

*By Mr. Smith (Simcoe North):*

Q. Mr. Porteous, you propose to operate in an area which is pretty much the exclusive domain of one marketing company now. Is that correct?—A. Frankly, I was up in White Horse this fall and I went to Haines Junction. From what I observed there are various stations along the road; that is, British-Yukon Navigation stations. But up in the Fairbanks area that company does not operate. However there are others, and I believe there is a subsidiary of Union Oil. There are other companies operating in that area so there will be competition. There is no question about that.

*By Mr. McIlraith:*

Q. I think you should go a little further and clear up a point. There seems to have been a misunderstanding arising out of an earlier remark. You are interested in two territories, the Yukon Territory and Alaska. The Yukon Territory has a population of approximately some 10,000 persons now—perhaps it is a little larger than that, and I am open to correction on that figure. The consumption in the year 1955-1956 was something in the order of 16 million imperial gallons per year. Your remarks a few moments ago about one company distributing in there in the past had to do only with the Yukon?—A. Yes.

Q. There was no suggestion that any part of the Alaskan territory was covered by the company which is presently distributing in the Yukon. I think it was also clear at the hearing before the Board of Transport Commissioners that the lines would be common carriers. It was also clear in the evidence as to the distribution that the reason the other company was in the distribution business was because no oil company had ever been there and they were therefore presently selling the products to anyone who would buy them. That is, the distribution arose by the nature of their operations in the territory rather than through an oil company going into the distribution business. I think that was pretty clear on the evidence. I think it is quite clear that while the existing company handled the bulk of the distribution in the Yukon Territory it had no distribution facility in the Alaskan territory.

There is a question before the hearing as to whether or not it would be economically feasible for you to build the line at all if you did not have the three-inch line in order to get into the Alaskan territory because the Yukon market is too small. I think that is right.—A. Yes.

Q. Perhaps you would clarify that?—A. The project involves two marketing areas; one is more important than the other actually.

The CHAIRMAN: Thank you.

Mr. FISHER: May I ask Mr. Robertson a question. Did the white Pass Company show any interest in the line in which this Alaskan-Yukon Company is interested?

Mr. ROBERTSON: Yes. They did. Actually the submissions that were made at the time the proposals were sought from various companies covered, in all cases, all the lines.

Mr. FISHER: Was the government policy based upon a desire to create a competitive situation here, or was it a case where they thought they could get a better price perhaps by dealing with two different agencies.

Mr. ROBERTSON: There was no thought of getting a better price. The feeling of the government, as I mentioned before, was that the primary interest, as far as the government was concerned, was to get an adequate supply of petroleum products in the Yukon area at a reasonable cost. If the government charged a high price for the lines, their price would turn up again in the price of the petroleum products. Therefore the proposal in each case was to lease the line at what would be, in the initial period, a nominal rent; but it was made clear