly since the Coalition's formation, but the above
11 list constitutes its makeup at the present time. Through
12 its member groups, the Kitimat Oil Coalition represents
13 approximately 50,000 people. National organizations,
14 affiliated with the Coalition in the sense that while not
15 formally belonging to the Coalition, they have expressed
16 definite feelings of shared concern about the developments
17 of oil ports on the west coast, include the Canadian
18 Nature Federation; the Canadian Wildlife Federation and
19 the Public Interest Advocacy Center.

20 We want to emphasize very
21 strongly that this organization we have formed is a unique
22 entity. For the first time in western Canada, a massive
23 concerted effort by diverse people has been initiated to
24 combat an imminent and major threat to our environment.

25 Our members include fishermen,
26 Indian people, trade unionists, churches, professional

1 workers, environmentalists and ordinary citizens. People
2 of the North and people of the South have joined together
3 here for a common purpose.

4 Views among individual group
5 members may vary from time to time and the Coalition does
6 not pretend that it can accurately represent all the views,
7 all the time. We know, however, that all of us are united
8 in spirit in these matters, and that this spirit will be
9 a dominant force in this Inquiry process.

10 The Kitimat Oil Coalition
11 has formed a four person core team for the purposes of
12 preparing its intervention for the formal phase of the
13 hearings. This core team comprises a co-ordinator, a
14 senior and a junior legal counsel and a technical advisor.

15 The co-ordinator is myself.
16 This is an elected position and thus, I am the person on the
17 team who is ultimately accountable to the Coalition groups
18 for the quality and direction of our presentation. Briefly,
19 the principal functions of the co-ordinator include:

- 20 - Discovery and co-ordination of expert witnesses.
- 21 - Co-ordination of research.
- 22 - Direction and co-ordination of legal counsel.
- 23 - Facilitation of dialogue and information exchange
24 amongst the Coalition core team and the Inquiry
25 itself.

26 The Coalition has retained Marvin

1 Storrow as senior legal counsel during the term of the
2 Inquiry. Mr. Storrow's functions include:

- 3 - Preparation of expert witnesses.
4 - Planning and co-ordination of presentation.
5 - He's our official spokesperson in the hearings.

6 Anne Rounthwaite is the
7 Coalition's junior legal counsel and she will be responsible
8 for:

- 9 - Legal research direction.
10 - Co-ordination and preparation of submissions or
11 various legal aspects.

12 Our technical advisor is
13 Chris Hatfield and his duties include:

- 14 - Discovery and preparation of expert witnesses.
15 - Direction of environmental research.
16 - Development and co-ordination of evidence on all
17 biological and technical matters relevant to the
18 hearings.

19 We have gone on record as
20 being opposed to an oil port development at Kitimat, and
21 to expanded tanker off-loading facilities in Puget Sound.
22 Nothing in our basic position has changed in these matters.

23 It is our contention that a
24 Canadian west coast oil port is economically unnecessary
25 and environmentally unsound. It is also our contention that
26 American oil port developments adjacent to Canadian waters

1 transfer in part grave environmental risk to valuable Canadian
2 marine resources. Such a situation is completely unacceptable
3 to us. Until such times as the evidence demonstrates otherwise,
4 we have no reasonable alternative but to remain opposed to
5 both the Kitimat and Cherry Point proposals.

6 Our main concern before this
7 Inquiry is to ensure that all irrelevant information pertaining
8 to west coast oil port proposals is brought forward. We
9 intend to demonstrate that our opposition to the Cherry
10 Point and Kitimat proposals is not based on unreasoned or
11 irrational fears, but rather on sound, factual evidence.

1 The West Coast of Canada is
2 a large and relatively unspoiled natural coastal environment,
3 with a rich diversity of renewable resources. The lifestyles
4 of literally tens of thousands of people, some of whose
5 ancestors have existed on this coastline for millennia,
6 are directly dependent upon the integrity of this environ-
7 ment, and the quality of this rich resource base remaining
8 intact.

9 We, who depend upon the sea
10 for our living, or who benefit in many real and perceived
11 ways from its wholeness, its vastness and its inherent
12 diversity, are unalterably opposed to any form of its
13 degradation for the short term economic benefit of a few.
14 Not only in the Pacific Northwest, but wherever throughout
15 the earth, the integrity of the ocean is being assaulted.

16 Some of us live here because
17 we work here. Our largest industries, timber harvesting,
18 fishing and tourism, depend upon the preservation of this
19 hitherto unpolluted environment. Some of us live here too,
20 because the sea provides a means for a self-sufficient
21 lifestyle; food, building materials, transportation and
22 perhaps most important, peace of mind.

23 Others of us live here
24 because the coast offers us unlimited opportunities for
25 enjoyment of its scenery, wildlife, waterways, its sport
26 fisheries and so on. The ocean, its inhabitants and its

1 rhythms are the very essence of our everyday way of life.

2 It is small wonder then, that
3 we along the west coast, are now showing deep concern when
4 development such as oil ports are contemplated, that will
5 disrupt this lifestyle. Wherever in the world oil tankers
6 ply the waters, they leave in their wake, a chronic and
7 insidious trail of gradual environmental breakdown, under
8 standard operating conditions, if not major eco-system
9 destruction through accidental oil discharge.

10 Member groups of the Coalition
11 have a wide range of reasons for having an express concern
12 about oil transportation on the west coast. Whatever the
13 direction of our individual concerns, the intensity of them
14 is extremely strong.

15 Our dedication to the protect-
16 ion and preservation of our environment is equal in
17 strength to our drive for survival. Indeed, for some of
18 us, they are identical.

19 We want to make it very clear
20 that we will be pursuing this formal dialogue with all the
21 energy and determination appropriate to the continued sur-
22 vival of our quality of life.

23 While most of us realize
24 that some level of economic development and energy consumpt-
25 ion is necessary, in order that we may enjoy a diversity
26 of urban and rural lifestyles, we have a deep concern that

1 our energy resources are not being utilized efficiently or
2 equitably. Environmental and social costs are not
3 weighted realistically in project decision making. Only
4 economic expediency seems to be the important factor in
5 evaluating an appropriate course of action.

6 Within the framework of the
7 foregoing statements, therefore, the Coalition has assumed
8 the following general objectives for the purposes of its
9 participation in the West Coast Oil Ports Inquiry.

10 The first is to determine if
11 the alleged necessity for establishing a West Coast Oil
12 Port to meet future Canadian demands, is fact. The principal
13 argument the proponents of an oil port on the West Coast
14 of Canada offer, is that British Columbia will necessarily
15 have to land offshore crude within the near future. This
16 contention, in our opinion, is inaccurate.

17 There can be no doubt that
18 the environmental, fisheries and social costs of such a
19 project are potentially immense. It is our submission that
20 the need for a Canadian West Coast Oil Port cannot be
21 demonstrated, and it is our intention to produce evidence
22 before this Commission to demonstrate this thesis.

23 The second: To advance
24 recommendations for crude oil delivery systems that will
25 minimize environmental and social impacts. An oil port on
26 the West Coast of North America is planned, allegedly, to

1 solve at least one and possibly both of the existing problems
2 of crude delivery to the United States.

3 The first problem, it is
4 stated, is to deliver low sulphur crude to the Northern Tier
5 refineries, and the second is to deliver high sulphur,
6 Alaskan crude to the Continental United States. If these
7 problems do exist, then there is a variety of methods,
8 including non-marine transport, as well as a number of
9 alternative routes by which these problems can be
10 resolved.

11 The objective here will be
12 to explore all aspects of oil supply delivery systems.

13 The third: To make recommend-
14 ations on the environmental and social factors associated
15 with each of the three specific oil port proposals affect-
16 ing Canadian waters. Three distinct proposals for landing
17 offshore crude in and near western Canadian coastal waters,
18 are of immediate concern to the Coalition.

19 These are the Kitimat Pipe
20 Line Limited project; Trans Mountain/Arco project; and
21 the Northern Tier. We intend to develop all the relevant
22 information that would give an accurate accounting of the
23 relative environmental, fisheries and social aspects of
24 each project, from the perspective of people who live on
25 the West Coast.

26 These projects are vastly

1 different in terms of geography, affected resources and
2 operational scope. It is therefore likely they will vary
3 greatly in impact. Our objective will be to compare, and
4 perhaps rate, these three projects in terms of impact
5 intensity.

6 Our last general objective
7 will be to contribute to the development of an energy
8 policy for both British Columbia and Canada. One of the
9 main reasons that so much controversy has arisen over the
10 prospects of a West Coast Oil Port in Canada, is precisely
11 because neither the Federal nor the provincial levels of
12 government has an official energy policy.

13 Non-renewable energy
14 resources are being squandered at an accelerating rate,
15 and in B.C., the development of hydroelectric power is
16 proceeding at unrealistically high growth rates, to the
17 great detriment of wilderness, wildlife and fishery values.

18 Rich forests and agricultural
19 lands are being flooded, and preparations are underway to
20 strip vast areas of ground for coal production. Projects
21 are planned helter-skelter all over the country.

22 It is obvious that there is
23 no comprehensive plan on where we are going in energy
24 development, and on what the limits are for the use of the
25 different forms of energy, and on what the environmental
26 and health risks are from each.

Oil industry and energy

utility authorities promote their pet schemes in advertising same during televised hockey games and in magazines, that we will not be able to bake cakes, or drive our cars unless their planned developments are rushed through. The oil industry, public energy utilities and associated government agencies have been totally inefficient in their long term managing of the situation.

All too often, realistic and tough energy conservation and use restrictions have been ignored for the sake of short term, economic or political gain.

The public is increasingly being asked to accept the high degree of risk to the environment, to continue the present level of energy waste, and to pay socially and environmentally for such expeditious planning.

Rapidly developed proposals for West Coast Oil Ports fall into this category, and it is our intention to point out the full ramifications of such rushed and poorly planned projects. By doing so, we hope to contribute to comprehensive energy policies for B.C. and Canada.

I would like to make some additional remarks with respect to the Inquiry. First, the Coalition wants to commend the Federal Government for

1 taking the initiative to establish this Inquiry to look
2 into matters pertaining to the marine component of oil
3 development on the West Coast.

4 Federal legislation to deal
5 with large scale development is vague and inadequate, in
6 its provisions for public input into the decision making
7 process, in determining if the project should go ahead,
8 where they should be located, and what terms and conditions
9 should be applied to them.

Like Medicare, legal aid is now an accepted means of providing people with what society and taxpayers accept as being the necessary standard

1 of life. In the last few years though, some funding for
2 citizens groups taking part in public inquiries has been
3 provided. The absurd spectacle of unfunded, individual
4 citizens attempting to take part in inquiries, where only
5 qualified lawyers can take advantage of the formal procedures
6 and rules of law, is being overcome.

7 With funding, citizens groups
8 can now hire counsel and technical advisors on at least
9 a part-time basis, to put what they have to say forward more
10 effectively to commissions of this sort. The Coalition
11 would like to emphasize that the amount provided in this
12 Inquiry does not make possible a level of participation
13 by citizens groups anywhere near equal to the well-funded
14 oil industry participants.

15 The Government must recognize
16 this. However, it is a positive start and the Government
17 is to be congratulated for providing this assistance.

18 Industrial growth has both
19 benefits and costs, and in some cases it may be possible
20 for the costs to exceed the benefits. Part of the cost
21 of these pipeline proposals is the Inquiry itself and,
22 of course, the funding of public organizations, so that their
23 positions can be aired. These very real costs are not
24 borne by industry, but rather by the public. In fact,
25 the industry's costs of participation in the inquiry
26 process are invariably tax deductible, and of course, the

1 non-deductible portion is usually borne by the consumer.

2 We submit here that the average
3 taxpayer should not bear the costs of inquiries into private
4 projects. Although it is outside the scope of this Inquiry,
5 we shall be recommending to the Federal Government that they
6 institute a policy wherein the expenses necessitated by any
7 future inquiries of this sort caused by private corporations,
8 be charged back to the corporations.

9 It is our view that the
10 Federal Government should bill Kitimat Pipe Line and
11 TransMountain Pipe Line for the full cost of this Inquiry,
12 including the funding of intervenors. We want also to
13 express our concern with respect to the length of time
14 allocated for this Inquiry. Given the severity of the
15 implications of a west coast oil port, we feel that the
16 Inquiry will have to rush their investigation in order to
17 finish by the December deadline.

18 This hearing process should
19 be executed in a thorough, well organized manner so that
20 evidence and testimony can be prepared and presented properly.
21 We cannot overemphasize the importance of the Inquiry's
22 deliberations in this matter and we want the process to
23 guarantee that the rule of full and complete disclosure
24 are complied with.

25 Attempting to conform to
26 a restrictive time schedule and yet obtain the best available

1 at the same time may prove to be impossible. So let us
2 proceed carefully, but efficiently, and not let time deter
3 us from uncovering the facts.

4 The Coalition is concerned
5 that neither senior level of government has any established
6 policy for processing large development project plans in a
7 thorough and rational way. Each new project that is proposed
8 is treated in an ad hoc fashion and the processing of the
9 application by various regulatory agencies is subject
10 to a wide variety of discretionary choices by senior
11 bureaucrats and politicians.

12 How is the input to the decision-
13 making process on the west coast oil movement to be made?
14 What role will the public play in this respect at the
15 provincial level? In recent years, the people of B. C. have
16 been inundated with a number of huge development plans,
17 particularly in the North where environmentally sensitive
18 northerners have had to deal with prospects regarding
19 steel mills, railroads, mines, hydroelectric dams, super
20 saw mills, copper smelters, deep sea ports and so forth.

21 Each one of these has had
22 to be dealt with separately and at great expense to the
23 people in terms of time and energy. We require a formal
24 process, both Federally and Provincially, that will enable
25 such development plans to be scrutinized and processed in
26 the public eye with great thoroughness. We will be recommending

1 that such a process be written into law. At this time,
2 we can see at least three essential ingredients into such
3 a process. The first is a long range plan for both energy
4 and industrial development .

5 The second is comprehensive
6 environmental and sociocultural impact assessments of
7 development plans. The third, perhaps most important, is
8 the freedom of information acts at both levels of
9 government so that full disclosure of relevant information
10 is made public early on in the process.

11 The Coalition realizes that
12 neither it nor the Commission have powers of subpoena over
13 documents or persons resting outside of Canada and within
14 the exclusive control of non-Canadians. It is, however,
15 the sincere hope of the Coalition that documents and
16 witnesses that are not obtainable by subpoena, be obtained
17 through diplomatic sources, if possible, and in any event
18 to the facilities available to TransMountain, and which
19 may not be available and within the powers of the Commission.

20 For its part, the Coalition
21 intends to make every effort to obtain the relevant foreign
22 materials for the assistance of the Commission. Kitimat
23 Pipe Line Ltd. has, by its actions, caused a great deal
24 of inconvenience and expense, not only to the Government
25 of Canada, but also to this Commission and several other
26 citizens who acted upon the original application of Kitimat

1 Pipe Line Ltd.

2 The sincerity of this
3 corporation must now be open to question. It is the
4 Coalition's submission that unless Kitimat Pipe Line Ltd.
5 shows its sincere interest in the activities of this
6 Commission, it, or any off-shoot corporation, be prohibited
7 in future from resubmitting an application for a Kitimat
8 oil port.

9 It is the Coalition's further
10 submission that Kitimat Pipe Line Ltd. be assessed an
11 amount of money to cover the costs it has put the people of
12 Canada to, by the submission of its application to the
13 National Energy Board.

14 We also suggest that in the
15 future any applications, such as that made by Kitimat
16 Pipe Line Ltd., be accompanied by a substantial bond which
17 would be forfeited in the event that the application is
18 withdrawn.

19 The Arco and Northern Tier
20 Pipe Line projects are American projects and thus there
21 is no obligation on these corporations to participate fully
22 or even in part in this Inquiry. We heard this morning
23 the Northern Tier proposal described to the Commission.
24 It is also our understanding that Arco has been so invited
25 by the Commission and we suggest to the Commission that it
26 is of great importance that Arco participate in this process.

1 Arco has, I believe, stated
2 that Trans Mountain will represent them before this Inquiry.
3 This is entirely unacceptable to us. Arco, we feel, has an
4 obligation to participate fully on its own behalf in this
5 process. After all, it is Arco that will be constructing
6 new tanker facilities and increasing oil inflow in the Inner
7 Puget Sound area.

8 It is Arco's project that is
9 of key interest to an Inquiry examining the marine aspects
10 of oil transportation, rather than Trans Mountain's proposal
11 to collect crude oil at the Canada/U.S. border, and ship it
12 north to Edmonton. We view Trans Mountain's proposal --
13 rather, we view Trans Mountain's importance in this Inquiry
14 as no more significant than any other overland carrier,
15 such as say, Interprovincial Pipe Line, which would be
16 picking up Kitimat landed oil at Edmonton, and trans-ship-
17 ping it south to the Northern Tier.

18 At the pre-hearing hearing
19 in Kitimat, if I recall correctly, it was ruled by the
20 Commission that the proponents of the oil port projects
21 should present their evidence before other participants.
22 We strongly urge that this format be followed, even if the
23 participating corporations do not have a formal application
24 under processing at the present time.

25 Plans to build oil ports at
26 Kitimat, Cherry Point and Port Angeles, are very real

1 propositions, and in the sense that these corporations are
2 here to outline plans that are a cause of major concern
3 among the rest of us, it is only logical they present their
4 case first, so that other Intervenors have an opportunity
5 to examine their evidence.

6 We've already expressed our
7 gratitude to the Federal Government for the monetary assist-
8 ance given by it to public interest groups. At the com-
9 pletion of these hearings, the Kitimat Oil Coalition will
10 submit a complete accounting of the funds given to it.

11 We do suggest, however, that
12 when consideration is given to the magnitude of potential
13 oil spills and the expense created thereby, that the amount
14 received by the public interest groups, is infinitesimal
15 by comparison.

16 It is also of interest to the
17 Kitimat Oil Coalition, and we are sure, to the public at
18 large, to know the amount spent by the corporations in
19 this hearing, and we challenge them to publicly disclose,
20 at the completion of the hearings, the sums of money spent
21 by them in preparing for and advocating their case.

22 We want to make it clear
23 that we are speaking here, not only on behalf of the people
24 who live in the area, but on behalf of all the life forms
25 which are dependent upon the sea for their existence,
26 here in the northwest Pacific and throughout the world.

1 Very briefly, the scope of
2 our investigations will include regulatory processes with
3 respect to marine transport of oil; tanker insurance and
4 liability; supply and demand of crude oil; alternatives
5 to the proposed Kitimat and Cherry Point marine alternatives;
6 both marine and non-marine; oil marine terminal operations;
7 vessel traffic management systems; the effects, risks and
8 clean-up problems regarding oil spills; and some analysis
9 of the social impacts to the communities on the west coast.

10 And a few other short
11 comments. The matter was raised at the pre-hearing hearings
12 in Kitimat, with respect to the Province of British Columbia's
13 participation in the Inquiry, and the Coalition is not
14 satisfied with a selection of witnesses presented to the
15 Commission by the provincial government. We feel that there
16 will be people who will not be, for example, on the task
17 force, other people in the various agencies, whom we would
18 like to call upon, and we stress very strongly that it is
19 not up to the provincial government to say what witnesses
20 are available and are not available to this Commission.

21 We also feel that people who
22 participate in the formal phase of the Inquiry, who take a
23 stand one way or the other, should call forth evidence in
24 support of their stand. I am referring, particularly, but
25 I am not restricting myself, to the comments made by the
26 District of Kitimat, who came out in favour of the proposal.

1 If they are participating and making formal statements
2 within the framework of the formal phase, we would like to
3 see them call forth evidence to support that case.

4 I have one last statement,
5 which is actually in the form of a question, and it's that
6 there still is, in our minds, some ambiguity as to exactly
7 what the terms of reference say you can say and what you
8 can't say, and perhaps I can leave it as a question. Is it
9 within your terms of reference, Mr. Commissioner, to say
10 "yes, there will be tanker traffic on the West Coast," or "no,
11 there will not be tanker traffic on the West Coast of
12 Canada?"

13 Thank you.

14 THE COMMISSIONER: Thank you.

15 Next on the list is Dr.

16 Stace-Smith for the Fraser River Coalition.

17 DR. STACE-SMITH: Mr.

18 Commissioner, like the previous speaker, I'm here represent-
19 ing a coalition. The Fraser River Coalition is a newly
20 formed organization, just about four months ago. It
21 comprises delegates of various other groups, including the
22 B.C. Wildlife Federation, the Sierra Club, B.C. Federation
23 of Naturalists, the United Fishermen and Allied Workers'
24 Union, the Vancouver Natural History Society, Community
25 Forum and Airport Development, and the Scientific
26 Pollution and Environmental Control Society.

1 It's evident in this hearing
2 here, that many of these organizations are presenting their
3 own brief, and they will also -- some of these organizations
4 that are represented in the previous speaker, the Coalition.

5 The Fraser River Coalition
6 has concerned itself with environmental problems resulting
7 from developments in the Lower Fraser Valley, Lower Fraser
8 River Delta and estuary, and we are here today because of
9 our conviction that if a major port was established in the
10 Strait of Georgia, it would have serious environmental
11 implications in the Fraser River Delta and estuary.

12 This delta and estuary is the
13 largest and most productive on the Canadian west coast, a
14 coast that has extremely few significant estuaries. It
15 is impossible to overestimate the importance of estuaries
16 as primary biological producers for terrestrial, marine
17 and aquatic eco-systems, and the Fraser River estuary is
18 essential to Pacific Coast salmon fishery.

19 It's also a vital habitat
20 for millions of migrating and resident waterfowl and shore
21 birds. Furthermore, this area could provide immense
22 recreational, education opportunities to the large popula-
23 tions in the surrounding municipalities and cities, if
24 preserved and properly managed.

25 As the first act of this
26 Coalition, we organized a major conference just a few weeks

1 ago, held June the 17th to 19th. It was held at the
2 Richmond Campus of Douglas College, and out of that, both
3 an information and action oriented conference, which estab-
4 lished more clearly, the problems and possibilities that
5 exist in the Lower Fraser estuary and delta.

6 Nineteen resolutions resulted
7 at the end of that conference, and I will just bring your
8 attention to these, which I think are pertinent. I might
9 say that it's obvious our main stress was not concerned
10 with oil; there's many other problems.

11 But these two are as follows:

12 One on rehabilitation of fish and wildlife habitat:

13 "Resolved that there should be no
14 further alienation of the fisher-
15 ies and/or wildlife habitat, and
16 that instead, a program of enhance-
17 ment and rehabilitation of such
18 habitat be planned and implemented,
19 and that priority be given to
20 fish and wildlife habitat over
21 other uses, respectful of some
22 conflicts with regard to agricul-
23 tural uses."

24 And Resolution number 12,
25 which was entitled "Burden of Proof":

26 "Resolved that proponents of

1 developments on the Fraser River
2 estuary and delta be required to
3 prove that both:

4 (a) The development will not
5 affect adversely the wildlife
6 habitat, or the water quality of
7 the estuary delta, or social
8 environment, and

9 (b) That their location of such
10 development on the river and its
11 delta estuary is essential, and
12 that failure to do so must result
13 in refusal of permission to
14 develop."

15 Mr. Chairman, the presentation
16 today is going to be very brief on our behalf.

17 I would like to conclude
18 by pointing out a few of the ways we feel we may be able
19 to participate in these hearings as they develop.
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1 First, by providing a
2 public presence that reflects the concerns of the public,
3 particularly in the Lower Mainland, for the protection and
4 preservation of the Fraser River Delta and estuary.

5 Second, to assist in the
6 involvement and informing of the public of the progress
7 of this Inquiry, through our contacts with the constituent
8 organizations that make up the Fraser River Coalition.

9 Third, to assist in expression
10 and articulation of particular public concern in relation
11 to oil port development.

12 Fourth, by providing or
13 assisting in the provision of information and specific
14 data relating to the characteristics of the Fraser River
15 Delta and estuary as a social and biological resource, and
16 to its vulnerability.

17 Thank you, sir.

18 THE COMMISSIONER: Thank you,
19 Dr. Stace-Smith. To complete this afternoon, Mr. Ward for
20 Victoria Bluepeace. Mr. Ward?

21 MR. WARD: Thank you, Mr.
22 Commissioner. Mr. Commissioner, fellow participants, ladies
23 and gentlemen; my name is Bob Ward and I appear representing
24 the Bluepeace Foundation of Victoria, British Columbia.
25 I am a consulting marine engineer and ship manager with
26 approximately twenty years experience at sea and ashore on all

1 types of vessels up to 80,000 tons dead weight and 30,000
2 horsepower.

3 I come as Bluepeace technical
4 advisor and subcommittee head. I should explain here that
5 we have allied ourselves to the Coalition against Kitimat.
6 We support their views in many directions. However, we
7 were formed a little over a year ago with the concern of
8 the traffic in the Straits of Juan de Fuca as was resulting
9 at that time.

10 There has been a considerable
11 increase in this traffic and this traffic is with us. The
12 supertankers are with us. They have ships at present of
13 125,000 dead weight capacity traversing these waters. These
14 ships will increase in numbers and in size possibly. We
15 are concerned in Canada, particularly in Vancouver Island
16 and, of course, in the Straits of Georgia that we're not
17 adequately prepared at the present time. There are over
18 eight hundred superships in existence in the world today.

19 They're common news in other
20 parts of the world. There are super ports, some in
21 existence ten, twelve years. We can name Whitty Island and
22 Battery Bay in southern Ireland. Milford Haven
23 in south Wales. Rotterdam. These places do exist and
24 are successful.

25 Superships can be lived with,
26 we feel. However, we don't feel we're living with them

1 very well here in Canada or B. C. in particular at present.
2 We at Bluepeace were formed as a non-profit organization
3 in 1976 with the specific objectives of one, preserving
4 the beauty and natural resources of the B. C. coast. Two,
5 pressing for tough environmental laws governing the trans-
6 portation, handling and refining of oil on the Pacific
7 northwest area. Three, encouraging oceanographic research.

8 To that end, we have subscribed
9 a large membership of interested persons in Victoria.
10 Personally, having a cottage just inland from Anacortes,
11 Washington, and being a resident of Sidney, B. C., I have
12 witnessed this upsurge of traffic in the Straits. I have
13 seen the Shell and Texaco refineries at Anacortes and those
14 of Mobil and Arco at Cherry Point.

15 I have lived with the birth
16 of Port Hoxbury superport in Nova Scotia, being a
17 resident there for a year and a half. I look at the
18 vessels coming up the Straits now. I see ships such as the
19 "Arco Fairbanks". Personally, as an engineer and as a
20 seagoing man, I think it's a well found vessel. I think it
21 meets a lot of desirable characteristics in ships of this
22 type.

23 However, I'm not sure of those
24 ships that Texaco and Shell are planning for the future.
25 There is talk of them bringing crude oil to their refineries
26 at Anacortes. There is talk of them dredging their facility

1 there. At present, it's limited to forty feet. However,
2 they could dredge to bring ships of 190,000 ton dead weight
3 capacity to that area.

4 I recently reviewed the
5 characteristics of Sohio's new vessel, motor vessel "ADDIGAN PAS:
6 at 165,000 dead weight tons. She was launched in New Orleans
7 under U. S. flag and again is a fine ship. However, what
8 about the other ships that will ply our west coast within
9 our two hundred mile limit? What about the foreign flag
10 carriers and what indeed, about Sohio, who as you probably
11 know are owned largely by British Petroleum right now, and
12 who operate vessels under such names as Keystone Shipping,
13 Trinidad Shipping, Maritime Overseas. What do we know about
14 their ships and their capabilities? What laws have we got
15 in our Canadian waters here, in our two hundred limit, to
16 effectively control and to protect ourselves in this
17 area?

18 If a common user facility is
19 anticipated, is planned and is eventually built at Port
20 Angeles, we could expect vessels up to 400,000 tons possibly.
21 As you well know, a lot of these vessels are not up to
22 standards which could be called safe. How do we prepare
23 ourselves in Canada for these? Whatever happens in those
24 waters on the American side of the Straits of Juan de Fuca
25 or within our own two hundred mile limit will be of severe
26 consequence to us.

1 With total oil requirements
2 possibly in excess of 1,000,000 barrels of oil per day
3 for the Pacific Northwest area, we are concerned with what
4 this could mean. We don't need or want 40,000,000 gallons
5 of crude oil coming ashore in this area. 40,000,000 gallons
6 of crude oil is the capacity of one relatively small
7 150,000 ton ship.

8 Now, to give you an idea,
9 it cost over \$100,000,000.00 to clean up a 10,000,000 gallon oil
10 spill in Japan. What would a 40,000,000 gallon oil spill
11 cost us in dollars and ecological damage here? Who can say?

12 In intervening in this Inquiry,
13 we must first make, Mr. Chairman, two points about the format
14 of the Inquiry, and base our comments on those points. First,
15 we are very concerned that, although Mr. Michael Pitfield's
16 to you has authorized you to engage the services of engineers,
17 technical advisors, scientists and other experts, we are
18 of the opinion that engineers, technical advisors and
19 scientific experts are rather few and far between at these
20 hearings to date.

21 There has been virtually no
22 funding allocated to field studies and pure research which
23 we feel is necessary, on which to base adequate conclusion.
24 I would like to draw a comparison between this situation
25 and that that existed in the Beaufort Sea, some four years
26 ago, at which time the Canadian Government jointly with industry

1 has spent over \$4,000,000.00 in establishing baseline data
2 on the environmental impact of oil in the Beaufort Sea
3 area.

4 There were eighty-three separate
5 studies carried out at that point in time and as a result
6 of those studies, guidelines and Arctic pollution regulations
7 of a very high standard were set up. We maintain here that
8 nothing of a comparable nature has been done in British
9 Columbia waters or is planned. We have seen a great deal
10 of work done by the Oceanographic Commission of Washington
11 State and the U. S. Federal Department of the Ecology.

12 We very much regret that
13 to date this multi-disciplinary approach does not appear
14 to have been taken in this Inquiry.

15 Secondly, much, if not all
16 the advanced material I've seen discussed, centers around
17 a port at Kitimat, Cherry Point and a common user dock
18 west of Port Angeles. We submit that Anacortes is not to
19 be overlooked in this Inquiry.

20 At the present time, the
21 two refineries at Anacortes, Shell with a capacity of
22 90,000 barrels a day and Texaco with a capacity of 78,000
23 barrels a day, have applications pending to dredge their
24 channels to allow vessels of up to 190,000 dead weight tons
25 into that area.

26 For those of you that are

1 not familiar with the actual geographical location of
2 Anacortes, this is directly on the Rosario Straits and
3 is part of the traffic pattern to Cherry Point. We maintain
4 that we cannot tackle any Cherry Point issue without taking
5 Anacortes into account.
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(1) We intend to do a current inventory of all oil spill and containment equipment in the Puget Sound, Straits of Juan de Fuca area. We would

1 further assess that inventory in the light of proposed
2 tanker traffic increases, and we would compare it against
3 current technological development .

4 We feel that there is
5 possibly room for great increases in the expenditure of
6 money for this equipment, and there is room for joint effort
7 between Canadian and U.S. authorities, particularly when we
8 are tackling such large vessels and such potentially large
9 ships.

10 (2) We undertake a critique
11 of our Canadian Coast Guard regulations, our navigation
12 aids, and traffic management systems, with particular refer-
13 ence to oil pollution prevention and supertankers in the
14 Straits of Juan de Fuca.

15 (3) We would review those
16 tanker facilities already in existence and planned for the
17 area, and we would compare these with similar installations,
18 particularly at Whitty Bay, Battery Bay, Eire and
19 Rotterdam.

20 (4) We would undertake a
21 socio-economic impact study of a major oil spill as it
22 would affect the Victoria area.

23 As you well know, Victoria
24 is a tourist town basically. However, we have a large fishing
25 industry, and 40 million gallons would be disastrous,
26 we feel, to our life blood.

(PROCEEDINGS ADJOURNED TO WEDNESDAY, JULY
20TH, 1977)