



▲ In 1925 this Lake Shore special train is stopped at Shops on an eastbound trip. Behind the three motor cars are two Chicago & Alton Railroad dining cars. Lake Shore did not provide dining car service. We are wondering if this is an inspection trip of the newly acquired railroad for the Insull management team and friends.—Calvert Studio photo for the railroad, William C. Janssen Collection

Recalling Being with Samuel Insull Jr. in 1978 On the 100th Anniversary of His Acquisition of the South Shore Line

By Norman Carlson

June 29, 2024, is the 100th anniversary of when Samuel Insull Jr. went to Gary, Indiana, to acquire the Chicago Lake Shore & South Bend Railroad. We will focus on the business careers and personal lives of Sam Jr., his father Sam Sr., Britton I. Budd and Robert Feustel. Sam Sr. was an innovator and risk taker in the electric and gas utility business. Taking charge of Chicago Edison in 1892, Sam Sr. grew the business substantially using the traction load, power consumed by streetcars, interurbans, rapid transit trains and ultimately the Illinois Central and South Shore Line. This article contains significant background information on the people so that we have a greater understanding of the impact of the business and personal relationships that resulted in Sam Sr. becoming one of the richest persons in the United States.

Samuel Insull Jr. *Fortune Magazine*

Following are excerpts from an article that appeared in the September 1931 issue of *Fortune* magazine titled “Samuel II.”

The subtitle of the article was “Concerning Samuel Insull Jr., heir apparent, who does well the home-work his father assigns, is today’s most carefully trained successor to an industrial throne.” The article’s introduction went on to add: “He was reputed at Yale to be more interested in arts and letters than in engineering. And he has since observed the departure of an interurban electric train with the phrase: ‘God! That gives me a thrill.’”

The article continues:

“The Old Man had given The Boy an industrial plaything to break. But, when in 1923, Midland United was organized to hold the stock of a prosperous and well-



▲ Samuel Insull Jr.—Bruce Moffat Collection





◀ During the 1920s North Shore invested in dining and parlor observation cars for its limited trains. The Eastern Limited was scheduled to connect with trains traveling from the East Coast. It is shown here at Kenosha. Junior reportedly said when observing the departure of an interurban electric train, "God! That gives me a thrill." Perhaps it was trains like this that resulted in parlor and dining cars on the South Shore Line.—Krambles-Peterson Archive

(in the case of the South Shore) that of Britton I. Budd. Mr. Budd, one of Insull Sr.'s principal associates, had an important finger in the North Shore pie."

Britton Budd and Robert M. Feustel were the two most important "tutors" in developing Sam Jr. as an executive in his father's industrial complex.

Sam Jr. the Person

Junior was born on April 12, 1900, the Insull's only child. The following is the biography that Junior provided on his corporate history in transportation. In June 1926 he was appointed as a vice president of Midland Utilities. This is the company that acquired all of the securities of the Chicago Lake Shore & South Bend from the Cleveland Trust Company under a plan devised by Britton I. Budd in 1925. Junior then became the Executive Vice President of the reorganized Chicago South Shore & South Bend Railroad. In 1927 Junior purchased the Indiana Service Corporation for Midland United.

In January 1928 Junior unified all Insull utility properties in Indiana under the leadership of Robert Feustel. This combined entity provided 60% of all electric generation in Indiana and gas distribution in the northern one-third of Indiana. In 1930 Feustel and Junior formed the Indiana Railroad and attempted its rejuvenation. In June 1932 Junior's contact with transportation ended.

Following the bankruptcy of the Insull Empire in June 1932, Junior was focused on defending himself and his father and his uncle Martin against all of the criminal and civil charges that were filed against them. The three Insull men were found innocent of all charges. During World War II Sam served in the United States Navy. Following the war, he started selling insurance and in 1949 formed the Insull Insurance Agency. Sam was very well known for his dry sense of humor and collection of classic automobiles. He passed away on January 1, 1983.

directed group of Indiana utilities numbering thirty-four in all, it was observed on LaSalle Street (then Chicago's financial center) that the industrial plaything was the nucleus of the group.

We are not sure what the author was referring to. Indiana Service was the nucleus of Midland United. The author also could have been referring to the South Shore Line.

"Outside the utility field, however, the training of The Boy was more obvious and therefore more observed. A considerable number of years ago, the father had been called in by its receivers to manage an interurban electric line from Chicago to Milwaukee. He had reorganized the road's finances, put on dining cars, bettered service, brought his trains into the Loop over the lines of the elevated railroad, and thoroughly advertised the result. It was an important chapter in his career and one, he apparently decided, which a well-trained utility man ought to know. In 1925, there arose an occasion to purchase at foreclosure a miserable, run-down electric railway operating between Chicago and South Bend.

"As a customer of Insull electricity, it was to Insull's advantage that the railroad prosper. The original Insull road had been known as the North Shore. This was

known as the South Shore. He bought it. He turned it over to his son. And the son proceeded to reorganize, put on dining cars, lay a new roadbed, provide hourly service, win two annual trophies for the fastest average speed, and bring his trains into Chicago over the tracks of the Illinois Central. With the result that his passenger revenues in 1930 were 247 percent of 1926 and his freight revenues of almost 650 percent.

"The problem in both cases was the nature of the homework assigned by the Old Man. But the achievement was the private and personal property of the son. If he owed his chance at the South Shore to his father's educational theories, and the peripheries of his success as a member of the Insull group, the essence of his success was his own.

"People have not yet begun to describe the characteristic manner of Mr. Samuel Insull, Jr. as self-confidence and a proper willingness to trust his own judgement. But they have ceased to call him cocky. When a man has made a railroad out of a few cords of old ties (discarding the ties in the process), you assume that he knows what he is talking about."

There is a footnote in this *Fortune* article: "Homework to be done under the guidance of competent tutors, particularly

Samuel Insull Sr.

Samuel L. Insull was born in London, England, on November 11, 1859. At age 14 he became a secretary and bookkeeper for an auction firm. John Hogan in his book *A Spirit Capable, The Story of Commonwealth Edison*, published in 1986, said that in November 1878 Insull purchased an American magazine that contained an article about Thomas Edison. Sam was enthralled both by the dawning world of electricity and by the shaggy American genius who was its foremost developer. In 1879 Insull became a secretary for one of Thomas Edison's agents in London. Edison was Insull's idol. At age 21, in March 1881, he came to America to become Edison's personal secretary.

Insull's personality was very much formed by his parents who were lower middle-class Victorians. His father was perennially unsuccessful in business moving through a succession of jobs including being the secretary of a branch of a national temperance league. Both of his parents were fervent temperance crusaders, as well as religious zealots and all-around activists always ready to defend the underdog, or espouse an unpopular cause. His mother conducted a shelter for alcoholics. His father was very happy being on stage denouncing Demon Rum! Sam was a life-long teetotaler, who maintained an exquisite wine collection in his Libertyville, Illinois, estate for the benefit of his guests. Sam inherited his father's love of the stump, extolling the virtues of central station generation of electric power.

On May 22, 1899, Sam married a "tiny, exquisitely beautiful and clever" Broadway actress whose stage name was Gladys Wallis. She was born in 1875. Her given name was Margaret Anna Bird. At the time of their marriage Sam was 41 and she was 24. They maintained residences at 1100 Lake Shore Drive in Chicago, their Libertyville mansion and a suite in the Civic Opera House which Insull constructed. They were patrons of the arts who were also known for their charitable activities which included large sums to hospitals and African-American charities.

Insull's corporate financial structure was highly leveraged. A \$300 million organization was supported by \$27 million in equity. The rest was debt. Following the collapse of the financial markets in 1929, Insull entered a period of personal depres-

sion in 1932. Seeing an opportunity to take control away from Insull, New York bankers acquired \$50 million of debt issued by Insull entities to get their foot in the door. Three outside directors and General Electric aligned with the bankers. Insull's distaste of the House of Morgan from formation of General Electric some 40 years previously was coming back to haunt him. Under questioning about the financial state of the companies, Insull put his hands in his face, broke down and sobbed and finally put his face on the table.

On June 6, 1932, Insull sat at the end of a long table in his office on the 17th floor of the Edison Building, 72 West Adams Street in Chicago. Sam Jr. sat at his father's side trying to control his own emotions. All day long boards of directors met with Insull as he signed letters of resignation from some 60 corporations. Some of the people left the room with tears in their eyes as they walked through a hoard of newspaper reporters to leave the building. When Insull left the room, he said to the assembled reporters: "Well, gentlemen, here I am, after 40 years, a man without a job." Eight days later, Insull took a train to Montreal with security, a personal friend and with \$25,000 in his pocket, the only thing he had left after signing away all of his assets including two grand pianos owned by his wife.

For the six remaining years of his life, Insull, who suffered from a heart problem, lived in Europe except when he was extradited back to Chicago for his trial in 1934. While visiting Paris for Bastille Day on July 14, 1938, Insull's wife asked him not to use the subway. Insull viewed himself as a poor man and continued to use the Paris Metro. On July 16, 1938, after walking down a long flight of stairs, he had a heart attack in front of the ticket agent's window. Two hours later his wife collapsed in shock when told of his death. Later she sobbed that she was "all alone now" and later said, "I had told him never take the subways because it was bad for his heart."

They were staying in a Paris hotel after his pensions were restored upon being found not guilty on all of the criminal and civil charges that were filed against him. A popular legend is that Insull died penniless as his wallet had apparently been taken. He was identified by a hotel laundry bill in his pocket. Sam was buried next to his parents in London. His wife Margaret Anna passed away on September 23, 1953. The



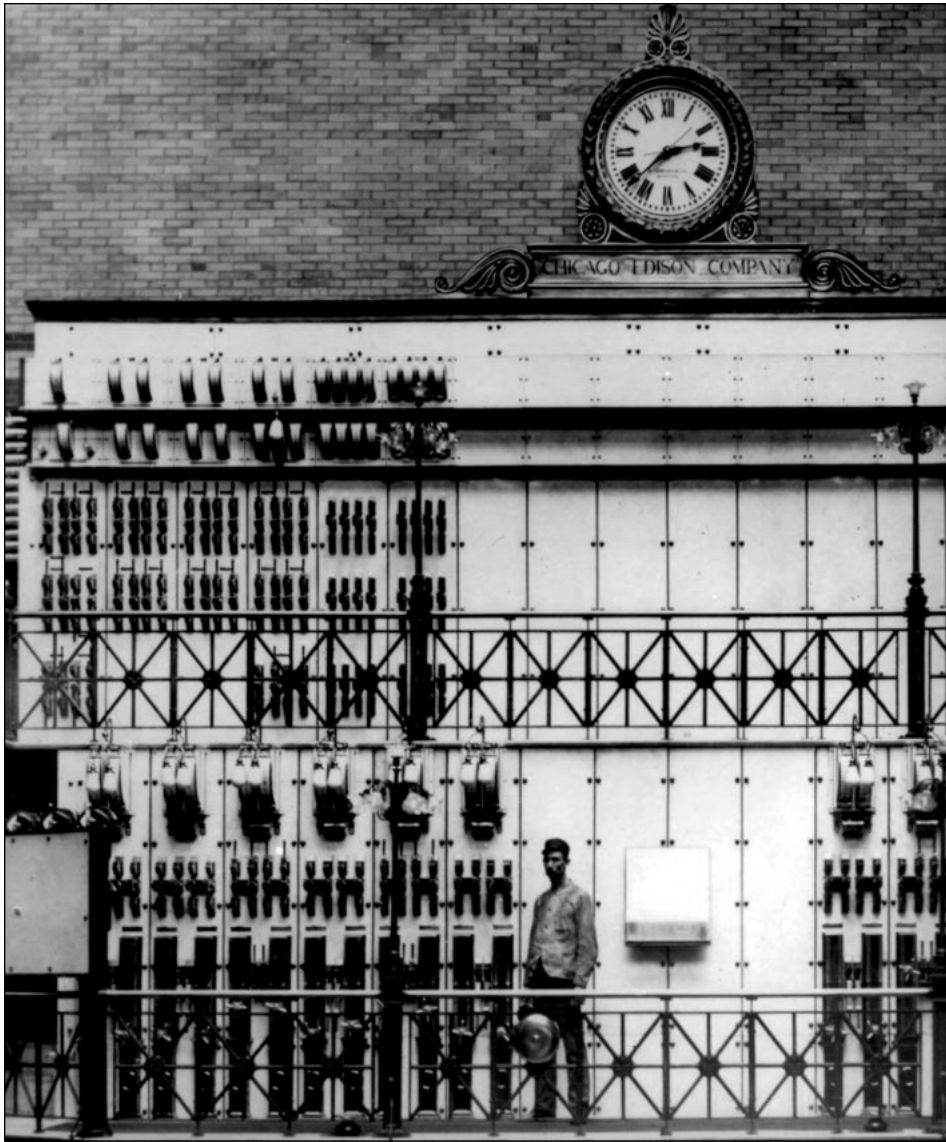
▲ Samuel Insull.—Bruce Moffat Collection

last member of the Insull family, her grandson Samuel Insull III, passed away on May 17, 1997.

Working for Thomas Edison

Insull was known for his ability to synthesize concepts and quantities of data into workable business operations. In his book *Edison*, Edmund Morris describes Insull as "fresh off a steamer from England, short, skinny, side-whiskered with popping eyes and a humorless manner. Insull did not look like a youth destined to become one of the richest men on the earth." Insull was reported to have a photographic memory. Sam soon discovered that Edison was "somewhat of a child about money." Insull immediately went to work starting with handling Edison's investments.

"By four o'clock of the (following) morning Insull has [sic] been through Edison's books and compiled a schedule of foreign patent rights as collateral against which further loans could be borrowed. If Edison was not yet assured by this performance that he had acquired a private secretary beyond price, then he was by Insull's ability to work through the night without apparent fatigue. A mutual contempt for the clock was to prove their strongest bond in the years to come." By coming to America Insull took a 50% pay cut to \$50 per month. In short order that changed as each time Edison formed a new corporation, Insull was appointed as the corporate



▲ When Harrison Station opened in 1894, a large ornate clock with a three-foot diameter face was mounted above the main switchboard. When Harrison Station was demolished in 1916, the clock was saved and sent to the new Edison building at 72 W. Adams where it presided over the Customer Hall until 1947 when it was placed in storage. Three years later it was installed at the new Ridgeland Station where it remained until Ridgeland was shut down in 1982. At that time, it was moved back to the Edison building and displayed facing Adams Street in a ground level window. Its present, 2025, location is not known to the author.—*Courtesy of Commonwealth Edison*

secretary and was paid in that capacity by each of these new entities.

By 1889 Insull was the vice president of Edison General Electric Company in Schenectady, New York. His reputation as a business dynamo was well known. Under pressure from the investment firm of the House of Morgan that was controlled by J.P. Morgan through a series of mergers of Edison General Electric and Thomson-Houston Electric Company, General Electric was created in April 1892.

Even though Thomas Edison received \$5 million for his 10% interest in Edison

General Electric there were strong feelings among the employees of that company “that Sammy had sold them and the old man out.” Edison had “confessed to some disappointment in Insull’s performance in the negotiations.” In the creation of General Electric, the names of the founders of the underlying companies, Thomas Edison, Elihu Thomson and Edwin Houston were not carried forward in the new corporation’s name.

Insull was disappointed that Charles Coffin was appointed the general manager of GE. Insull was offered the position of

second vice president, two rungs below Coffin. No other Edison employee was offered a significant position at GE. “When providently, the directors of the Chicago Edison Company asked Insull to find them a new president, he suggested himself and was accepted. Edison let him go without protest. Unpopular as the little Englishman had always been, with his clicking cash-register efficiency and Ozymandian sneer he received a valedictory dinner at Delmonico’s attended by Edison, (Henry) Villard and virtually every heavyweight in the electrical industry. Insull was still only thirty-two.”

Sam Sr. in Chicago Creation of Chicago Edison

Under Insull’s direction Chicago Edison bought out all of its competitors after the financial Panic of 1893. Insull was a pioneer in implementing the concept of central generation of electricity. In his book *A Spirit Capable*, Hogan describes the challenges that Insull faced in Chicago.

The origins of Chicago Edison were in an entity named Western Edison Light Company that was incorporated on May 2, 1882. The focus of this entity was to purchase, sell and install all apparatus necessary to provide electric power and lighting in personal residences of the rich and famous who lived along Prairie Avenue just west across the railroad tracks from what is now Soldier Field.

In 1884 Frederick Sargent became the chief engineer of Western Edison. This started a 35-year personal relationship with Insull that lasted until Sargent’s passing in 1919 at age 60. Sargent, a mechanical engineer, was also born in England and became known as Insull’s Engineer. In 1891 Sargent along with Ayres Lundy formed the consulting engineering firm of Sargent & Lundy in Chicago. Still in business in 2025, Sargent & Lundy retains Commonwealth Edison as a client.

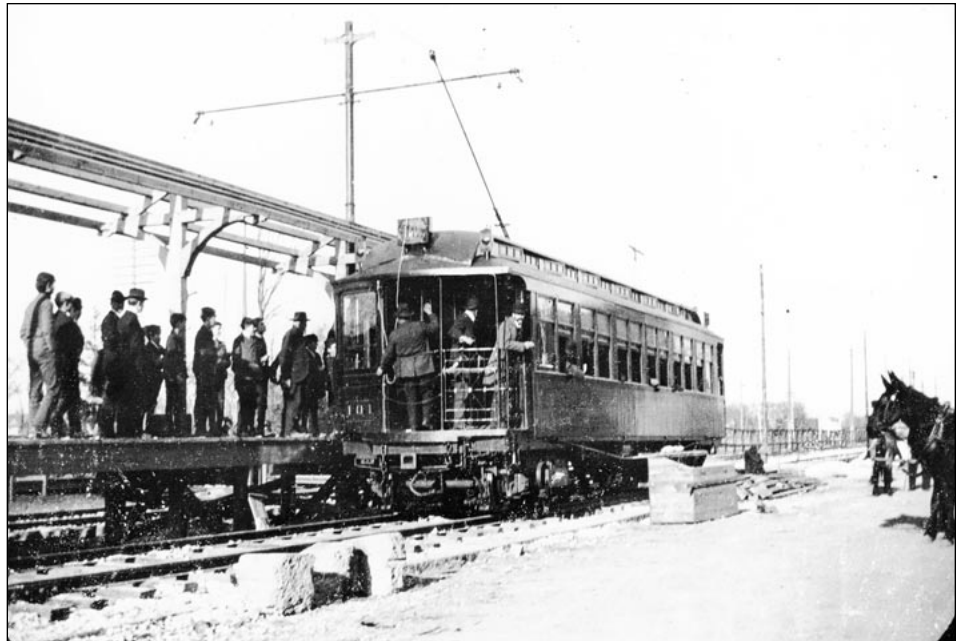
General Anson Stager, a district vice president for Western Union and president of Western Electric knew Thomas Edison and George H. Bliss, a long-time Edison associate who was the agent for another Edison venture in Chicago. Stager created Isolated Lighting Company in 1881 to provide the apparatus for commercial electric lighting installations, the Palmer House being one of these early applications.

Two events marked 1885, Stager passed away and Robert Todd Lincoln, the only surviving member of Abraham Lincoln's family came to Chicago. Lincoln was a founding partner of the law firm of Isham Lincoln & Beale which represented Edison's interests in Chicago. That firm was also the outside legal counsel for Chicago Edison, a relationship that lasted until that law firm dissolved in 1888. Lincoln also became the general counsel of the Pullman Company. When George M. Pullman passed away in 1897, Lincoln became the company's president. In 1911 he retired as the president becoming the chairman of the board until 1926. Robert was born on August 1, 1843, and passed away on July 26, 1926. His daughter Mamie was married to a member of the Isham family.

Sam Insull's core business strategy, based on his experience in Harrisburg, Pennsylvania, was the production efficiency and cost effectiveness of central generation of electricity. He and his team were prolific in developing new business by converting new customers from their own generation to Chicago Edison's generation and by acquiring small generating companies. Insull, for the first time in his career, had to face the complexity of a large central generating station design, including the size of the building and generating capability of steam turbine units plus financing the capital costs at a cost that would provide economic rates for customers.

Insull commissioned Frederick Sargent to design a revolutionary new electric generating station that would be twice the size of any existing station. Insull purchased a large plot of relatively inexpensive land along the west bank of the South Branch of the Chicago River at Harrison Street. With water on one side and the south approach to Chicago Union Station on the other side that could deliver coal by rail, this was the ideal location.

The initial generating capacity was 6,400 kilowatts, twice the capacity of the most recently built generating station. Insull's plan included a very large building to house future capacity. The staff people who studied the plan were aghast at the millions that would be spent on a generating station of this size. They could not envision how the investment could be recovered by additional business in a reasonable period of time. Insull prevailed.



▲ The growth of Chicago's rapid transit system was a significant factor in the growth of Chicago Edison. On April 14, 1899, this car is being operated as a test train on the Chicago & Oak Park Elevated, the Lake Street Line. The car is eastbound at Central Avenue. Five days later, revenue service began between Cicero Avenue and Austin Boulevard, a distance of 1.5 miles.—Bruce Moffat Collection

The Harrison Street Station commenced operations in August 1894 and reached its initial capacity one year later. The load continued to grow by leaps and bounds. The station's generating capacity grew to 8,900 kilowatts in 1901 and nearly doubled over the next two years to 16,200 kilowatts. At this time the Harrison station was the largest and most economical electric generating station in the country. The growing traction load is most likely what drove this incredible growth in demand.

The Traction Load

Core to Insull's business strategy was the "traction load," the amount of electricity consumed by electrically-powered railways. Early in Chicago Edison's history, the traction load consumed 75% of the company's generating capacity. The traction load, so named as electrically propelled vehicles, including diesel locomotives throughout the world, are propelled by traction motors mounted on the axles with gears on the motors and axles to turn the wheels.

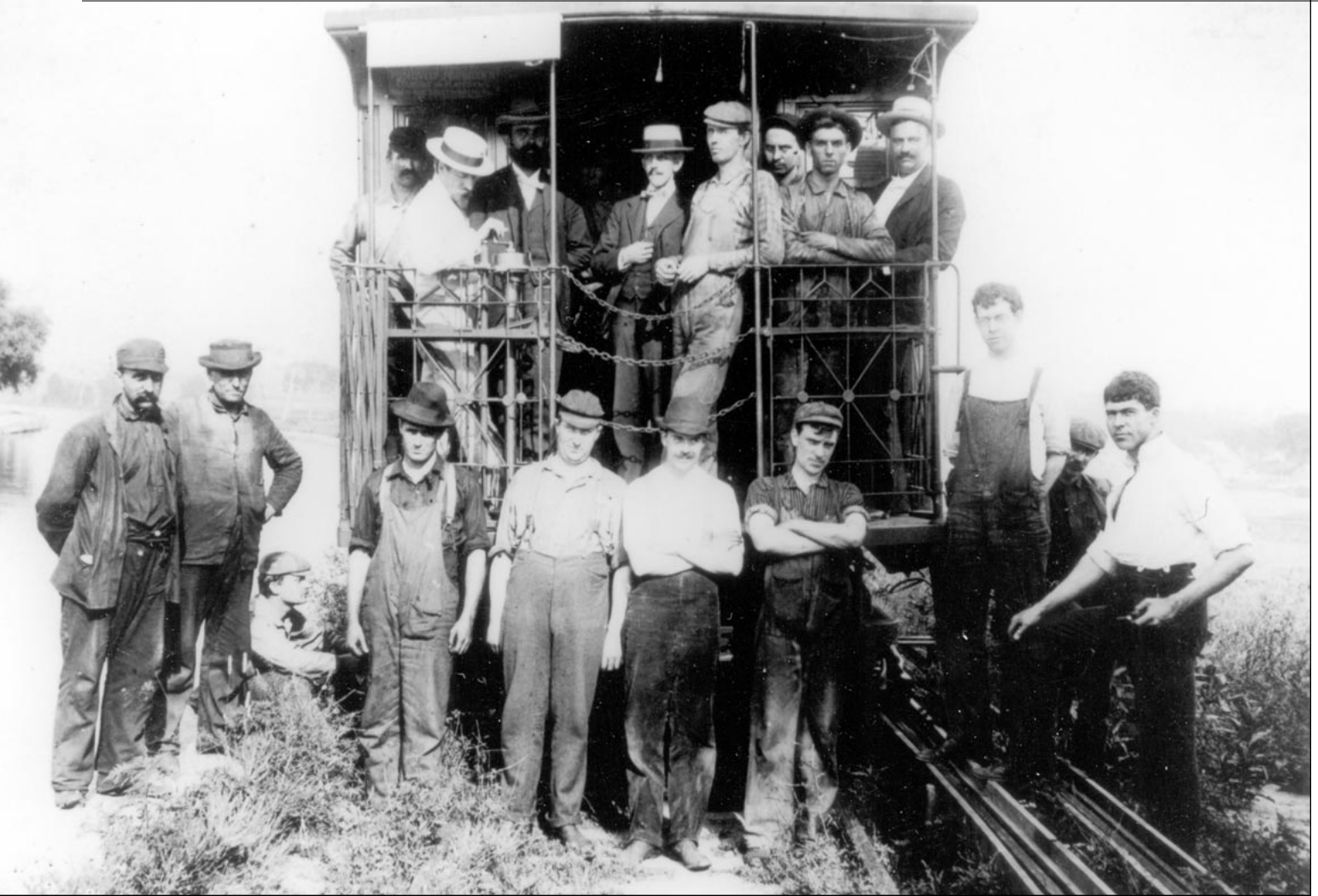
Most likely Sam Sr.'s education in the incredible potential for electric demand came from Frederick Sargent and Ayres Lundy. Lundy worked with Frank Julian Sprague on the first commercially successful electric streetcar operation in

Richmond, Virginia. Lundy, as a consulting engineer, had considerable involvement in the development of streetcar and interurban railways.

The 1890s was the period of time when the South Side and Lake Street elevated railroads were electrified, the Metropolitan West Side Elevated Railroad was constructed as an electric railway, and the electrification of the streetcar system was in progress.

Sprague was involved with Thomas Edison following his military career and had developed the control system for elevators. In the late 1890s Sprague was attempting to interest railroads in his latest idea, multiple unit (MU) control. In 1897 Sargent and Lundy was engaged as the consulting engineers for the electrification of the South Side Elevated. While Sprague was unwilling to assume the business risk of the project, both Frederick Sargent and Ayres Lundy convinced Sprague to apply his MU control concept as a major component of this electrification project with the support of their consulting firm.

On July 18, 1897, Sprague successfully demonstrated his MU technology with a two-car train of South Side rapid transit cars at General Electric's Schenectady, New York, plant. Ten days later a six-car



▲ The first successful test of the multiple-unit concept occurred on July 18, 1897, at the General Electric plant in Schenectady, New York. Frank Sprague is the person in the white shirt and straw hat on the left side of the car's platform.—W. R. Keevil Archive

train was successfully operated at GE. On November 12, 1897, successful tests were conducted over 63rd Street on the South Side Elevated. Additional tests under traffic conditions were successfully conducted on the Metropolitan West Side Elevated. On July 27, 1898, the South Side's conversion to electric operation was completed.

Public transit in Chicago began with horsecar lines in 1859 and cable car lines in 1882. In compliance with ordinances, the first electrified street railway line was in South Chicago. The first electrification was Calumet Electric Street Railway Company's line that ran from 93rd Street and the Calumet River in South Chicago via South Chicago Avenue to Stony Island Avenue at 79th Street. This occurred on October 2, 1890, before Insull arrived in Chicago, but Sargent and Lundy were aware of what was happening in Chicago.

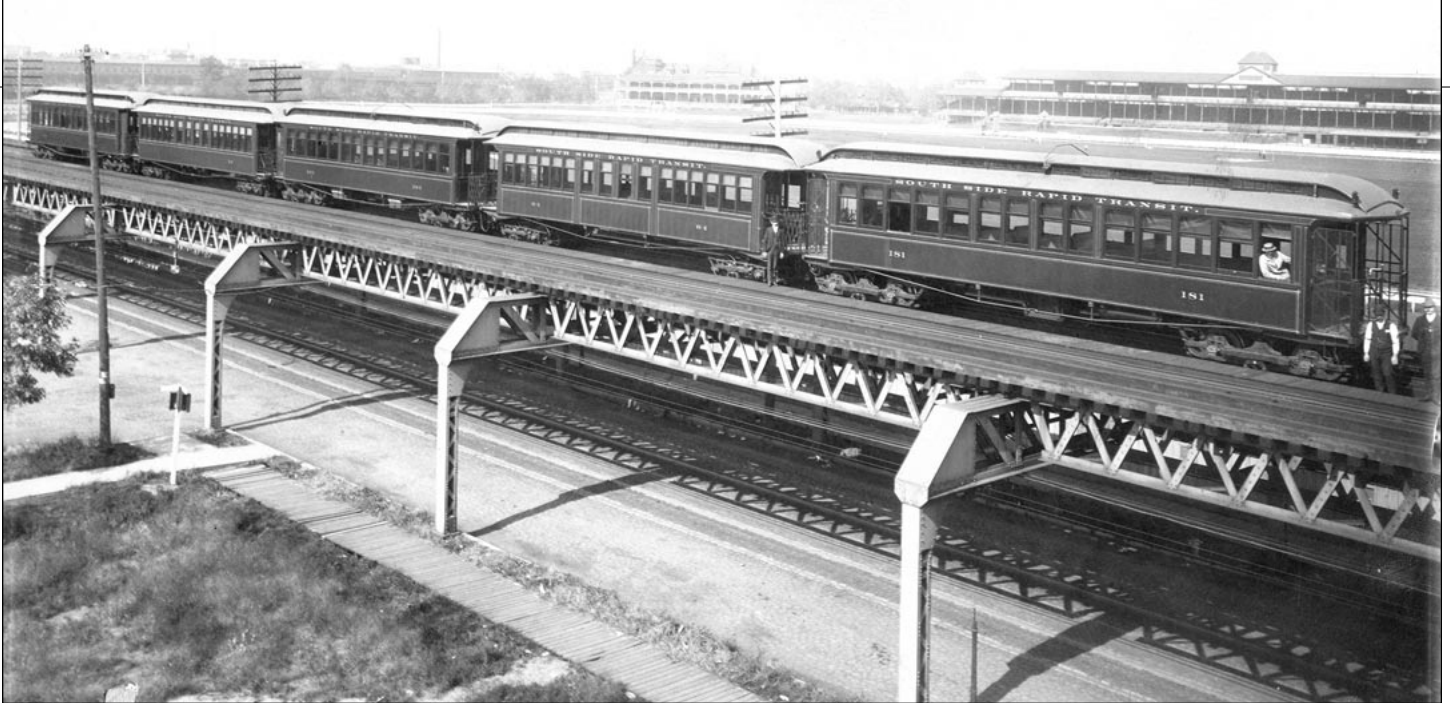
In 1906 the last of the horse car and cable car lines had been converted to elec-

tric power. In 1889 the City of Chicago annexed Hyde Park Township that extended from Pershing Road, 39th Street, to 138th Street and from State Street to Lake Michigan and the Indiana state line. In 1888 Chicago occupied 43 square miles. By the end of 1889 Chicago added 125 square miles of territory through a series of annexations. This is important as the area of the future franchise agreement that Insull would obtain covered a very large area.

Interurban electric railways were the next chapter in the traction load's development. The Aurora Elgin & Chicago added to the load of the Metropolitan West Side Elevated when it began operations from Laramie Avenue to downtown Chicago in 1905. Insull certainly became aware of the North Shore Line's predecessor, the Chicago & Milwaukee Electric, as a part of the Lake County Experiment in 1910. There was also the Chicago &

Interurban Traction Company and, of course, the South Shore Line. Beyond Chicago there were electric rail operations in Illinois, Indiana and other states.

The final agreement impacting the traction load during the Insull era was with Illinois Central's suburban service. In 1923 a long-term agreement was signed with Commonwealth Edison to supply electricity and build seven substations along the railroad. The load was equivalent to that of a city with a population of 125,000 people. If this measurement was made in 1923 it did not include of the traction load of the South Shore from the Indiana state line through Kensington to Randolph Street. In Indiana, South Shore's traction power was provided by the Northern Indiana Public Service Company (NIPSCO). Both of these companies were subsidiaries of Midland United. Commonwealth Edison's largest annual increase in electricity demand came when the IC came on line in



▲ With MU control, running trains of various lengths to match passenger loading was easily accomplished and kept the car maintenance costs under control. When the new MU equipped cars were being tested in 1897, the tests were held on the middle track over 63rd Street so as not to disrupt the steam-powered regular service. Electricity was provided by the local streetcar company. The grandstand of the Washington Park Racetrack at its original location in Chicago is in the background.—W. R. Keevil Archive

1926 which was coupled with the increasing popularity of home appliances.

A Lesson in Chicago Politics

In the late 1890s and early 1900s the mayor of Chicago and a group of aldermen known as the Gray Wolves engaged in the practice of creating dummy corporations as a method to shakedown business executives. One victim was Peoples Gas which paid \$7.38 million in 1895 to acquire Ogden Gas and its franchise. Ogden Gas never delivered one therm of gas. There were a number of proposed transactions involving Charles T. Yerkes and his investments in the streetcar companies on the North and West Sides, in the Lake Street Elevated and the Northwestern elevated railway companies. Yerkes, based on his corrupt history in Philadelphia, played this game starting in 1896. Insull was another story.

The Gray Wolves approached Insull seeking up to \$1 million to prevent the creation of a competing company with a 30-year franchise to serve the entire City of Chicago. Insull refused. The Wolves then formed a dummy corporation named Commonwealth Electric Company. The City Council granted this company a 50-year franchise. Insull still said no. The Wolves then tried to make the dummy company into an active company.

Insull held the final card. Chicago Edison held exclusive rights to buy the

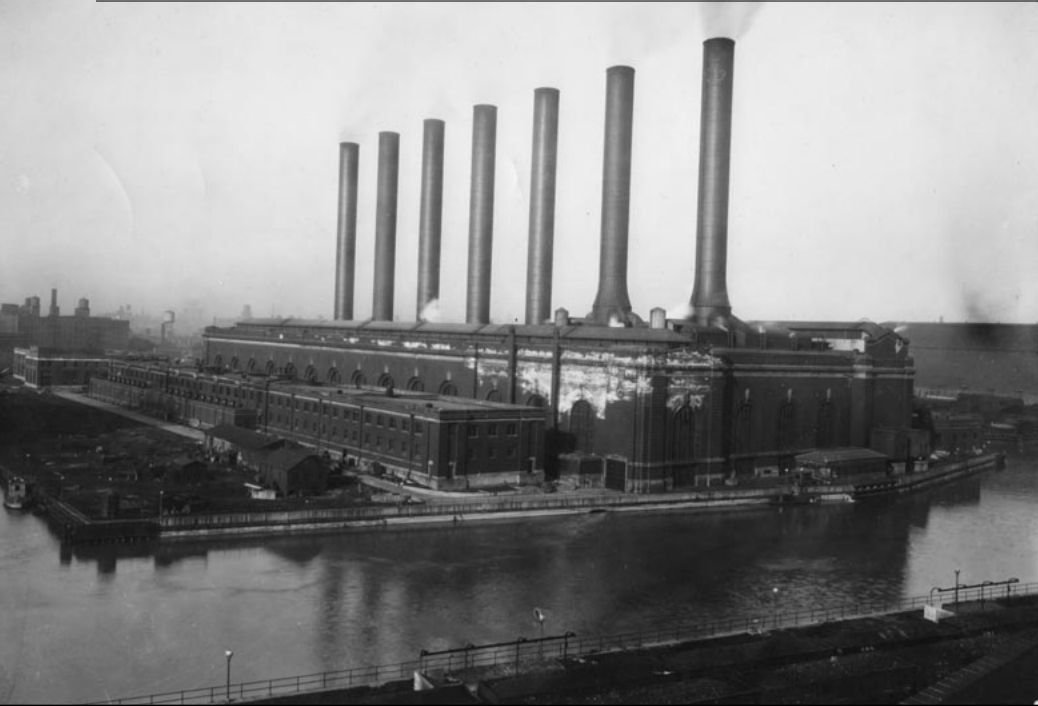


▲ In 1905 the Aurora Elgin & Chicago became the first interurban to enter Chicago over the rapid transit system. A reciprocal trackage rights agreement allowed the AE&C to reach the Loop and the Metropolitan West Side Elevated to extend its service from Laramie Avenue to Des Plaines Avenue. When Insull acquired the reorganized Chicago Aurora & Elgin in 1926, Sam Jr. referred to it as a “half and half deal.” It was half traction and half electric utility. CA&E’s power generating station in Batavia provided electricity to Batavia, Geneva and St. Charles.—Bruce Moffat Collection

electrical equipment of every American manufacturer. Insull had won! The Wolves knew it! Four months later in 1898 Insull paid \$50,000 for Commonwealth Electric and a 50-year franchise in Chicago. This maneuvering earned Insull the grudging respect of Chicago’s rough and tumble political operatives.

To head off further clashes, Insull moved to develop friendships with the Wolves, especially Roger Sullivan. This

friendship lasted for two decades until Sullivan’s death. An operating contract allowed the two companies to operate as a single entity and Chicago Edison began acquiring utilities in the outlying parts of Chicago. A formal merger of the two companies did not come until 1907 when the stockholders approved the merger. Commonwealth Edison, now known as ComEd, is the electric utility in Northern Illinois in 2025.



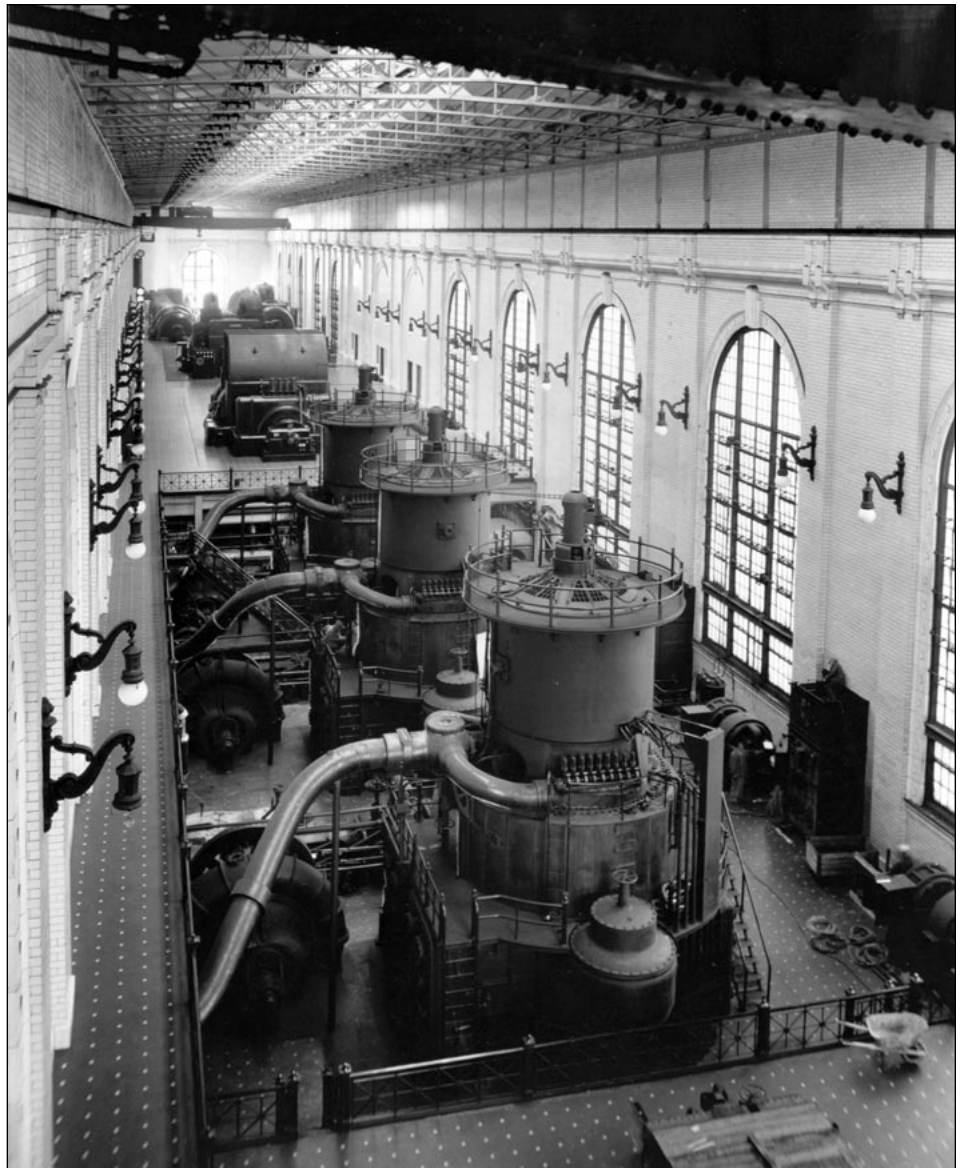
The Increasing Demand Requires Even More Infrastructure

As the demand for electricity continued to grow in the late 1890s and early 1900s, Insull again commissioned Frederick Sargent to challenge the conventional wisdom of how large a generating station could be built and how much capacity each generating unit could have. This resulted in the legendary and historic Fisk Street Generating Station on the North Bank of the South Branch of the Chicago River. (In 1937 Fisk Street was renamed Carpenter Street. The plant's location was almost one-half mile west of Halsted Street south of Cermak Road.)

Insull desired to have individual generating units of 5,000-kilowatt capacity, 1,000 more kilowatts than the Harrison Street units. Charles Coffin, General Electric's president, balked. Insull persisted,

▲ The Fisk Street station was located on the South Branch of the Chicago River south of Cermak Road (22nd Street) and west of Halsted Street. It was named for Fisk Street, a north-south street that was renamed as Carpenter Street. Coal could be delivered by rail or barge.

► Three of the early vertical turbogenerators are visible in this photo inside Fisk Station after 1914 along with one of the newer horizontal turbogenerators. As power increased, so did the size and weight of the units and Commonwealth Edison again worked on the development of larger units that were horizontal instead of vertical.—Two photos courtesy of Commonwealth Edison





▲ The Chicago & Milwaukee Electric was key to Insull's plans in Lake County. C&ME traction load created the base load for the generating stations that Insull acquired in Lake County. This car is at the line's first station in Evanston, the Milwaukee Road's depot at Davis Street in downtown Evanston. ▲ Insull's expansive vision of the application of central generation of power together with purchasing farm property and building a mansion in what is now Vernon Hills south of Libertyville led to the Lake County Experiment in 1910. A demonstration farm was built west of Mundelein to demonstrate the use of electricity to save labor in farm operations. His investments in Lake County also included taking control of the Chicago & Milwaukee Electric during this period of time. Circa 1910 C&ME car 34 is laying over at the end of the line at Mundelein. In that era the village was named Rockefeller.—Two images LeRoy Blommaert Collection

threatening to take his business to England. Coffin and Insull compromised. GE would assume the manufacturing risk while Chicago Edison would assume the installation risk.

Insull told Coffin, if the GE equipment did not work: "I will make no claim against you ... all you have to do is take the apparatus out and throw it into the junk pile." The engineering world could hardly believe its ears.

Ground was broken on June 28, 1902, and Unit 1 went into service on October 2, 1903. The station was built to accommodate 14 units. Three more units went into service from 1903 to 1906. There was pomp and ceremonies as well as problems with Unit 1.

According to Insull, a terrific rumbling occurred when the first unit was started up. The problem was identified and fixed. When Sargent was preparing to start it up again, he looked around and ordered everyone out of the room. When Insull asked why, Sargent's reply was that what he was doing was dangerous and that he did not know what would happen. "Then why don't you leave?" Insull asked.

"Look, Mr. Insull, it is my job to stay here. I have to. But you don't. Don't you understand? This damned thing might blow up," Sargent said.



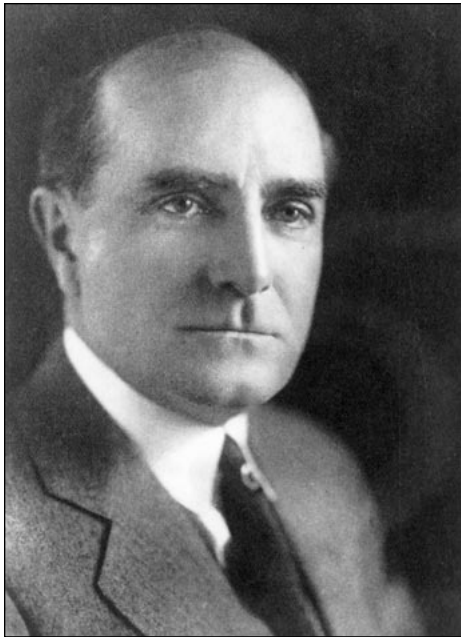
Insull replied, "If it blows up, I will blow up with it anyway, in more ways than one, so I might just as well remain here." Both men stayed. There was no explosion. History was made as a new age of power generation dawned.

Sam Sr. Looking Beyond Chicago

Looking beyond Chicago, in 1902, Insull and a partner formed a small company named North Shore Electric to purchase small generating stations in Highland Park and Waukegan, Illinois. Additional purchases followed in the northern and western suburbs of Chicago. Insull's purchase of a new automobile in 1908 while on vacation in France with his wife and son was the catalyst of what became known as the Lake County Experiment.

In 1907 Insull purchased a 400-acre farm on Milwaukee Avenue in Libertyville, Illinois. He named this property Hawthorn Farm and built a mansion that is now known as the Cuneo Estate. Purchasing surrounding farms, he assembled 4,000 acres which is bounded on what in 2025 is Butterfield Road on the west, Illinois Route 60 on the south and the Tri-State Tollway, I-94 on the east. On the north, you need to draw an imaginary east-west line where the Canadian National/Elgin Joliet and Eastern is next is his property at Milwaukee Avenue.

Insull used his new automobile in France to drive his family through rural areas surrounding Paris. During one of these drives, he reportedly thought about the concept of rural electrification. There was no electricity



▲ Britton I. Budd in 1924.—Bruce Moffat Collection

at Hawthorn Farm. Insull loathed small generating plants so he built a six-circuit transmission line from the North Shore

Electric generating station in Lake Bluff, west toward Libertyville and his property.

In 1910 Insull started what became known as the Lake County Experiment. He connected 22 villages with populations of at least 300 persons and 125 farms to the North Shore Electric generating plant. By building the necessary transmission line from Lake Michigan he was able to shut down what meager generating facilities existed in the experimental territory. The conventional wisdom within the electric utility industry was that Insull was crazy.

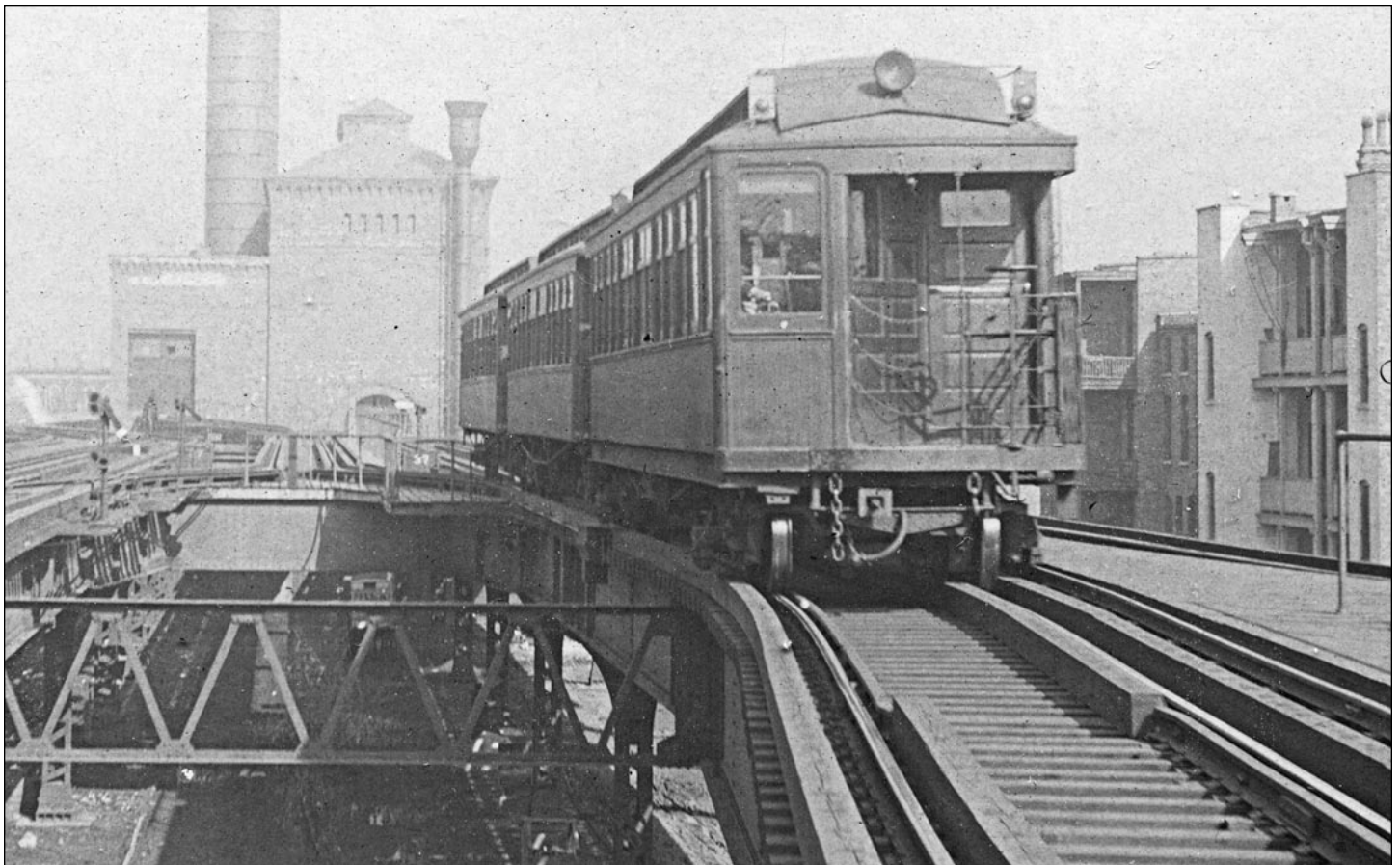
Insull also built a demonstration farm near what is now the intersection of Illinois Highways 60/83 and 176 west of Mundelein. The purpose of this farm was to demonstrate the applications of electricity to farming operations in addition to residential lighting. The Lake County Experiment proved that it was technically and economically possible to provide central generation service to rural and suburban areas.

In Insull's words, this was "an entirely new concept of electric light and power possibilities." In Hogan's words, "once again

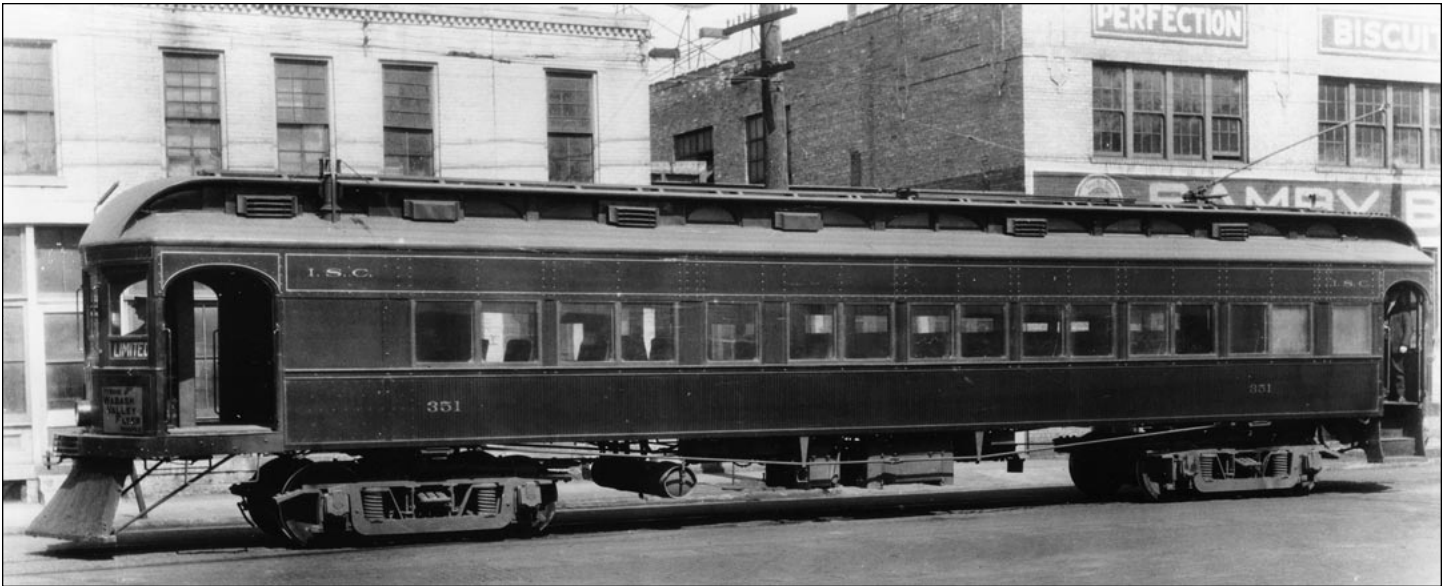
the skeptics in the industry tripped over themselves in an effort to follow Insull's lead, and soon transmission lines extended all over the Midwestern countryside."

Britton I. Budd

Britton I. Budd was born in San Francisco on September 7, 1871, the second of four children. After the recession of 1877 the family relocated to Chicago where his father found employment. Britton attended grammar school in Chicago and an academy for high school. He did not attend college. After a brief employment as a railroad surveyor, he worked for the Columbian Intramural Railway at the World's Columbian Exposition of 1893 in Jackson Park on Chicago's South Side. This Fair was the most significant demonstration of the use of electricity to date in the United States. The Intramural was an elevated electric railway that moved visitors around the fairgrounds. Budd first worked in the repair shop and then the treasurer's office. During the Fair he became interested in electric streetcars.



▲ Britton I. Budd joined the Metropolitan West Side Elevated Railroad as a clerk about the time that this westbound train was approaching the Laflin station in 1895. The Met's power generating station is in the background.—Bruce Moffat Collection



▲ Indiana Service Corporation in conjunction with the Union Traction Company of Indiana operated interurban service on two routes between Fort Wayne and Indianapolis. On December 16, 1924, car 351 was serving on a Wabash Valley Flyer trip in Fort Wayne.—William C. Janssen Collection

After the Fair closed Budd found a job at the Metropolitan West Side Elevated Railroad as a clerk in the storekeeper's office. Britton was a hardworking, intelligent, resourceful man who made his own way and quickly rose through the ranks of the company. He became the storekeeper, purchasing agent and general manager. In 1910, at age 39, he became the president of the "Met."

In August 1911 the Chicago Elevated Railways Collateral Trust was formed and Samuel Insull Sr. was elected as the Chairman. This entity consolidated all of the elevated railway companies under common control. The corporate identity of the underlying companies was maintained due to their distressed financial conditions. Budd was named as president of these individual companies. Senior's response when asked why he picked Budd said: "I got all of the heads of the elevated lines together and looked them over. Budd was by far the most likely looking of them." Budd rejoined that his salary was the lowest among them.

Budd went on to become the president of the North Shore Line in 1916, the Chicago Rapid Transit Company in 1924 and the Chicago Aurora & Elgin in 1926, and he was a member of the board of directors of Commonwealth Edison. In 1922 he became the president of the Public Service Company of Northern Illinois (PSCNI). PSCNI filed for bankruptcy on June 28, 1932.

Chicago Public Works Commissioner A. A. Sprague and Budd were appointed as

receivers for the railroads and PSCNI. Budd resigned as one of the receivers of the railroads on February 20, 1937. Budd continued on as president of PSCNI until 1951 when he was appointed vice-chairman. He retired on June 4, 1952. Well-known as a civic leader in Chicago, Budd's list of civic and charitable organizations in which he served was extensive. Britton Budd died in Chicago at age 93 on January 26, 1965.

Robert M. Feustel

Robert M. Feustel was born in Fort Wayne, Indiana, in 1884. He graduated from Purdue University in 1905 with a degree in civil engineering and joined the Fort Wayne and Wabash Valley Traction Company as an assistant engineer. His abilities to appraise a situation and focus on the core issues resulted in him becoming the assistant chief engineer in the formation of the State of Wisconsin Commission, the first commission of its kind in the United States. Three years later he joined the Illinois Railroad Commission as the Chief Engineer. There he focused on laying the groundwork for processes which would determine standards for future commissions.

For a short time, he served as a consulting engineer. In 1920 he was made the president of the Indiana Service Corporation (ISC) while continuing to serve as a consulting engineer. ISC was formed on January 15, 1920, to reorganize the financially distressed interurban railways in the

Fort Wayne area. This combination of careers caused Samuel Insull Sr. to become aware of Feustel which resulted in Midland Utilities acquiring ISC, expanding Feustel's responsibilities in Indiana.

Insull Sr. was interested in getting Junior to spend more time as vice chairman of many Insull entities as a succession plan for Senior. Senior asked Feustel what he would want in compensation to focus full time on Insull company matters and mentor Junior. After a half hour meeting Senior emerged saying, "All right, Junior, go ahead: good luck, gentlemen." Junior was impressed with the ease in which Feustel conducted business in difficult situations, and he and Feustel became great friends.

Feustel was largely responsible for creation of the plan that resulted in the Indiana Railroad System. Feustel's untimely death on May 8, 1932, at age 48 deeply shook Junior. He and his wife were with his mother and father when they received the news of Feustel's passing. Junior's mother said to her husband, "Sam, I have never before seen Junior so broken up by anything."

At the time of his passing, Feustel was the president and chief executive officer of Midland United, president of the South Shore Line, and president of ISC, Public Service Company of Indiana (PSI) and Indiana Railroad. Thus, Feustel was the chief executive of all of Insull's electric utility and electric railway operations in central and southern Indiana. Feustel's



▲ Charles Tyson Yerkes controlled street railway companies on the north and west side of Chicago. He also gained control of the Lake Street elevated line, funded the Loop's construction in a complex transaction and was the principal financial backer for the construction of the Northwestern Elevated Railroad. Circa 1910 two Northwestern Elevated trains are at the Morse station on Chicago's far northeast side. Yerkes invested in the elevated railways to protect his investments in the street railway companies. The Northwestern was built between the Loop and Wilson Avenue. In 1908 it expanded north into Evanston using trackage rights on the Milwaukee Road's line from Chicago Union Station to Wilmette. The Northwestern trains operated left-handed. The gauntlet track is for the Milwaukee Road freight trains.—Fred Borchert photo, Bruce Moffat Collection

home that was built in 1927, is of unique architecture. Located in Fort Wayne at 4101 W. Taylor Street, his residence in 1980 was registered in the U.S. National Register of Historic Places.

Charles Tyson Yerkes

Charles Tyson Yerkes was born in Philadelphia on June 25, 1837. While working as a financial agent for the City of Philadelphia he risked public money in a large-scale stock speculation that failed. Convicted of larceny, Yerkes was sentenced to 33 months in prison. To avoid prison, he attempted to blackmail Philadelphia politicians. Fearing harm to their future prospects, the politicians arranged for a pardon if Yerkes denied his accusations.

Not adverse to using bribery and blackmail, Yerkes and his partners gained control of the North Chicago Street Railway using complex financial strategies. Through a series of further takeovers Yerkes gained control of most of the street railway companies on Chicago's north and west sides. He invested in the financially

weak Lake Street elevated when the construction of the Metropolitan West Side Elevated would create competition for his street railway operations. He continued his audacious behavior and complex financial manipulations in efforts to construct the Union Elevated Railroad, Chicago's famous Loop.

Yerkes sold most of his investments in Chicago transit in 1899 moving to New York City and then on to London. In 1900 Yerkes became involved with the development of the London Underground system. He died on December 29, 1905, a few months before the first lines of the London Underground opened in 1906. His most notable attempt to improve the public impression of himself was his donation of \$500,000 in 1892 to the University of Chicago. The money was used to acquire the then world's largest telescope and to build an observatory near Geneva Lake in Williams Bay, Wisconsin. In 2025 the observatory is owned by a not-for-profit entity. It is open to the public for tours and research in astronomy is being conducted.

Lunch with Sam Jr. at CTA Headquarters on January 12, 1978

George Krambles, CTA's General Manager, hosted a lunch with Sam, William D. Middleton and your author. Bill was one of the most prolific authors of articles and books on railroads worldwide. George started the conversation by observing that the South Shore Line was not going out of business though it had applied for abandonment of passenger service in 1976. George also commented that it was over 50 years since the Chicago Lake Shore & South Bend had applied for abandonment.

Sam laughed at this, and said, "Yes, I can remember when the Lake Shore applied for abandonment in 1924. I also remember going out to Gary to buy the railroad." Sam also talked about the present newspaper coverage on the old and antiquated cars that the South Shore was then operating. Sam said, "I remember buying those cars and if they are old and antiquated what does that make me?"

George asked Sam why the noon North Shore Line train to Mundelein had a dining



▲ The 77 cars in North Shore Line's 700 series are an interesting study of interurban car design from 1923 to 1930. Cars 700 to 733, built by Cincinnati Car company from 1923 to 1926, were of similar utilitarian design to the 150-197 series cars which were built by Brill, Jewett and Cincinnati. Cars 734-736 were rebuilt as coaches by Cincinnati from parlor-buffet cars. Whatever the influence, cars 737-751 built by Pullman in 1928 and cars 751-776 built by Pullman's Standard Car Company were completely different in interior design. Luxury interiors to accompany the parlor and dining cars on the Chicago-Milwaukee Limited trains were clearly the objective. Cars 746 and 739 were posed at Highwood Shops on June 6, 1928, in their orange and maroon paint scheme shortly after delivery from Pullman.—Scholz photo for the company, William C. Janssen Collection

car Saturday only. Sam first attempted to duck the question, but George persisted. Sam finally admitted there were people who had their country homes near Libertyville and Mundelein including his father.

Subsequent research has determined the list included Junior and his father in what is now the far south end of Libertyville off of Milwaukee Avenue. Britton Budd had a residence in Lake Forest just south of the Knollwood County Club off of Waukegan Road. Senior Insull was a founder of the Knollwood Club in 1924 and one of the principal financial contributors. There was a stop on North Shore Line's Mundelein Branch named Knollwood on the east side of Waukegan Road across the street from the Knollwood Club. Most likely there was a game of golf on those Saturday afternoons.

George also observed that the general manager of Gary Railways became general manager of the Des Moines Railways. This accounted for cars from the Gary & Interurban Railways going to the Des Moines & Central Iowa Railways. These were surplus cars available for purchase.

Sam Jr. dispelled the myth that had been going around that the Insull management was going to attempt to link up a through

passenger service from Milwaukee, Wisconsin, to Louisville, Kentucky. Sam's specific comment was that this was "certainly not considered on the passenger side." His comments should not be interpreted that this was considered on the freight side because that was not considered as well.

There was no interest in acquiring either the Northern Indiana or Winona Railroad.

The Northern Indiana which operated from South Bend via Elkhart to Goshen, Indiana, was considered hopeless by Sam Jr. and Britton Budd. The Winona operated between Goshen and Peru, Indiana, where it connected with the Indiana Service Corporation line from Fort Wayne, Indiana. What did happen was that a cousin of Sam's and another person each purchased 50% of the Winona when that railroad had financial problems. Midland United ended up loaning those two men \$100,000 to keep the Winona running.

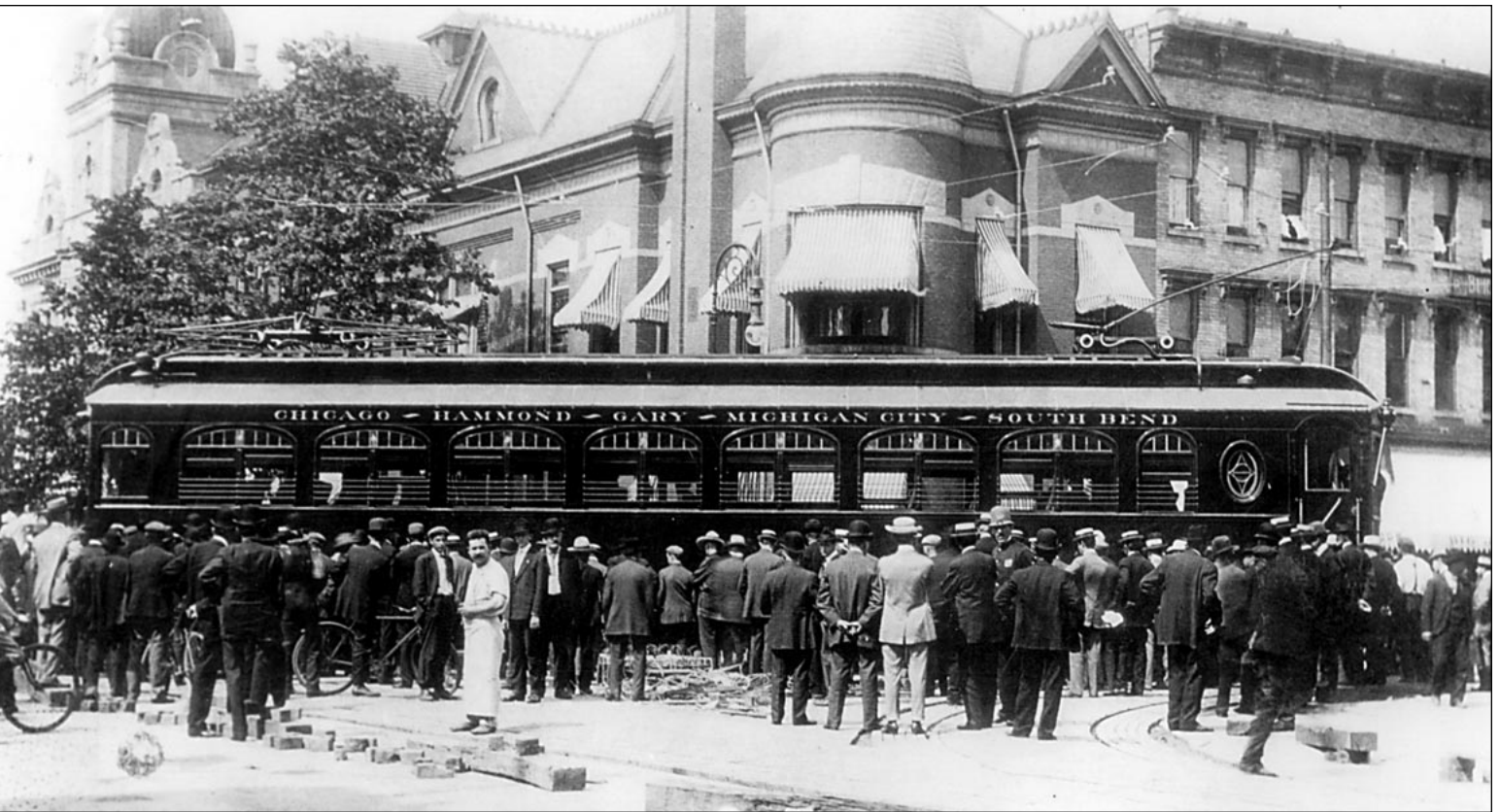
The real issue was the attempt by Midland United to find rail access into and through Indianapolis to get coal to the generating stations. Sam noted that the interurbans had no connection to the terminal railroads in Indianapolis and that they were having a difficult time getting

such a connection. The other issue was that the Indiana Railroad's predecessors were of "light construction."

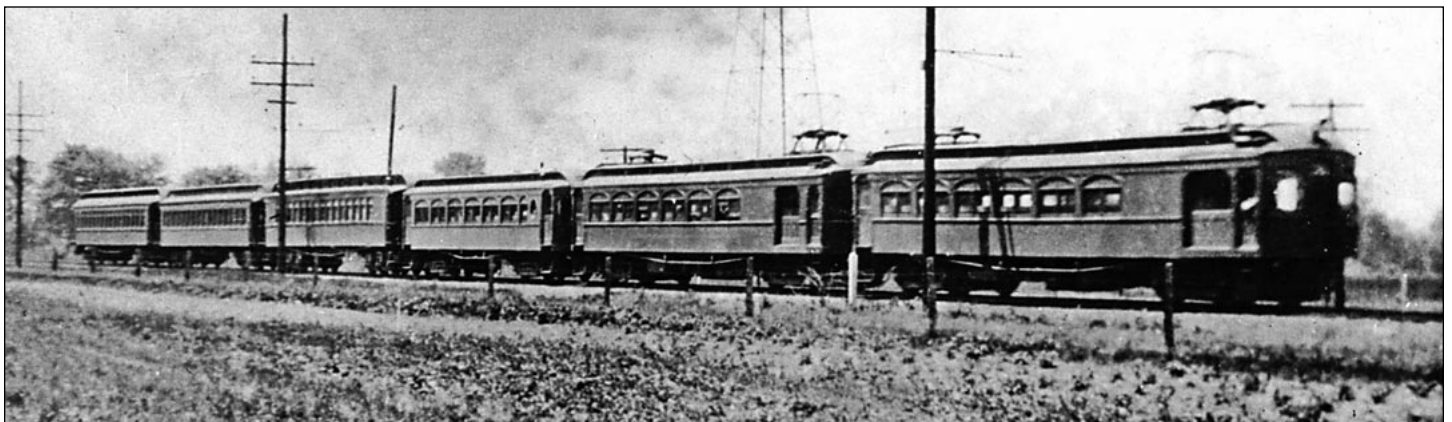
There was even consideration of purchasing the Chicago Attica & Southern, which Sam described as "starting at no place and ending at no place." This railroad, principally a coal hauler, connected with the Monon in the coal fields of southern Indiana and with the Pere Marquette and other railroads in northwest Indiana at La Crosse, Indiana, south of Michigan City. This would have been a very awkward way of moving coal from southern Indiana to the South Shore Line.

Running throughout this discussion was Insull's general desire to move coal from mines to generating stations as much as possible over railroads that Insull owned. Sam mentioned that through rates and divisions were established with the Chicago Burlington & Quincy as a result of his wife's cousin being the Executive Vice President for the Burlington's western region. Sam Jr. asked him to establish through rates and divisions from Billings, Montana, with the Chicago Aurora and Elgin at Aurora, Illinois.

The response was, "Are you crazy?" Sam responded by saying that Commonwealth



▲ The first Lake Shore train from South Bend was a demonstration trip on June 30, 1908, when the railroad was open only to Michigan City. The first station was at Main and Colfax in downtown South Bend. Revenue service started on the following day.—*M. D. McCarter Collection* ▼ This east-bound evening rush hour express train is near what is now Beverly Shores in 1925. Sam and his team were, in his words, “holding the railroad together with baling wire and chewing gum.” Lake Shore motor cars were equipped with both pantographs and trolley poles. The trolley poles were used in the street running sections of South Bend, Michigan City and East Chicago. The overhead voltage in these three cities was 800-volts AC. On the remainder of the railroad the voltage was 6,600-volts AC.—*Ed Hedstrom Collection*



Edison purchased its wooden poles from a company in Billings, Montana, and Sam would give him the railroad car numbers for the loads now ready to ship from Billings. The poles were delivered by the CA&E to the Commonwealth Edison facility on First Avenue in Maywood, Illinois. After a six-month period, there were sufficient carloads for the Burlington to enter into an agreement with through rates and a division of the revenue with

the CA&E. Sam learned this when an unannounced rate division and interchange agreement arrived on this desk.

As a result of this lunch my suggestion was, as a member of the Central Electric Railfans' Association's board of directors, that we ask Sam to be the featured speaker at the 40th anniversary banquet on May 21, 1978. Everyone thought this was a good idea, so a phone call was made to Sam. He asked to think about the request. A few

days later Sam called back to say he would accept the invitation, but first he wanted to host a lunch at the Union League Club of Chicago.

Lunch with Sam at the Union League Club of Chicago on April 26, 1978

The conversation ranged from his father's entry into traction up to Sam Jr.'s acquisition of the South Shore Line. Unfortunately, we did not discuss Sam's



These two photos were taken in July or August 1926 near the west end of Wagner Siding. This location is east of the present CSX overcrossing and the Miller station. The re-electrification of the railroad opened in segments working west from South Bend. On July 13, 1926, the first segment opened from South Bend to Michigan City with the "orange cars" entering service on that date. ▲ Car 1 and train are heading westbound. The Lake Shore signal system is still in place. Dunes Highway is at the right. At this time Wagner Siding was not the "open siding," basically a short section of double-track, as it was in later years. Car 1 and train are on the main track. The adjacent track is the siding. ▼ We believe this is the first time this photo is being published. Car 103 and train are on the siding track. South Shore had only 25 cars, 15 coaches, 1-15 and 10 combination cars, 100-109, constructed by Pullman. How they maintained service with so few cars is a mystery. Another mystery is why there was a trolley pole on the west end and a pantograph on the east end. There was 1,500-volt DC power across the entire railroad.—Two Calvert Studio photos for the railroad, William C. Janssen Collection

day-to-day involvement in the operations of the South Shore Line.

Sam said his father never intended to go into the transportation business. His interest was purely in the generation and distribution of electricity as well as the distribution of natural gas.

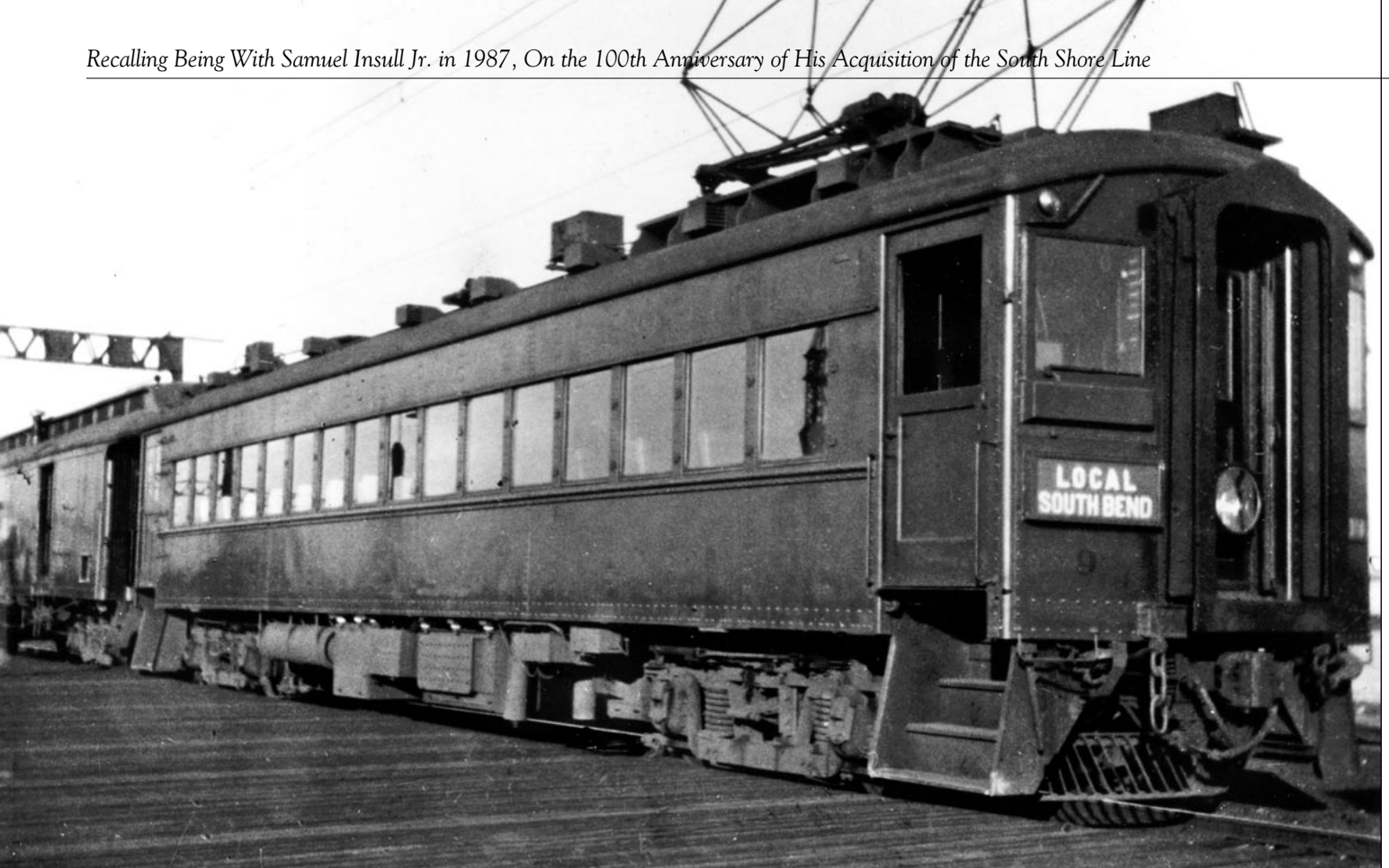
As the business of Chicago Edison and Commonwealth Electric expanded greatly through the 1890s, the need for more generating capacity also expanded and the limitations of the separate steam engine driving a separate generator were being reached. Insull knew that getting the traction load from the streetcar and rapid transit companies would double his business. However, the traction companies generated their own power principally because Charles T. Yerkes controlled the market in generating equipment for traction applications in the Chicago area which prevented other companies, such as Chicago Edison, from selling power from non-Yerkes licensed equipment.

When Yerkes left Chicago for the last time in 1901 after selling his remaining traction investments, Insull sprang into



action, offering power to the various companies for less than they were paying for self-generation. He knew this would require major investments in generating capacity and the construction of new

plants. He had investigated the development of turbine or turbo generators in Europe and with his usual forward thinking requested General Electric to build such equipment, but with at least twice the



▲ This is a rare photo that we believe was taken between July 28 and August 29, 1926. South Shore completed the re-electricification project to Kensington on July 28; however, ICRR would not permit operation of South Shore trains to Randolph Street until August 29. Based on the catenary behind baggage car 501, this train is facing east on the Kensington & Eastern just east of where the K&E diverged from the Michigan Central tracks east of the ICRR tracks. This is the location where Lake Shore trains exchanged motive power between IC steam locomotives and Lake Shore motor cars. Note the position of the air whistle above the motorman's window on the 25 cars built in 1926. On all succeeding coaches the whistle was moved to the roof above the motorman. Note also the rectangle box below the motorman's window. This was a very early modification to those first 25 cars. This was to provide space for the motorman operating the controls, so his knuckles did not hit the end wall of the car. The 1926 cars were 60 feet in length. All subsequent coaches were 61 feet in length. Six inches were added to each end of the car to solve this issue.—Wilburn B. Cox photo, Krambles-Peterson Archive

power of any machine built to date. This led to the building of Fisk Generating Station and the first use of large turbogenerators in the world. The first units were not very efficient but over the decade after Fisk's opening in 1903, larger, more efficient units were developed and installed. Additional generating plants were built around the city and by 1909 the traction load consumed almost two-thirds of the generating capacity of the combined Commonwealth Edison.

More capacity was needed and Insull made sure he was always pushing the boundaries of power generation which also allowed him to reduce the cost of power. These efforts resulted in Commonwealth Edison becoming a leader in generation development which continued at least into the 1970s.

Sam summed up his discussion by saying that his father's entry into transportation

was more under the terms of "If you can't beat them, join them."

His father's entry into rapid transit ownership came simply because the rapid transit companies could not pay their power bills. This contrasted to the south side streetcar companies which were profitable companies that could pay their power bills. The streetcar companies controlled by Yerkes were a totally different story.

Sam recounted that as the individual rapid transit companies went into receivership, Chicago Edison had to take what they could get to pay the power bills, which in most cases, was common stock. With the background of the various scandals involving Charles Tyson Yerkes, and others, Chicago Edison, as a budding utility, could not afford to get a bad name among the local population by shutting down the elevated system. In effect, they would be hurting the individual elevated

railway companies and foreclosures of these companies would not be in the public interest or good for public relations. As they took more common stock in exchange for the power bills, they found themselves the controlling shareholders of the rapid transit companies, in some cases up to 80% of the ownership.

On November 13, 1911, Yerkes's company the Chicago & Oak Park Elevated Railway was placed into receivership. Sam Sr. was named the receiver. As the chairman of Chicago Edison, he was in a unique position. What has been generally reported in published histories to date is just how much common stock of the Oak Park company was held by Chicago Edison. Sam Sr. was the principal player in the continuous attempts to restructure the rapid transit companies' finances, none of which were successful.

Starting in 1910 a financial syndicate disclosed their plan to acquire all of the

common shares of the elevated railroad companies by an entity named The Chicago Elevated Railways Collateral Trust. A major stumbling block was that the banks desired a guarantee to secure their loan. Sam Sr. solved this matter by having Chicago Edison pledge \$6,000,000 to the underwriting syndicate.

As the largest creditor of the elevated railways Chicago Edison received \$20,000,000 of common stock issued to the Collateral Trust. On July 1, 1914, the elevated system came under the control of Commonwealth Edison. In January 1924 in what became the final attempt to resolve the financial distress of the rapid transit system before the Great Depression, the bankrupt elevated railway companies were acquired by the newly formed Chicago Rapid Transit Company (CRT), a wholly owned subsidiary of Commonwealth Edison. This entity remained the owner of the rapid transit system until the Chicago Transit Authority assumed control of CRT and Chicago Surface Lines on October 1, 1947.

Acquisition and Rebuilding of the South Shore Line

The acquisition of the South Shore Line started in 1924 with a memo to Britton I. Budd: "I want to take up traction in northern Indiana. Please investigate and report. Samuel Insull."

Sam Jr. recalled that he carried Budd's briefcase on the original surveys. "The South Shore was the only interurban line that we purchased strictly as a railroad. All of the other interurban lines were basically half passenger service and half utility. The interurbans had their own electric generating stations and distribution networks. In many cases they were selling electricity to villages and farmers along the way. Interurbans were very instrumental in expanding rural electrification that made permanent changes in rural life."

"We traveled over the Chicago Lake Shore and South Bend to South Bend, Indiana and the Northern Indiana Railway from South Bend to Elkhart and Goshen, Indiana. We had no interest in the Winona Railroad which ran from Goshen

to Peru, Indiana. We deemed the Northern Indiana to be hopeless."

Going through the reverse curve as the railroad moved between 10th and 11th Streets at the Michigan Central (now Amtrak) crossing in Michigan City, Budd looked at Sam and said, "You could put an MCB car over that curve." MCB were the initials of Master Car Builder, the industry association that developed standards for steam railroad freight and passenger cars. In other words, the railroad could handle steam railroad freight cars in interchange.

This met Insull's objective of participating in the movement and rate divisions of moving coal into his electric generating plants. Insull controlled the Northern Indiana Public Service Company (NIPSCO) the electric and gas utility in Northwest Indiana. In 1929 construction started on the original generating station on the shore of Lake Michigan in Michigan City. The station went on-line in 1931 and the South Shore has been delivering coal to them ever since.

"The clincher in the South Shore deal



▲ In 1927 the South Shore virtually doubled the size of its fleet of coaches. Ten motor cars, 15-25, and 10 trailers, 201-210, were constructed by Pullman. In addition, two Lake Shore wood bodied trailers were rebuilt for service with the "orange cars." In 1929 the Standard Car Company of Michigan City delivered 14 motor cars, 26-39, three trailers, 211-213, and two parlor cars, 353 and 354, of the same body design as the trailers. These two cars were rebuilt as coaches in 1938 and 1939. We believe this group of six cars had just been delivered to the railroad.—Calvert Studio photo for the railroad, William C. Janssen Collection



▲ On February 10, 1927, this train was operated to introduce the parlor cars and dining cars to 125 invited guests. The guests were from affiliated railroads, city officials, prominent citizens and the media. Motor cars 100, 1 and 2 led the train of dining cars 301 and 302 and parlor cars 351 and 352. On board representing the South Shore were Samuel Insull Senior and Junior, Britton I. Budd, Robert Feustel and the officers of the Insull railways in Chicago and downstate Indiana. The train is posed at Shops west of Roeske Avenue before heading to Chicago to pick up its passengers for a trip to South Bend and back.—Calvert Studio photo for the railroad, William C. Janssen Collection

was the ability to operate over the Illinois Central into downtown Chicago. The passenger surveys said that there would be significant increases in passenger volume. Charles Thompson and Bernard Fallon did the negotiations with the Illinois Central.”

Sam said, “Banks would put in all the money to build a railroad in exchange for its securities and sell the securities when the railroad was successful. Lake Shore never succeeded. The line was an engineering disaster, a traffic disaster, a disaster in every way. Midland United was able to acquire the whole bag of tricks from Cleveland Trust under the plan designed by Mr. Budd.”

“The acquisition of the Lake Shore was accomplished by purchasing the construction loans that were held by the Cleveland Trust Company. The Lake Shore had not paid off any of these loans. Midland United would exchange newly issued debentures with a six percent interest rate with interest paid if earned in exchange for the construction loans. Midland United agreed to invest \$2.5 million for rehabilitation of the Lake Shore with the understanding that Midland United would own 60 percent of the new railroad company.”

In Sam’s words, “The press and public relations fraternity like to dramatize the famous auction on the courthouse steps.” The famous auction was really a controlled transaction whereby the new company was attempting to extinguish all the past liabilities and claims against the Lake Shore. One day Judge Cook, head of the law firm for the South Shore and other Insull companies called Junior and said, “You better get over here.” In Sam’s words, “If Judge Cook asked you to come, you did.”

Judge Cook said, “One of my partners has an idea about the acquisition. Everyone with a claim against the Lake Shore as a result of an accident or other incident will file a claim against us. There will be no (other) ownership present at the auction. We need to ‘quiet the torts.’ We need to have an auction. We will bid all our securities. We will be the only bidder as we hold all of the securities.” Midland United was able to acquire the Lake Shore through this auction and kill off all of the claims.

The auction was held on June 29, 1925, with a bid price of \$6,474, 843. With the auction accomplished, Midland United owned the South Shore free of any liabilities of the Lake Shore. It was now Sam’s job to keep the Lake Shore going. He said

that when he was riding back from Gary, he had a funny feeling when he looked at the conductor. This man now worked for him, and he did not know that his new boss was watching him work.

Basically, he had to run the railroad with some of the old equipment and facilities for up to 18 months, especially during the 13 months until the re-electrification was completed. Sam said, “We had to hold the railroad together with the proverbial baling wire and chewing gum. The majority of the block signals did not work. The railroad was being run on train orders.”

The “big old Lake Shore motor cars” were especially problematic. Sam told of an authenticated story of one motor car hauling four or five trailers racing a New York Central train west of South Bend. Sam estimated that the big transformer under the floor of the motor cars weighed about six tons. There was a small space between the top of the transformer and the floor of the car that would become covered with sand as the trains ran through the dunes. This sand would become soaked with oil from the transformer.

The transformer on this train became excessively hot which set the oily muck on fire. The train stopped opposite the Aetna



The two parlor cars and two dining cars built by Pullman and delivered in early 1927 were equipped with six-wheel trucks. ▲ Car 352 is at Shops circa 1938.—George Krambles photo, Krambles-Peterson Archive



▲The interior of parlor car 351. ▶The interior of one of the dining cars.—Two Calvert Studio photos for the railroad, Krambles-Peterson Archive

substation at Michigan City Shops and Sam called upon the NIPSCO employees to bring out their fire extinguishing equipment to put out the fire. “We really worked hard as losing even one motor car would be disastrous.”

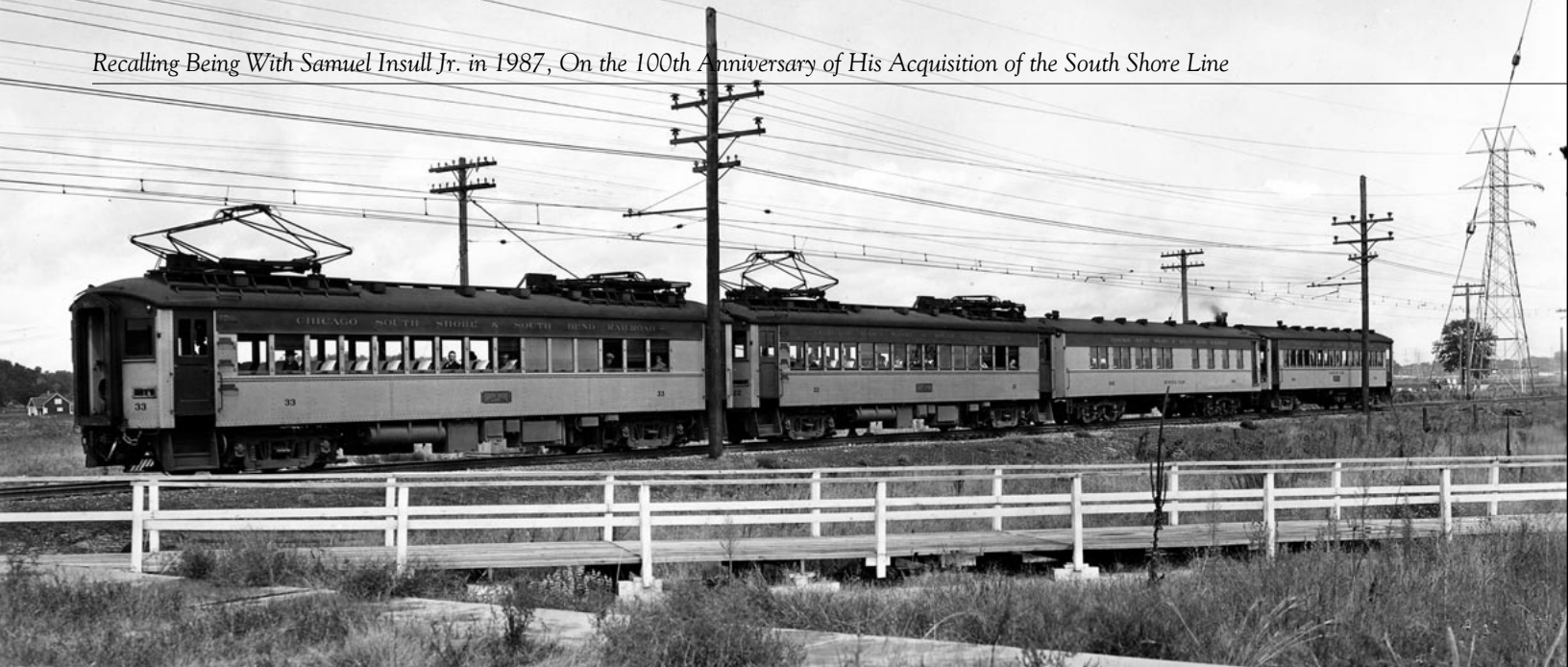
The rehabilitation of the railroad ultimately required an additional \$2 million dollars for a total of \$4.5 million. Sam called on Cleveland Trust with an offer to

purchase the debentures and the 40% interest in the common stock issued by the Chicago South Shore & South Bend that they held. They were more than willing to sell. Midland United now owned 100 percent of the South Shore Line. Ultimately, \$13,000,000 was invested in the complete rebuilding of the railroad and replacement of all rolling stock and infrastructure.

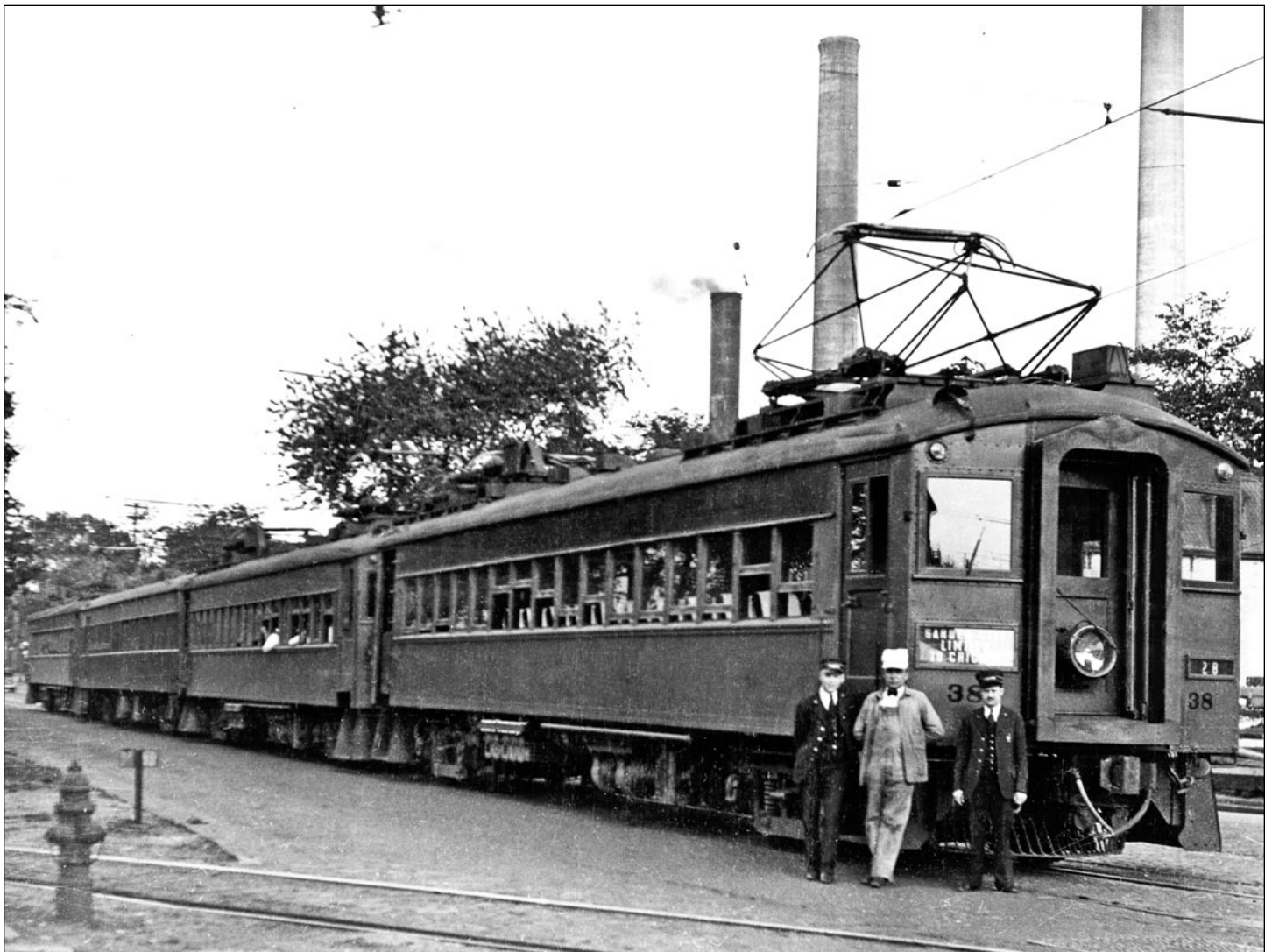
The re-electricification of the railroad was

accomplished in segments working west from South Bend. The first segment was South Bend to Shops. The entire railroad to Kensington was operating on 1200-volts DC on July 28, 1926. The Illinois Central was not yet ready to accept South Shore trains at that time so through service to Randolph Street didn't begin until August 29, 1926.

The Insull era on the South Shore and their other railroads ended on June 6, 1932.



▲ We believe that this photo of coaches 33 and 22, dining car 302 and parlor car 354 was taken circa 1929 when the parlor car had recently entered revenue service. A new community was being developed just west of Michigan City. A station of “Insull Spanish” design was built just west of this location at Central Avenue.—*Photographer unknown, William C. Janssen Collection* ▼ In 1928 Train 26, the *Garden City Limited* to Chicago, is posed with its crew in a most interesting place on LaSalle Street in South Bend east of the Saint Joseph River. The track in the foreground is the lead to the terminal yard. This four-car consist has been assembled in the yard, pulled out into LaSalle Street and backed into this position. This track was used to store cars when there were special movements to South Bend such as for Notre Dame football games.—*Photographer unknown, Krambles-Peterson Archive*





These photos were taken in 1942. ▲ An eastbound train to South Bend is leaving Davis Siding a short distance east of Shops. Davis is at Highway 212, the connection between highways 12 and 20. Dispatchers had control of Davis Siding to allow late trains from South Bend to hold the main track. An industrial siding is diverging to the right. ▼ Combine 101 and mate are on LaSalle Street crossing Chapin Avenue six blocks from their destination at the South Bend station.—Two photos Charles A. Brown, Norman Carlson Collection

