

permitted to earn for the exclusive franchise of running this line from the field where the gas is got—they are going to be permitted to earn over and above their total expenditure, and I understand that there is a law to that effect, but is that a state law which says you cannot earn over six per cent, or is it a federal law, Mr. Dixon?—A. It is not law, it is the Federal Power Commission that says that. They fix what they call reasonable earnings. It used to be six and a half per cent.

Q. And our commission here is easier, for you are going to be permitted to earn seven per cent in Alberta?—A. But that is not the law.

Q. I want to see why it is six per cent in the United States—Is it state, provincial or dominion law—and I want to know why it is seven per cent in Canada. It is time we learned in this committee that they are getting seven per cent instead of six per cent from Canadians on the same project.

Mr. PRUDHAM: That is in Alberta.

*By Mr. Ferguson:*

Q. Are you only going to be permitted to earn seven per cent of your money in Alberta and not in British Columbia?—A. I do not know the rules in British Columbia.

Q. I am not sure, because in the United States it is a federal law, a federal commission, so if we have not got such a thing in Canada it is almost time we introduced it to our committee.

The CHAIRMAN: That is out of our jurisdiction.

Mr. SMITH: Mr. Chairman, I think I can clear this whole matter, about the Alberta situation, up in a minute. I have been in all the gas inquiries for the cities of Calgary and Edmonton ever since they had gas. The situation is this: they set up a capital structure and then they are allowed to earn a given percentage on that. That percentage was not the same, for example, in Calgary as it was in Edmonton because of the risk factors, depreciation factors and all of these things which enter into it. As you know, when you lay a pipe line through alkali country, electrolysis sets up and the pipe disappears a lot faster than if laid over rock. It fixes a percentage having regard to all the various factors in any project. That principle, I assume, will still carry through and I still agree with the gentleman here that in British Columbia they have such a public utilities law, they have such a statute in British Columbia.

Mr. APPLEWHAITE: I think those regulations apply to all companies concerned and therefore do not refer to the operations of one particular applicant.

Mr. MURRAY: What would be the volume to Trail and to the atomic energy plant, per year, do you know?

The WITNESS: To Trail, the president has told us, through his engineers, that it will be a minimum of three billion a year and possibly 5·3 billion a year depending on their success on some processes they are working on now.

Mr. SMITH: What amount of coal will that supplant?

The WITNESS: Very little, I am told. The coal that they use there is mostly used where they require a hard fuel. It is fuel oil it will supplant.

Mr. MURRAY: What about the atomic energy plant? What will their consumption be?

The WITNESS: I am not free to give the exact amount. Maybe I have talked too much but it is a great deal more than that.