

Eddystone Rail Company
5 Industrial Highway
Eddystone, PA 19022



Written Testimony

Submitted for the record by

John R. "Jack" Galloway

President

Canopy Prospecting, Inc.

on behalf of

Eddystone Rail Company

for the hearing before the

Pennsylvania House Veterans Affairs & Emergency Preparedness Committee

on

"Public Safety & Emergency Preparedness & the Ramifications for the Railway Transportation
of Crude Oil across the Commonwealth."

Wednesday, March 5, 2014

Eddystone Fire Company #1

1112 E. 7th Street

Eddystone, PA

Eddystone Rail Company
5 Industrial Highway
Eddystone, PA 19022



Chairman Barrar, members of the Committee, I come before you today on behalf of Eddystone Rail Company and want to begin by telling you that we appreciate the opportunity to appear before this hearing today.

My name is Jack Galloway and I am President & CEO of Canopy Prospecting Inc., a Pennsylvania company based in Edgemont, Pa. Canopy joined Enbridge Rail (Philadelphia) L.L.C. in a partnership to develop the Eddystone Rail Project in late 2012. Since that time, we have worked with local, state and federal regulatory bodies to obtain the permits necessary to start work at the facility on property we lease from Exelon Generation. We have worked to meet and exceed expectations of the community and local stakeholders when it comes to the safety and aesthetics of the Project. We are continuing to communicate about the Project and the progress of construction. Thanks to the support we have received here in Eddystone from the local government and our landlord, Exelon Generation, and the hard work of general contractors like Matrix SME (based in Eddystone) and Nooter (based nearby in Bucks County) and the continuing efforts of more than 500 construction trade workers on site daily, the Project is in its final stages and we anticipate receipt of oil by the end of the first quarter or shortly thereafter.

The topic of public and work place safety and emergency preparedness in relation to rail transport of crude oil is key to our operation of the Eddystone Rail facility. Residents of the communities near the Eddystone Rail facility can expect that our facility will operate safely. Our highest priority is the safety of the community and the employees working at the facility. We have designed the facility to meet or exceed all Federal and State regulations and standards. We will conduct ongoing and thorough inspection of the facility and our operations. We will monitor the facility 24/7 using a combination of technology-based and on-site human inspections. In coordination with Exelon Generation, Eddystone Rail has developed a site-specific Preparedness, Prevention and Contingency Plan in the event of an emergency. We are also working closely with first responders in the area.

Upon completion, Eddystone Rail will provide the Philadelphia regional refineries access to growing supplies of crude oil from North American producers via a crude oil receiving facility that will be able to accommodate 120-car unit trains. Initially, we expect to receive 80,000 barrels per day (bpd) and will load that crude oil into third party barges for further transportation and distribution to local refineries. Ultimately, we have the ability for expansion to receive up to 160,000 bpd.

Rail service experts from RailServ will be instrumental in daily off-loading operations. Between 24/7 operations, management, safety and maintenance personnel, we anticipate that the Project will create approximately 50 full-time jobs. In addition to job creation, the Project will benefit local economies through purchase of goods and services, property taxes (\$1.7 million in estimated property taxes in 2014) and, most importantly, competitively priced light crude oil for area refineries.

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Again, safety and emergency preparedness is our #1 goal at Eddystone Rail. We will continue to work with local first responders, elected local, county and state officials and members of the community to ensure that Eddystone Rail Company is a good and safe neighbor.

Thank you again for allowing us the opportunity to speak today.

Construction Update

Eddystone Rail Project

February 2014

Rail Facility Construction Progresses in Delaware County



Early construction began in Fall 2013.



Rail installation and site configuration underway despite snowy conditions in February 2014.



Safety briefing at facility pump pit.



Hundreds of workers have been needed to build this rail facility.

Dear Neighbors and Public Officials:

Those who pass the Eddystone Rail Project facility on Industrial Highway in Eddystone have likely noticed the constant buzz of activity during the last several months. Cranes and bulldozers were scattered throughout the facility and – at the height of construction in January – more than 500 workers were on-site.

In a little more than one year, Eddystone Rail Company has made great progress on the development of what will soon be a state-of-the-art rail car offloading facility. Project partners have worked diligently with local and state agencies to complete regulatory permitting. Eddystone Rail Company contacted local first responders and planned ongoing training opportunities.

Last fall, as permits were received, the team quickly moved to clean the site and restore and reconstruct existing structures. Now, rail track is being reconfigured and offloading equipment and related infrastructure is being installed.

Upon completion, this new infrastructure will provide for the safe and timely receipt and distribution of approximately 80,000 barrels per day (bpd) of Bakken and other light sweet crude oil products being developed right here in North America. The Eddystone Rail facility will begin receiving oil via 120-car unit-trains during the first quarter of this year.

Our top priority is always the safety of those who live and work near our facilities, and we design, build and operate these facilities with a clear focus on reducing the risks of transporting volatile products. As construction comes to a close this quarter, we'll continue to uphold our commitment to safety.

We look forward to welcoming you to our new facility very soon.

Sincerely,

Steve Turnbull
Facility Manager
Eddystone Rail Co.



Project Benefits Local Communities and National Interests

- Jobs totaling 200 to 500 workers on-site during construction including welders, carpenters, pipefitters, electricians, dock builders, iron workers, operating engineers, millwrights, equipment operators, and laborers
- Approximately 50 permanent jobs when facility is complete
- Property taxes will be paid to the county and local jurisdictions, including the Borough of Eddystone
- Sales taxes will be paid on goods and supplies purchased during construction and throughout operation
- Providing new sources of crude oil to Philadelphia and region refineries
- Increased access to long-term, reliable and economical supplies of domestically produced crude oil
- New capital investment in the Philadelphia region's energy infrastructure to help meet the region's energy needs

SAFETY LEADS THE PROCESS

Project and operations representatives take safety seriously. The foundation of safety begins with prevention and onsite employee safety training. That includes employee training with fire systems, community and county response systems and Hazardous Materials Response.

We also have been and continue to meet with local first responders to build understanding of our operations and collaborative relationships with Eddystone Fire Company, Tinicum Fire Company and the Delaware County Local Emergency Planning Committee.

Our on-going effort includes:

- Facility-specific safety and familiarization training;
- Collaborative emergency response plans; and,
- Semi-annual response training.

Our commitment to safety continues:

- Member of the Delaware Bay and River Cooperative, an organization dedicated to the safety of one of the largest crude oil import ports in the nation (membership benefits include: boom storage, on-water response, spill management, shoreline clean-up and more)
- Contracted with two oil response organizations, which will aid the facility in potential spill response.
- 24/7 hotline assistance from National Foam, Inc., an emergency foam-based fire control technology provider with response centers in the Philadelphia area
- Installation of fire suppression systems throughout the new facility.

We're glad to be here and support the Eddystone community. We look forward to our ongoing operations here. Please let us know if you have questions.

Did you know...

Construction at Eddystone Rail Facility includes:

- Replacement and upgrading of the existing rail siding at the facility and installing new offsite rail siding.
- Retrofitting and improving an existing 200,000-barrel tank on Exelon Generation power plant site.
- Installing a new 20-inch discharge pipeline, two new transfer pumps and new equipment for transferring crude to barge docks.

Contact Information

Toll-Free Number
(855) 714-8336

Email
EddystoneRailProject@enbridge.com

Website
enbridge.com/EddystoneRailProject

Project Timeline

| | |
|-----------------------------------|--|
| November 2012 | Eddystone Rail Project announcement mailing to area landowners, affected businesses and elected officials |
| January 2012 | Open house was held at the Doghouse in Eddystone |
| April - May 2013 | Contractor information sessions, PADEP and local agency water permit application submission and approval, postings for local facility jobs |
| June - July 2013 | Open season for contractor bids, PADEP Air Permit public comment period, Delaware County Erosion and Storm Water Application |
| July - August 2013 | Eddystone Borough Council Project Update Presentation, USCG Pipe Truss Permit Application and Public Comment Period |
| November 2012 - Early 2014 | Retrofitting and Construction |
| Early 2014 | Facility in-service (anticipated) |

EDDYSTONE RAIL PROJECT

Berthold, North Dakota to Eddystone, Pennsylvania



The Eddystone Rail Project will provide Pennsylvania and regional refineries access to growing supplies of crude oil from United States producers. Enbridge Inc., through its subsidiary Enbridge Rail (Philadelphia) L.L.C., entered into an agreement with Canopy Prospecting, Inc. to create the Eddystone Rail Company which jointly developed the Eddystone Rail Project. The Project consists of a unit-train facility in southeastern Pennsylvania near Philadelphia to receive crude oil from the Bakken region of North Dakota and other light sweet crude oil and facilitate delivery to nearby refineries on the Delaware River. The Project is expected to initially receive 80,000 barrels per day (bpd) by early 2014, and can ultimately be expanded to receive up to 160,000 bpd.

The Eddystone Rail Project is being developed in response to shifting national supply and demand patterns and the demand by East Coast refineries to access growing supplies of crude oil produced in North America. The Eddystone Rail Project will be a vital new unit-train facility able to receive crude oil daily and facilitate delivery to the Philadelphia-area refinery market, which represents a key portion of the East Coast's nearly one million bpd of refining capacity.

This Project will provide an economical, domestic supply of crude oil to East Coast refineries that are currently dependent on more expensive foreign imports.

PROJECT DETAILS

In Service by Early 2014

- Upgrade the existing rail siding, including installation of a new inner and outer loop track and high speed hydraulic crude oil offloading equipment.
- Retrofit an existing 200,000 barrel tank on an existing Exelon Generation power generation facility.
- Install a new 20" discharge pipeline, two new transfer pumps, a new meter skid for transferring crude to a primary barge dock and a new dock-mounted safety skid for transferring crude to a secondary dock.

For more information about this project, please call (855) 714-8336. Or visit our website at www.enbridge.com/EddystoneRailProject.



Eddystone Rail will be located on the Exelon Generation power generation facility (shown here) near Philadelphia, Pennsylvania. The Project will move American oil from North Dakota to Pennsylvania allowing transportation to refineries in the Philadelphia area.

PROJECT BENEFITS

- Providing new sources of crude oil to Philadelphia and region refineries, thereby reducing reliance on imports from other areas of the world.
- Increased access to long-term, reliable and economical supplies of domestically produced crude petroleum.
- New capital investment in the Philadelphia region's energy infrastructure to help meet the region's energy needs.
- Regional employment opportunities for construction professionals and new business for contractors hired to assist with the design, survey, project planning processes and construction of the Eddystone facility and related infrastructure.

REGULATORY OVERSIGHT

Eddystone representatives have been and will continue to meet with a number of federal, state and local agencies and officials as the project is planned, authorized and permitted.

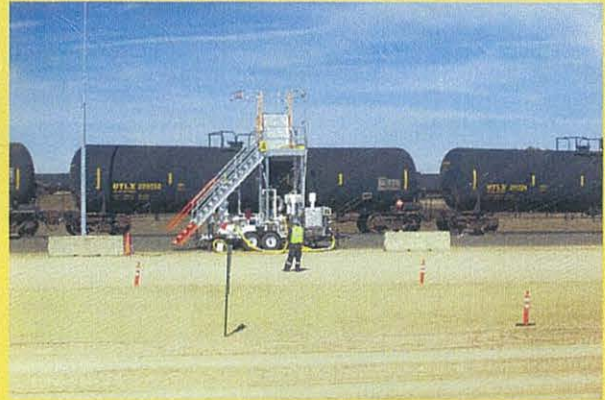
MAINTAINING SAFE OPERATIONS

The Partners are committed to the Eddystone Project and will incorporate safety measures into every aspect of the rail off-loading facility.

ABOUT THE PARTNERS

Enbridge Rail (Philadelphia) L.L.C., a wholly owned subsidiary of Enbridge Inc. (Enbridge), owns 75 percent of the joint venture and will serve as construction manager and operator during construction and operation of the facility. Enbridge is a leader in North American energy transportation. With more than 60 years of experience, Enbridge operates the world's longest, most sophisticated crude oil and liquids pipeline transportation system. Learn more at www.enbridge.com.

Canopy Prospecting, Inc. is an Edgemont, Pennsylvania, energy company that has secured a long-term lease of portions of Exelon Generation's Eddystone power generation facility.



Enbridge affiliate's Berthold Rail Facility in North Dakota was completed and put into service in September of 2012.



Tank terminal facilities like the one above are owned by affiliates of Enbridge. This Beaver Lodge, North Dakota, terminal provides temporary storage for light sweet Bakken crude. Crude oil pipelines deliver much of this supply to the Midwest and beyond, however, rail transportation is vital to filling the gap in available pipeline capacity for Bakken crude supply.

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