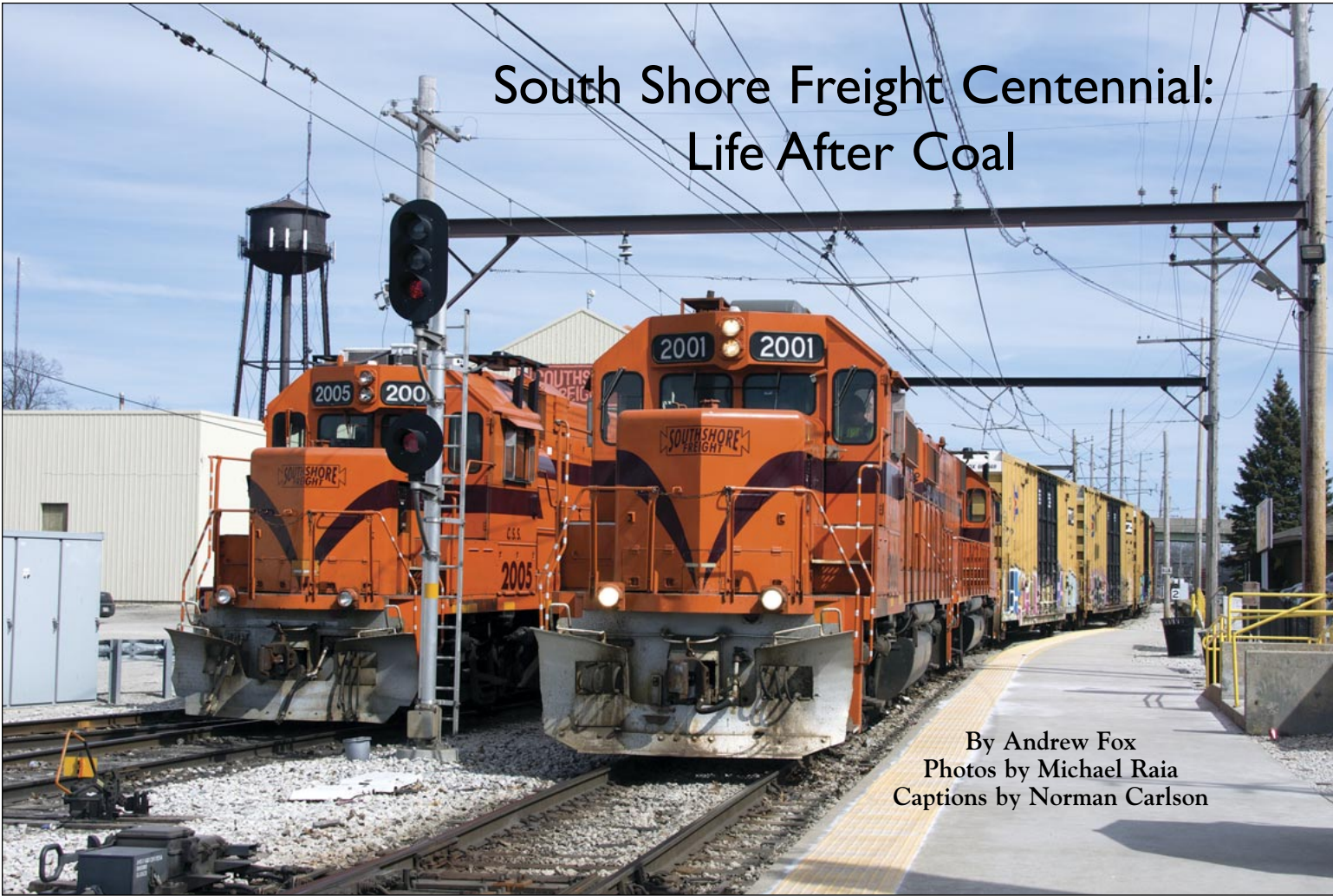


South Shore Freight Centennial: Life After Coal



By Andrew Fox
Photos by Michael Raia
Captions by Norman Carlson

▲ Since January 1, 1990, Northern Indiana Commuter Transportation District (NICTD) and South Shore Freight (CSS) have enjoyed a very successful public-private partnership. NICTD's president is encouraged by his compensation agreement to assure CSS's success. NICTD has economic dependence on CSS as a result of the trackage rights agreement. NICTD owns the tracks "under wire" and shop complex at Carroll Avenue, historically referred to as Shops. CSS owns the freight only trackage on the historic route and the Kingsbury Line. CSS's General Office is in the original General Office Building dating from 1908 that is located at the Michigan City Shops complex. Most freight crews originate at Shops like this job using locomotive 2001 in March 2018. Burnham Yard, just west of the Indiana state line, is the general yard. Additionally, there are two serving yards in Michigan City and another serving yard at Bailly.

Legend has it that the commencement of carload freight service on the South Shore Line was August 1, 1916, when a Chicago Lake Shore & South Bend motor hauled a single box car from South Bend. Prior to this date, freight was limited to packages and express shipments on combine cars.¹ From that humble beginning a profitable freight business prospered that allowed the South Shore Line to survive the demise of the interurban era by at least nine decades and stay healthy into this third decade of the 21st Century. I had the privilege of becoming the 13th President and CEO of the Chicago South Shore & South Bend Railroad² in August 2010, a position I held

until summer 2016. I remain on the board of directors to this day.

To appreciate how far South Shore Freight has come in the past 105 years, some history is needed. The "Lake Shore" was only moderately successful in developing carload freight business. By 1924 car loadings were a mere 3,900 annually. Because it was built to steam railroad standards,³ its potential for freight business attracted the interest of Sam Insull and led to his acquisition and reorganization of the railroad in 1925 as the Chicago South Shore & South Bend Railroad (CSS&SB). With more than a little help from Mr. Insull's family of electric and gas utilities, in particular Northern Indiana Public

Service Co. (NIPSCO), annual car loadings topped 59,000 within 6 short years. By

¹*South Shore-The Last Interurban*. W. D. Middleton pgs. 133-134. However, *First & Fastest* Autumn 2018 issue provides substantial evidence the real start was some undetermined date earlier.

²We know this because our Managing Editor declared my predecessor, Henry Lampe, to be the 12th president at his retirement lunch.

³Sam Insull, Jr. explained this to our Managing Editor in an interview in 1978. A determining factor was the sharp "S" curve between 10th and 11th Streets in Michigan City which could accommodate standard railroad freight cars. The line's value as a utility corridor was also key.



▲ We will start our pictorial tour of CSS with a trip on the Kingsbury Industrial Lead. CSS acquired 21 miles of this former Nickel Plate line between Michigan City and Dillon from Norfolk Southern (NS) on February 3, 2000. Originally connecting Michigan City with Indianapolis, this 161-mile NKP line was built by a series of predecessor companies that became part of the Indiana Peru and Chicago. IP&C was leased by the Wabash on September 1, 1881. Early in 1887 the Lake Erie & Western was incorporated to reorganize a group of predecessors and on March 15, 1887, it acquired IP&C's Indianapolis Division from the Wabash. In turn, the Nickel Plate assumed control of LE&W on March 1, 1922, the year that the Van Sweringen interests acquired control of NKP. Four miles of the former Wabash Chicago-Detroit mainline was acquired from Dillon to reach Kingsbury. In March 2018, the 2001 is switching the GAF facility on the east side of Roeske Avenue next to the CSS/NICTD complex at Shops.



▲ The GAF plant on Roeske Avenue produces asphalt shingles. CSS delivers granules in covered hopper cars and asphalt in tank cars to the south side of the plant using connections off of the Kingsbury Line. CSS picks up box cars of completed shingles from the north side of the plant using a siding adjacent to the main track to South Bend. Former NKP tracks going northwest after crossing South Shore's main line and Carroll Avenue are used as a serving yard for the customers on the Kingsbury Line. This yard also serves mainline customers as far east of Olive Siding between New Carlisle and South Bend. In April 2018 locomotive 2005 is switching the south side of the plant.

1934, 72% of the car loadings were coal. As is the case today with most short line railroads, a diverse traffic base is essential to long term survival. The South Shore Line went about aggressively diversifying its traffic base beyond coal by developing other local business as well as positioning itself as a bridge carrier between trunk lines serving Chicago and Northwest Indiana. They even experimented with piggyback. So successful were these efforts that by the early 1950's the railroad was handling over 100,000 carloads, 65% of which was bridge traffic and only 35% was coal.⁴

The Chesapeake and Ohio stepped in with stock control of the of CSS&SB in 1967 and progress reversed. Deregulation in 1980 wiped out the bridge business leaving the railroad to concentrate once again on its on-line traffic, which still relied heavily on coal.⁵ By 1984, C&O's successor, CSX, had tired of its involvement with South Shore and sold the railroad to

⁴Middleton, op.cit.

⁵C&O's interest in the railroad derived from CSS&SB's access, shared with New York Central, to the brand-new Bethlehem Steel mill in Burns Harbor that was built in 1964.

► In May 2020 2008 is leading two other units pulling a train of covered hoppers most likely headed for storage at Kingsbury. The train is approaching La Porte. The first segment of this line, the 23 miles between Indianapolis and Noblesville was opened on March 12, 1851. The final section from LaPorte to the Michigan Central depot in Michigan City, 13 miles, was opened on April 9, 1871. Since the 1980s this line has had a tortured history. Some of it is abandoned while some of it is out of service. There are segments used for switching grain elevators and other industries at Argos and Kokomo plus a tourist operation north from Noblesville to Atlanta which is four miles south of Tipton. By far, the most active segment is CSS's operation.



The Kingsbury Line crosses two heavily used mainline railroads, NS at LaPorte and Canadian National (CN) at Stillwell. Mike was able to capture this train to Kingsbury at both crossings in May 2020. ▲ NS is the former New York Central, Penn Central, Conrail route between Chicago and the East Coast. It is a very active railroad where on average you can see two to three train each hour. Sometimes they even come in fleets seemingly moving on each other's block signals. ▼ CN at Stillwell is the former Grand Truck Western's line through Michigan and Indiana to Chicago. The strategic purpose of this railroad is to bring CN's traffic from Eastern seaboard communities through the provinces of Quebec and Ontario to Chicago. ▼ This train has arrived at Dillon and will now shove westward on the former Wabash to Kingsbury. The connection to the Wabash can only be accessed from the South. After completing their work at Kingsbury this train will return to Dillon to run around their train, and then head back north to Michigan City.





Running freight trains on 10th and 11th Streets in Michigan City has always brought its challenges, especially having to obey the traffic signals. Everything from light engine moves to unit trains traverse this street trackage. ▶ The telephoto lens exaggerates the grade in 11th Street as this westbound freight approaches “church curve” at Cedar Street east of the Michigan City station. But a lengthy freight train still requires deft handling due to its weight. ◀ Automobile traffic is another hazard. This light engine move is westbound on 10th Street approaching Willard Avenue. The curve in the background is the curve between 10th and 11th Street that crosses Amtrak. The two locomotives are heading to Bailly to assemble the Belt Job train. These photos were taken in March and February 2018, respectively.



▲ CSS is one of the railroads owned by Anacostia Rail Holdings. A sister railroad is the Louisville & Indiana that operates the former Pennsylvania Railroad’s line between Indianapolis & Louisville, Kentucky. L&I 2005, painted in a PRR heritage Tuscan Red paint scheme, is on loan to CSS. It arrived September 2019 as is temporarily renumbered CSS 2010 to avoid confusion with CSS 2005. In a strange quirk of history, both Anacostia and Insull operated sister railroads between Chicago and South Bend and Indianapolis and Louisville. The South Shore Line was a part of Samuel Insull’s traction and utility empire in Indiana along with the Indiana Railroad. IRR and its predecessors operated an interurban railroad offering passenger and freight service between Indianapolis and Louisville. (See “Sam Insull’s First Investments in Indiana Traction: Louisville to Indianapolis” in the Summer 2021 issue of *First & Fastest*.) CSS 2010 is crossing U. S. Highway 12 in the northwestern part of Michigan City on the access to Lincoln Yard from the mainline at Power siding. Lincoln Yard is the serving yard for unit coal trains destined to the adjacent Northern Indiana Public Service Michigan City Generating Station that is scheduled to close by 2028. The yard is also used for serving customers off of Amtrak’s former Michigan Central line and for car storage.

Venango River Corporation, a company formed mainly by former Santa Fe officials. Venango’s subsequent investment in the ill-fated Chicago Missouri & Western and its cross collateralization with CSS&SB led to the bankruptcy of both railroads in 1989. All the while the freight business on the South Shore remained profitable and the franchise could survive if it could be uncoupled from the passenger expense. The passenger service, though subsidized, was not covering its fully allocated costs. A new group of investors from Anacostia & Pacific recognized the freight potential and in 1990 reorganized the company out of bankruptcy whilst spinning off the passenger service, ownership of the mainline⁶, and passenger assets to Northern Indiana Commuter Transportation District. NICTD had been a funding agency created to subsidize the passenger service but had not become an operating railroad.

⁶Initially CSS&SB retained ownership of the mainline in Indiana. To allow NICTD time to secure Federal funding, it was given a two-year option to acquire, which it exercised. CSS&SB today retains an exclusive, perpetual freight franchise. Historically the segment in Illinois was leased in perpetuity from an Illinois Central subsidiary, the Kensington & Eastern. Years later Anacostia interests acquired the K&E from IC. Today NICTD and CSS&SB are co-lessees of the K&E.



With the breakup of Penn Central, ownership of the former Michigan Central line between Porter, Indiana and Kalamazoo, Michigan was conveyed to Amtrak. Conrail retained the freight rights. In 2000, South Shore obtained trackage rights on approximately two miles of Amtrak's Michigan Line to serve two customers in Michigan City. ◀ In July 2021, CSS 2009 is leading a train of covered hoppers under the historic MCRR coaling tower in the northeast portion of Michigan City. It is a rare move to run under the MC coal chute. ▼ In November 2020, CSS 2009 and 2000 are running around their train in order to shove into USALCO (a major supplier of water treatment chemicals) and Shell. The move was necessitated by a large delivery of cars to both USALCO and Shell that day. The siding that CSS normally uses was not long enough to allow them to run around their train.

That all changed in January 1990. Today the CSS&SB is the Anacostia owned original company which goes by the moniker South Shore Freight.

In the years since 1990 annual carload freight volume has fluctuated between 40,000 and 60,000 carloads.⁷ As in the 1930's, the preponderance of the traffic has been coal. Steam coal was delivered to NIPSCO power plants at Michigan City and Bailly and metallurgical coal for coking was delivered to the steel mill at Burns Harbor⁸. For most of the past three decades roughly 60% of CSS&SB's freight business has been coal for these two customers. In an unusual homage to the Insull era of common ownership, in 1990 NIPSCO became a 40% investor in the reorganized South Shore Freight; a position they eventually sold to their partner Anacostia. But just like the 1930's the current imperative is to work hard to diversify the portfolio and reduce the reliance on coal revenues. The secular decline in the use of coal for electricity generation in favor of natural gas or renewables is an irreversible trend. NIPSCO retired its Bailly generating plant in 2018 and announced the decommissioning of its last coal plant at Michigan City by 2028. Finding replacement business for the inevitable decline in coal became a top priority when I arrived at South Shore Freight.

The company already had a track record of expanding its footprint. In late 1990 it obtained access to the National Steel Midwest Division works at Portage, IN, just west of the Bethlehem Steel - Burns Harbor mill. Access was through a new



connection between CSS&SB and Conrail at Wilson (CP487 on NS Chicago Line today). CSS&SB moved unit steel trains from Ecorse, MI to Portage via trackage rights on the former Nickel Plate connection with the Grand Trunk Western at Stillwell, IN and between National's Granite City Steel mill, near St. Louis, and Portage. In 2003 United States Steel acquired National Steel disrupting those flows and for many years thereafter the Midwest Division volume dwindled to only a trickle compared to the 1990's. This plant, however, plays a leading role later in our story.

In 1995 CSS&SB was granted renewed unrestricted access⁹ to the Illinois International Port District just north of

130th Street in Chicago via the NS (former Rock Island) connection. While once

⁷Tons of freight per carload in US increased approximately 90% from 1929 to 1990, making each 1990 era carload the equivalent of nearly two 1920's era carloads.

⁸The Burns Harbor steel mill has had four owners since it was built in 1964, Bethlehem Steel, International Steel Group, ArcelorMittal, and now, as of January 2020, Cleveland Cliffs. It remains the most modern and efficient integrated steel mill in the US.

⁹CSS&SB's original access to IIPD commenced in 1961 and had been via a short stretch of PRR track. That access was effectively severed with the Penn Central bankruptcy.



◀ We are now back at Power Siding ready to head west. With this eastbound NICTD train in the clear, the railroad is now available for west-bound movement. NIPSCO's Michigan City Generating Station is in the background. NIPSCO was also part of Insull's Indiana empire. On clear days, especially in April and September, the cooling tower can be observed from buildings in downtown Chicago. CSS 2005 is heading this train in February 2019.

▶ Bailly Yard is approximately two miles west of Dune Park station. It is the serving yard for the westbound steel business originating at the Cleveland Cliffs steel mill going to the Belt Railway of Chicago. It also handles some general freight. The "Belt Job" normally runs light engine from Shops to Bailly where it makes up its train to head west. This train handles CSX traffic as the interchange at Miller is only used for unit coal trains. Bailly is a tough place for switching as can be seen here. One track is north of the main track that has the overhead catenary. There are two yard tracks south of the main track. As a part of the double track project, the two main tracks will be on the south side of the freight tracks. The main part of the yard will be moved north with the acquisition of a portion of NIPSCO's serving yard for its Bailly Generation Station that was closed in 2018.



served by many railroads, over the years most of the other carriers pulled out of IIPD's West Calumet Lake zone. Rail business had shriveled to next to nothing before South Shore Freight reinvigorated it.

Similarly, in 2000 South Shore Freight obtained the rights to serve industries along the lakefront in Michigan City from Amtrak's Michigan Line. This added two new chemical plants as customers which remain active to this day. Connection to that line is made just east of the NIPSCO plant and operations on Amtrak's mainline are less than a mile.

The biggest expansion was the 2000 acquisition of 21 miles of NS's former Nickel Plate Michigan City branch (on a portion of which it already had trackage rights) and 4 miles of its former Wabash Fourth District to the Kingsbury Industrial Park, the site of the former Kingsbury Ordnance Works; once a major manufacturing facility for artillery shells in WWII. Kingsbury is blessed with ample railroad infrastructure and is home to four customers and plenty of land for more industry. South Shore Freight is the only railroad that currently serves the park even

though in WWII it was surrounded by four trunk line railroads, Nickel Plate, Wabash, Grand Trunk Western and Baltimore & Ohio. The Army chose Kingsbury in 1940 for its remoteness. It remains a perfect location for the sorts of industrial activity people generally don't want to live next to. There are also several industries between Michigan City and Kingsbury at Belfast, Laporte and Stillwell, all of which have shown significant growth. Along with the line also came a small four track yard in Michigan City which became the hub of all freight service east of Burns Harbor.



CSS 804 and 805 are SD38-2s that were purchased from the Iowa Interstate Railroad in 2014 during your author's tenure as CSS's president. His thought was to number these two units in honor of CSS's famous 800-class locomotives. ◀ In July 2019, CSS 805 is leading a train westbound through former "Ideal Section" (Wagner Siding) which now is the west end of the Wilson double track segment. ▼ In March 2020, CSS 804 is leading a westbound freight as it approaches the Gary Metro station at Broadway Avenue. On IAIS these two locomotives were numbered 154 and 155, respectively. The steam engine is Elgin Joliet & Eastern 2-8-2 765. The engine served the "J" until 1948 and then was transferred to the Duluth Missabe & Iron Range to finish her career. The engine returned to the "J" and was put on display in 1962. In history, these two railroads were owned by United States Steel. The number plate has the number 765 in the font used by the Nickel Plate Railroad.

CSS&SB today refers to this branch as the Kingsbury Industrial Lead (KIL).

South Shore Freight's affiliate, Illinois Indiana Development Company, also made strategic investments in industrial development property in New Carlisle and LaPorte, successfully locating two industries in New Carlisle.

Despite these gains, there were the inevitable losses. Georgia Pacific and Cargill both vacated their facilities in Gary and the last customers in South Bend shut down. This sort of churn is typical in the railroad business and only underscores the need to always seek new business.

Scroll forward to 2010, CSS&SB handled 46,000 carloads and still, despite these franchise additions, was 64% coal. It had to do more. Fortunately, I was blessed with the very capable commercial team of Chuck Compton as Vice president, who earned his marketing chops at the C&NW, and Andy Laurent whom we hired away from the South Bend economic development agency. This team was later joined by Anacostia's Chief Commercial Officer, Eric Jakubowski, a veteran of Conrail and CN. Our mission was simple, nurture the existing coal business while seeking new sources of traffic.

Usually, the most fruitful approach to increasing business is to focus on your existing customers. This we did in earnest. South Shore freight has the advantage of connecting either directly or through the Belt Railway of Chicago or Indiana Harbor Belt with every line haul railroad serving



Chicago. This puts these railroads in competition with each other to move our customers' freight. This is an advantage that relatively few short lines can exploit. By 2014 carloads were up to over 57,000 but coal, which also grew, was stubbornly still 63% of car loadings. Storm clouds were building. NIPSCO, historically our largest coal customer, was reevaluating its commitment to coal generation. A loss of either of their two powerplants would put a huge dent in our traffic. The shoe dropped in 2017, when NIPSCO announced the pending closure of the

Bailey Generating station in 2018. The scramble to diversify took on real urgency.

Fortunately, the outlook for non-coal business was improving. In 2015, a totally new customer, JBC Rail Services, leased some derelict Army trackage from a landowner at Kingsbury. Their goal was to become a railcar storage and transload facility. Despite a slow start, this facility has grown significantly handling a mix of both loaded and empty car storage.

In mid-2016, I retired and was succeeded as 14th president by Todd Bjornstad, an energetic and experienced railroader with



For years CSS interchanged cars with the Elgin Joliet & Eastern at Goff Junction. Goff is east of Gary between the Gary Metro and Miller stations. The track connecting EJ&E's Kirk Yard and Goff is known as the City Track. ▲ CSS 2003 is leading an eastbound train that originated at Kirk Yard and is headed toward Goff. CSS started leasing the City Track from CN in November 2017 with the objective of increasing the efficiency of interchanging traffic. Next to the City Track is CSX's former Baltimore & Ohio mainline. Just visible is the NS's former New York Central mainline. The CN locomotives in the background are on the Kirk Yard hump lead track. ▼ Looking down from the Indiana Toll Road just off Broadway Avenue, the hulk of Gary's Union Station is in the background. Note the string of gondolas carrying steel coils. Kirk Yard is west of the mill and not visible from this location.



Union Pacific and Genesee & Wyoming background, most recently the General Manager of the Rapid City, Pierre & Eastern, G&W's largest property. Chuck retired and Andy moved on, but the quest continued. In 2017 another new customer, Hickman-Williams — a supplier to the steel and foundry industries, opened a new

facility at Belfast, IN, between Michigan City and Laporte on the KIL. This business relocated from Chicago where they had been located on the B&OCT's orphaned Altenheim Subdivision. Most significant however was CSS&SB's lease from CN of five miles of former EJ&E City Track in Gary negotiated in late 2017. When CN

acquired the EJ&E it was agreed that the former IC Kensington interchange would be consolidated at the EJ&E interchange at Goff station in Gary. Goff is located at EJ&E milepost 6, the far east end of the CN City Track just east of Taylor Road near MP56 on the South Shore. The frequent presence of standing loaded and empty unit coal trains which were interchanged between CN and CSS&SB on the City Track often interfered with the interchange of non-coal business. CSS&SB proposed moving the non-coal interchange from Goff to the vicinity of Curtis Yard, just east of Clark Road in Gary, which would work better for all concerned. CN agreed and in January of 2018, South Shore Freight picked up 5 more miles of track and four new on-line customers with the potential for more industries to locate on the brownfield industrial sites.

By 2018, the railroads' first year without significant Bailly coal loads, carloads dropped predictably to 53,000 but the good news was our non-coal business almost doubled from 2010, such that coal was now only 49% of the total. Two years later, even more progress on diversification had been made. The year 2020 saw CSS&SB handle just shy of 59,000 carloads, despite COVID, and only 39% were coal. The revenue losses from Bailly generating plant closure had been completely supplanted by other new business. A key component of this growth spurt was an innovative series of agreements engineered by Eric and Todd between CSS&SB, Norfolk Southern, CN and US Steel that caused over 9,000 loads of steel to move between US Steel's Gary Works and their Midwest Division plant at Portage via CSS&SB using the City Track connection. South Shore Freight appreciates the trust placed in their service by Norfolk Southern and US Steel and the plan has resulted in a significant reduction in dedicated equipment.

Just as in the 1930's South Shore Freight has again reinvented itself from a railroad primarily dependent on coal to a railroad with a much more diversified traffic base. This transition will need to continue as 2028 may bring the closure of the Michigan City generating station as NIPSCO fully exits coal power generation. While the future of coal for electric generation is bleak, the demand for metallurgical coal for steelmaking at Burns Harbor



One quarter of the United States integrated steel-making capacity is concentrated along the southern shoreline of Lake Michigan between Indiana Harbor and Burns Harbor. In 2021 the principal mill owners are United States Steel and Cleveland-Cliffs. Inland Steel's facility in Indiana Harbor and Bethlehem Steel in Burns Harbor were acquired by ArcelorMittal who sold these mills to Cleveland-Cliffs in 2020. CSS's coal business is declining with the closing of the NIPSCO generating stations. Meanwhile, the steel business is growing to replace coal as the principal commodity carried by CSS. To trace the movement of a new steel movement we are going to head back east from Gary to the Burns Harbor area. ▲ In March 2021, CSS 2009 is leading a train of steel coils off the City Track onto the mainline at Goff Junction. Goff was named for Frederick Harris Goff, a lawyer who became the president of the Cleveland Trust Company. This bank was the principal investor in CSS's predecessor, Chicago Lake Shore & South Bend. Goff, as an attorney, represented John D. Rockefeller's Standard Oil Company of Ohio. He also served as Cleveland's mayor. ▼ At Wilson, the train is being delivered to NS's customer United States Steel. The intermediate haul between two Class I railroads is reviving a major CSS practice of decades ago. CSS was and continues to be a very efficient way to move between railroads in the Calumet Region.

remains strong and will remain so for the foreseeable future. A major addition to the team in 2020 was Tony Kazakevicius, a veteran of Indiana Railroad and IHB, as Director of Sales & Marketing.

Operations Changes 2010 to 2020

Besides the usual minor schedule adjustments, there have been several major operating changes implemented in the past decade. In 2012 long time VP-Operations, Jim Thompson, retired. He was succeeded by Mike Shore, a former Belt Railway of Chicago superintendent, whom we were fortunate to recruit away from Chicago Rail Link. Since well before 2010 all freight crews reported at Michigan City. In South Shore freight parlance these were a combination of Assigned Freight (AF) assignments, with fixed start times and days off, and Pool Freight (PF) assignments with more random start times and off days.





▲ The train we saw being assembled at Bailly has now reached Hammond. It is descending from the elevation along the Indiana Toll Road through East Chicago and is approaching Calumet Avenue, U. S. Highway 41. Just ahead is Burnham Yard where the train will occasionally do some work. At Kensington the train will enter CN/IC and use trackage rights on the IC to 95th Street. It will back through the connecting track at 95th Street onto the Belt Railway of Chicago and into their South Chicago Yard to deliver the train.

The PF assignments typically moved coal trains but also would pinch hit for AF assignments as needed.

A significant change came in late 2012 with the establishment of an on-duty location at Burnham Yard. This was done in conjunction with the introduction of a contract car repair operation at Burnham. The contractor and the railroad share the cost of the office trailer which also includes rest rooms, locker rooms and a break room.¹⁰ The Burnham switcher, which primarily serves the IIPD and other Illinois industries, now goes on duty at Burnham saving several hours of light engine operation between there and Michigan City in each direction.

In 2014 CSS&SB acquired its first six axle diesel locomotives. Two used SD-38-2's were acquired from Iowa Interstate.

These two units were numbered 804 and 805 as a tribute to CSS&SB's previous largest locomotives, the 800 class "Little Joe" electric motors 801-803. The goal was to use the additional tractive effort these units could produce to permit more trains to be operated with a single unit, saving fuel. This also permitted the entire fleet of GP-38-2s to be rotated off the property for overhauls at Mid America Car in Kansas City.

An even more significant change came in late 2017 because of the adoption of Precision Scheduled Railroading at CSX. That company determined that the long-standing interchange between CSX and CSS&SB at the B&OCT's East Chicago Yard, was no longer efficient for CSX and would need to be relocated.¹¹ CSX proposed that all interchange between CSX

and CSS&SB, except coal trains, now take place via the BRC.¹² Despite it being a

¹⁰The old yard office at Stateline had been sold several years earlier and still exists as a fire-works store.

¹¹Historically, because of electric operation, other railroads had to come to the South Shore's yards to interchange. Following full conversion to diesel traction in 1981, CSS&SB started venturing offline to other railroads' yards to interchange. Over the years CSS&SB interchange runs could be found at Barr Yard on the B&OCT, Proviso on the C&NW, Union Ave. on the BN and Commercial Ave Yard on the BRC. Currently the railroad only goes offline to BRC and to CN at Kirk Yard.

¹²Coal unit trains continue to interchange with CSX at Miller.



▲ In June 2020, CSS 805 and 804 are switching in Burnham Yard which is located just west of the Indiana state line in Illinois. This is CSS's general classification yard for eastbound freight and is serving the Port of Chicago on Lake Calumet between Hegewisch and Kensington. Some car storage is also handled at Burnham Yard. There is an interchange at this location with the Indiana Harbor Belt Railroad.

longer haul for CSS&SB with some corresponding extra trackage rights and switching costs, it did permit the consolidation of CSX traffic with the other interchange traffic South Shore Freight handles to/from the BRC and allowed the elimination of a separate CSX interchange run. Similarly, the demise of the NIPSCO Bailly generating plant unit coal train business led to further crew reductions. But these reductions were short lived. Growing business on the Kingsbury Industrial lead led to increased frequency of trips down that branch. But more significant was the implementation of the US Steel Gary-Portage steel train.

Following the EJ&E merger, CN consolidated most of its Chicago area manifest classification at the former "J" Kirk Yard in Gary. From 2009 on CN desired that CSS&SB interchange with them at Kirk Yard. We repeatedly declined that invitation as the extra crew time involved for the same amount of business could not be justified. Even in 2018, when we extended

our operations five miles up the City Track, we still declined to come all the way into Kirk, concerned about a loss of crew productivity. However, the opportunity to move large quantities of new business daily from US Steel Gary Works to their Midwest Division at Portage changed the calculus for South Shore Freight as an additional crew start was going to be required to move this priority business. In December 2019 CSS&SB crews began operating the entire length of the City Track and into Kirk Yard. There we pick up all the interchange business with the US Steel traffic blocked separately from all other cars. The cooperation from CN has been nothing short of exceptional. As part of this, the railroad established a new on-duty location in a fenced enclosure between NICTD and City Track just west of Taylor Road in Gary.

The future is bright for South Shore Freight. The upcoming NICTD double track project comes with some benefits for the freight operation. First, the railroad's

small three track freight yard at Bailly, from which it serves the sprawling Cleveland Cliffs Burns Harbor steel mill, will no longer be bisected by the main track used by NICTD. Switch crews will not have to interrupt their work to clear for passenger trains. The new double mains will shift to the south edge of the right-of-way while the old main track will become a freight yard track and the existing north siding will be expanded. Further, as part of a three-way deal between NICTD, NIPSCO and the railroad, CSS&SB will be acquiring some of the dormant NIPSCO coal yard trackage, increasing our yard footprint where our largest customers are located. Lastly, the additional main track between Gary and through Michigan City will give NICTD dispatchers more flexibility in moving CSS&SB tonnage and passengers. So as the railroad moves into the second century as a freight hauler, it is well positioned to continue reinventing itself so that it will remain America's last interurban for a long time to come.