

L-36-156.24
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December 23, 1936

Mr. Latimer

Mr. Schreiber

The Status of the Chicago, South Shore and
South Bend Railroad under the Railroad
Retirement Act of 1935.

The Chicago, South Shore and South Bend Railroad was organized on July 14, 1925, as the successor to Chicago, Lake Shore and South Bend Railway Company. The latter was incorporated in 1901 as Chicago and Indiana Air Line Railway Company; its name was changed some time in 1906 (exact date unknown) to Chicago, Lake Shore and South Bend Railway Company; and on July 14, 1925, it was reorganized as Chicago, South Shore and South Bend Railroad.

The first annual report, freight and passenger concurrences, and powers of attorney, were filed with the Interstate Commerce Commission in 1909. Local passenger tariffs were filed in 1908, but the Interstate Commerce Commission did not accept them until June 1909. Freight tariffs were not accepted by the Interstate Commerce Commission until October 1910. Though this road evidently intended to engage in freight transportation when it first filed freight concurrences and freight tariffs, it nevertheless owned no freight cars until 1916. In its report filed December 31, 1916, covering a six-months period, there was shown for the first time:

Non-electric freight cars	20
Electric locomotives	2
Freight car mileage	102,248

In its report filed June 30, 1916, there was shown the first freight revenue in the amount of \$5,458.

The first freight traffic interchanges were made in 1916 with the Elgin, Joliet and Eastern Railroad Company, the Illinois Central Railroad Company, and the Chicago, South Bend and Northern Indiana Railway Company.

The development and growth of the freight transportation of this road may be seen from the following information shown in the reports:

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	July 1 to December 31, 1916	For the Year 1920	For the Year 1925	For the Year 1931	For the Year 1935
Non-electric freight cars	20	21	31	24	23
Electric locomotives	2	2	2	14	14
Passenger revenue	\$476,294	\$717,540	\$634,362	\$1,332,101	\$817,146
Freight revenue	4,783	171,732	189,263	1,456,714	993,237
Passenger car miles	1,462,344	1,320,979	1,767,069	3,658,525	2,495,137
Freight car miles	102,248	574,641	798,413	4,548,373	3,322,132

From 1922 to 1931 this road constructed numerous short sidings and spurs to various industrial plants along its line.

Though in 1920 the United States Railway Labor Board decided that the Chicago, Lake Shore and South Bend Railway Company was an interurban railroad and therefore within the exemption proviso of the Transportation Act of 1920, the Interstate Commerce Commission in Rules for Testing Other Than Steam Power Locomotives, (122 I.C.C. 414), disregarded that decision and held, on February 14, 1927, that the Chicago, South Shore and South Bend Railroad was more than a street, suburban or interurban electric railway and therefore subject to the Locomotive Inspection Act. The Interstate Commerce Commission re-affirmed this decision in Pailway Labor Act Docket No. 8, Chicago, South Shore and South Bend Railroad, on February 14, 1936 (214 I.C.C. 167), and held the latter to be a commercial railroad and therefore not within the exemption proviso of Section 1 of the Railway Labor Act, which is similar to the exemption proviso of Section 1 (a) of the Railroad Retirement Act of 1935.

I am of the opinion that the Chicago, Lake Shore and South Bend Railway Company was more than a street, interurban or suburban electric railway within the meaning of the exemption proviso of Section 1 (a) of the Railroad Retirement Act of 1935 from July 1, 1916 to July 13, 1925; and that the Chicago, South Shore and South Bend Railroad was more than a street, interurban or suburban electric railway as aforesaid, from July 14, 1925 to date.

I recommend that service rendered to the Chicago, Lake Shore and South Bend Railway Company between July 1, 1916 and July 13, 1925, and

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that service rendered to the Chicago, South Shore and South Bend Railroad from July 14, 1925 to date, be creditable under the Act; but that service rendered to the Chicago, Lake Shore and South Bend Railway Company prior to July 1, 1916, should be disallowed for the present.

The filing of freight tariffs by the road which were not accepted by the Interstate Commerce Commission until May 1910, may be evidence of an intention to engage in freight transportation as early as 1910. Though it has no freight cars before 1916, it did have 3 box cars and 30-non-electric work cars in 1910. From 1913 to 1916 it had 3 box cars, 3 gas cars, and 18 non-electric work cars. However, the records show that the road had no freight inter-change connections and no freight revenue prior to 1916 (except \$60 in 1910 and \$45 in 1911), and it is difficult to consider it a commercial railroad before 1916.

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