Mr. Gauthier (Portneuf): Dumb "Bell" again.

Mr. Michener: Mr. Chairman, the question I had in mind related to the position which would exist when the 34-inch line, the construction of which is provided by this bill, has been completed. It has to be completed by December 31, and it would leave the 34-inch line from the Alberta border to the vicinity of Winnipeg. The bill does not seem to advance the matter beyond that. I wanted to ask the minister what the program was from there. Presumably that line would be used to provide Winnipeg. Where would the gas be taken from? There are no gathering lines in Alberta to bring it to the Manitoba border.

At the Winnipeg end, there is a market in Winnipeg and nothing more. I believe Winnipeg could be supplied with a very small quantity of gas, perhaps 35 million cubic feet per day as compared with a line capacity of 100 million cubic feet. I would like to know for what purpose the line would be used when it was finished, how much gas would go through it, and what amount of time would elapse before additional use would be made of the line?

Mr. Howe (Port Arthur): Mr. Chairman, in a line as long as the contemplated trans-Canada line and of those dimensions it would be quite impossible to think of completing the whole line in one season or, I think, in two seasons. It takes more equipment than I think could be gathered together for the purpose. It may be possible to build to Toronto in two seasons, I am not sure; but the point is that in building to Winnipeg we have built the first 600 miles of the line which will eventually go on to Toronto and Montreal; the most difficult part, because of the larger diameter than the other portions of the line, 34 inches as against 30 inches.

You say there are no gathering lines in Alberta. Well, that province has made arrangements with Tennessee Transmission for the necessary pipe for that purpose. That has been ordered, as well as the line pipe.

Chemical plants are being built in Alberta to clean the gas, and we are quite certain that gas can be delivered into the pipe line as soon as it is completed to Winnipeg. The main urgency is to get the whole situation moving; in other words, to get work going on in Alberta to open up the gathering end of the system; and to advance the pipe line; and to give some security to prospective customers that they will receive the gas for which they contract at a foreseeable time in the future.

Northern Ontario Pipe Line Corporation

The great difficulty about starting a pipe line from an area that has never sold gas and extending into an area that has largely never used gas is that it is extremely difficult to make firm contracts at either end. It is difficult to tell the customer when he will get his gas and it is difficult to tell the supplier when and how much of his gas can be sold into the pipe line.

There has been a great difference in the sales situation since this bill has been before parliament. I received an interesting memo a day or two ago which I might read to hon. members. This is in answer to a question that was asked as to whether the line could be financed without export at Emerson. Assuming that the bridge section—the northern Ontario section—will be built and owned temporarily by the government, it would require a throughput of about 300 million cubic feet per day in order to finance the line. With that throughput the line would carry itself and the problem of financing would not be difficult.

This is the memo:

> Trans-Canada Pipe Lines Limited informs me that of their total expected Canadian sales, they now have about 50 per cent under firm contract. Since, aside from the proposed export at Emerson of 200 million cubic feet daily, they have available from Alberta about 300 million cubic feet daily, this means that their firm contracts now cover about 150 million cubic feet daily.
>
> Trans-Canada informs me further that another 35 per cent of expected Canadian sales are covered by contracts which are now within one to four weeks of signature. In these contracts, the principles have been agreed upon, and only matters of detail remain to be negotiated.
>
> As regards the remaining 15 per cent of Canadian sales, Trans-Canada states that negotiation for contracts awaits such things as issuance of local franchises in a number of communities in which sales can be expected when a duly franchised utility is established.
>
> It should be noted in connection with the foregoing that the term "expected sales" does not tally with the amounts that the utility companies are contracting to take or pay for.

In other words, the load factor.

> All utility companies insist on a safety margin in their contracts. For instance, if they expect to sell 50 million cubic feet daily, they may contract to take or pay for 40 million cubic feet. The proportions I have stated make what Trans-Canada considers a conservative allowance for this customary understatement of demand, to arrive at a normal estimate, by gas transmission company standards, of expected sales.
>
> The essential point of these calculations is that Trans-Canada now has under contract or clearly in sight, from Canadian customers only, about 75 per cent of the income required to service the debt involved in building its whole Canadian gas transmission system. By the end of its second full year of operation, Trans-Canada now expects to be able to come very close to meeting all debt service obligations on Canadian sales alone.
>
> What is needed to secure the additional contracts that will protect all debt service is the assurance that the pipe line is under construction. This is the purpose of the legislation now before