



CONTACT:

Wayne A Michel, President
Reading & Northern Railroad
610-562-2100
<http://www.rbmnr.com>

Railroad to Continue Fight Against Illegal Rail Authorities

FOR IMMEDIATE RELEASE

July 9, 2020 – Port Clinton, PA - - Reading and Northern Railroad announced today that it will challenge a recent Commonwealth Court decision that affirmed a trial judge's decision to reject its lawsuit.

The decision was the latest skirmish in a battle between Reading & Northern, the privately-owned, locally-based, regional railroad and SEDA-COG (a coalition of middle Pennsylvania counties) Joint Rail Authority ("JRA"). The case started in 2015 when JRA completed its tarnished process of choosing an operator. The process has been the subject of much legal action from Reading and Northern and others as JRA rejected the efforts of the Pennsylvania Attorney General to assist in designing a proper bid process. RBMN filed suit against the JRA and named as indispensable parties several other private railroads who were involved in the flawed and conflict-ridden bid process the JRA administered in seeking to award a long term operator contract. In the same action, RBMN also challenged the JRA's structure, organization and continuing expansions as violative of certain provisions of Pennsylvania's Municipal Authorities Act designed to limit a municipal authority's abilities to compete with private enterprises. The result has been a litigious quagmire resulting in years of uncertainty for the shippers and communities that rely on the rail service. Reading & Northern has argued that the entire process is yet another reason why local government should not be in the rail freight business.

In its decision a panel of three Commonwealth Court judges decided the JRA's process for selecting an operator for its short line railroads did not warrant judicial intervention, but the same panel was largely silent on the question of whether the limiting provisions of the Pennsylvania Municipal Authorities Act are ever triggered or implicated when a local government expands and grows its competitive enterprises into new territories being served by private industries.

"Reading and Northern continues to believe that it is improper and illegal for government owned rail authorities to compete against privately owned companies in handling rail freight business." said Andy Muller, Jr., owner/CEO of Reading and Northern. "Government should not own newspapers, television stations, gas stations or supermarkets. They also should not own freight railroads. Invariably when the government owns an entity that competes with private enterprise it uses the power of the government to tax and regulate to expand its power at the expense of the free market. Reading and Northern is committed to eliminating the practice of county-owned railroads in Pennsylvania. Twenty years after the Commonwealth sold all of its owned rail lines and 35 years after the Federal government sold its ownership in the only freight railroad it owned, it is time for the courts in Pennsylvania to recognize that

government ownership of freight railroads is contrary to state law and the well-being of the citizens of Pennsylvania.” Muller concluded.

Responding to the recent Commonwealth Court decision RBMN attorney Larry Moran of Joyce, Carmody & Moran, P.C. said, " We are specifically disappointed in the Court’s apparent disregard of the very important question of whether a governmental entity with mighty governmental powers, immunities and tax exemptions can continue to grow and expand without any limit, while depriving private industries of business opportunities. While we appreciate and respect the Court’s careful and thorough reasoning relating to the JRA’s intentionally confusing and murky RFP process, this litigation has always been first about having our day in court as to the improper competition occurring between local governments and private industries. The trial court, early in the litigation, issued a fatal ruling depriving us of any opportunity to present evidence or further argue this issue, and we had sincerely hoped the appellate court would provide us that chance. Since the appellate court did not address this very important question, among other suspected errors our attorneys are presently reviewing, we will next request a review of this decision by the full Commonwealth Court bench."

Reading & Northern Railroad, with its corporate headquarters in Port Clinton, is a privately held railroad company serving over 70 customers in nine eastern Pennsylvania counties (Berks, Bradford, Carbon, Columbia, Lackawanna, Luzerne, Northumberland, Schuylkill and Wyoming). It has expanded its operations over the last 30+ years and now handles over 34,000 carloads of freight and 140,000 excursion train riders over 400 miles of track. Reading and Northern operates both freight services and steam and diesel-powered excursion passenger services, owns almost 1,300 freight cars, and employs nearly 300 dedicated employees. Reading & Northern has repeatedly been honored as one of the premier railroads in the nation including being named Regional Railroad of the Year in 2020 by Railway Age Magazine.