

WEINER BRODSKY SIDMAN KIDER PC

206314

1300 NINETEENTH STREET NW
FIFTH FLOOR
WASHINGTON DC 20036 1609
TEL 202 628 2000
FAX 202 628 2011

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OCT 2 2002

SURFACE
TRANSPORTATION BOARD

DID # 0102041003

October 2, 2002



BY HAND

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: STB Finance Docket No. 34263, Chicago SouthShore & South Bend
Railroad Co. -- Operation Exemption -- Illinois Indiana Development
Company, LLC

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding are an original and 10 copies of the verified notice of exemption of Chicago SouthShore & South Bend Railroad Co., pursuant to 49 C.F.R. § 1150.41. In addition, enclosed is a check for \$1,300 to cover the cost of the filing.

Please acknowledge receipt of this letter by date-stamping the enclosed acknowledgment copy and returning it to our messenger.

Very truly yours,

Rose-Michele Weinryb

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Public Record

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**SURFACE
TRANSPORTATION BOARD**

**CHICAGO SOUTHSORE & SOUTH
BEND RAILROAD CO.**

--OPERATION EXEMPTION--

ILLINOIS INDIANA DEVELOPMENT COMPANY, LLC



**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.41**

STB FINANCE DOCKET NO. 34263

Applicant's name and current mailing address:

Chicago SouthShore & South Bend Railroad Co.
505 North Carroll Avenue
Michigan City, Indiana 46360-5082
(219) 874-9000

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Applicant's representative to receive correspondence:

Rose-Michele Weinryb, Esq.
Weiner Brodsky Sidman Kider PC
1300 19th Street, NW
Fifth Floor
Washington, D.C. 20036
(202) 628-2000

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Information concerning the agreement:

Chicago SouthShore & South Bend Railroad Co. ("CSS"), a class III rail carrier, owns and operates certain rail property in Cook County, IL (the "Subject Line"). CSS intends to convey its interests in the Subject Line to Illinois Indiana Development Company, LLC ("IIDC"), also a class III rail carrier, on or about October 9, 2002. Contemporaneously with CSS's conveyance of the Subject Line to IIDC, CSS and IIDC will enter into a railroad operating agreement (the "Operating Agreement"), pursuant to which CSS will have a nonexclusive right to continue to conduct freight operations over the Subject Line.

Operator of the property:

As noted above, CSS will have a nonexclusive right to operate over the Subject Line. Currently, it is anticipated that CSS will be the primary freight operator over the Subject Line.

Brief summary of the proposed transaction:

IIDC is located at 53 W. Jackson Boulevard, Suite 335, Chicago, IL 60604. CSS and IIDC expect to consummate the Operating Agreement on or after October 9, 2002. Pursuant to the Operating Agreement, CSS will operate over the Subject Line, which totals approximately 6.2 miles of rail line. The Subject Line extends approximately from 115th Street in Chicago, IL (milepost 0.0) to the Illinois-Indiana state line in Burnham, IL, opposite Hammond, IN (milepost 6.2). A map of the Subject Line is attached hereto as Exhibit A.

Related proceedings:

In connection with this proceeding, IIDC has filed a verified notice of exemption to acquire and operate the Subject Line pursuant to 49 C.F.R. § 1150.41. See STB Finance Docket No. 34262, *Illinois Indiana Development Company, LLC – Acquisition and Operation Exemption – Chicago SouthShore & South Bend Railroad Co.*

Environmental Issues

Pursuant to the Interstate Commerce Commission's decision in *Ex Parte* No. 55 (Sub-No. 22A), *Implementation of Environmental Laws*, 7 I.C.C.2d 807 (1991) ("*Environmental Laws*"), environmental documentation normally need not be prepared for rail operations that do not involve the diversion from rail to motor carriage of more than (A) 1,000 rail carloads a year, or (B) an average of 50 rail carloads per mile per year for any part of the affected line (49 C.F.R. § 1105.7(e)(4)), on the one hand, and that do not involve (A) an increase in rail traffic of at least 100 percent (measured in gross ton miles annually) or an increase of at least eight trains a day on any segment of rail line affected by the proposal, (B) an increase in rail yard activity of at least 100 percent (measured by carload activity), or (C) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment (49 C.F.R. § 1105.7(e)(5)), on the other hand. See 49 C.F.R. § 1105.6(c)(2).

CSS currently operates the Subject Line and will continue to do so after consummation of the Operating Agreement. Accordingly, CSS's operations over the Subject Line will not result in changes in rail operations that exceed the above-listed thresholds. Therefore, no environmental documentation is required for this Verified Notice of Exemption.

Pursuant to the *Environmental Laws* decision, transactions involving a sale, lease or transfer of a rail line for the purpose of continued rail operations are exempt from the historic report requirements of 49 C.F.R. § 1105.8(a) if termination of such operations requires further approval by the Surface Transportation Board (the "Board") and there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. See 49 C.F.R. § 1105.8(b)(1). See also STB Finance Docket No. 32885 (Sub.-No. 1), *Central of Tennessee Railway & Navigation Company Incorporated d/b/a The Longshorn Railway Company – Change of Operator Exemption – The City of Austin, TX*, 1996 STB Lexis 126, served April 18, 1996 (applying section 1105.8(b)(1) to

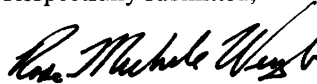
petition for exemption to operate); Finance Docket No. 32470, *Greater Shenandoah Valley Development Company, d/b/a Shenandoah Valley Railroad Company, and Buckingham Branch Railroad Company—Operation Exemption*, 1994 ICC LEXIS 111, served July 8, 1994 (same).

Common carrier service on the Subject Line will be continued and discontinuance of CSS's operations on the Subject Line would require Board approval. CSS has no plans to dispose of or alter properties subject to Board jurisdiction that are 50 or more years old. Therefore, a historic report is not required for this filing. *See* 49 C.F.R. § 1105.8(b).

Certificate of projected revenue:

In accordance with 49 C.F.R. § 1150.43(g), a certificate concerning CSS's projected revenue is attached as Exhibit B.

Respectfully submitted,



Rose-Michele Weinryb
Weiner Brodsky Sidman Kider PC
Fifth Floor
1300 19th Street, NW
Washington, D.C. 20036

Attorneys for:

Chicago SouthShore & South
Bend Railroad Co.

Dated: October 2, 2002

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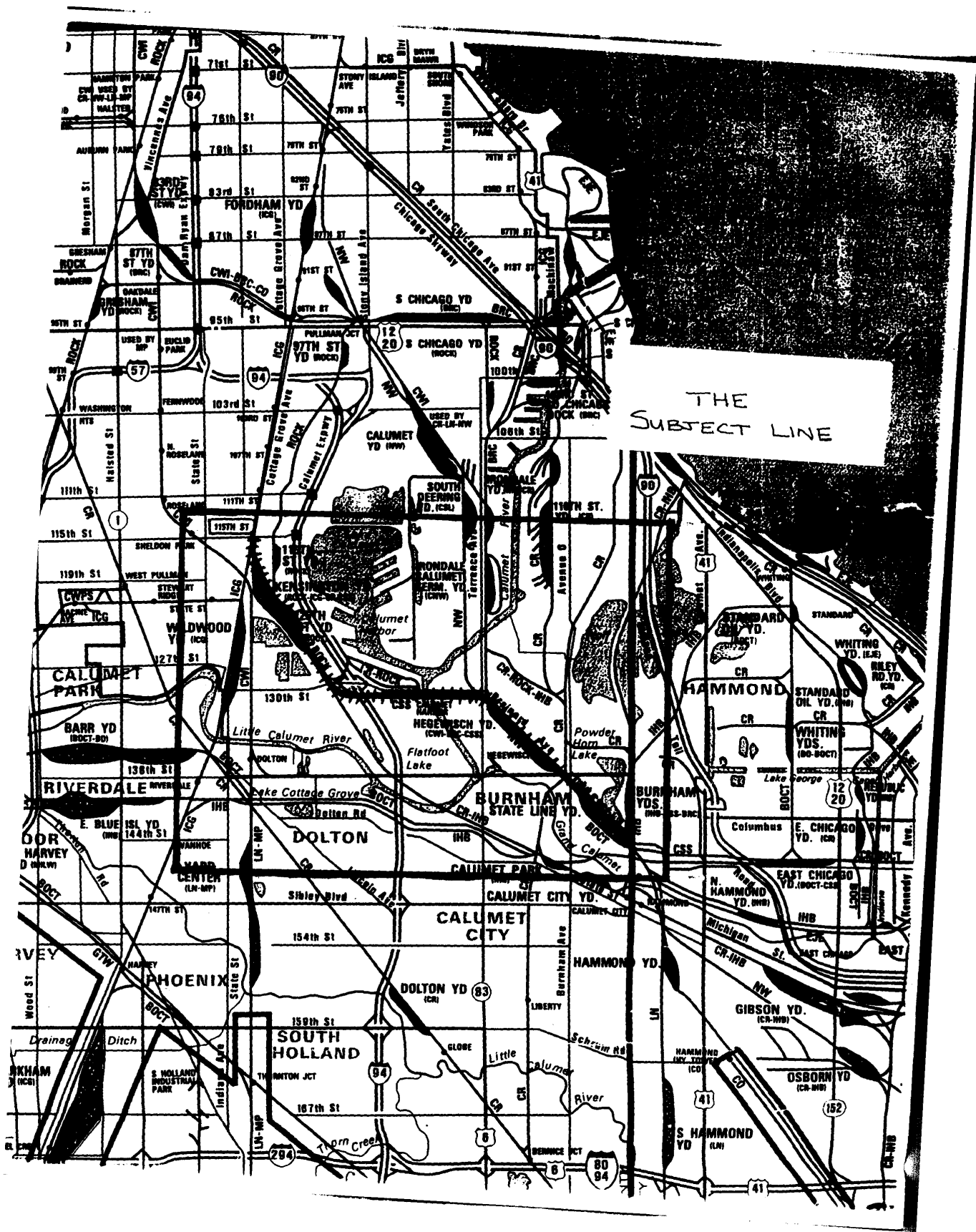
**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.41**

STB Finance Docket No. 34263

**CHICAGO SOUTHSORE & SOUTH
BEND RAILROAD CO.
--OPERATION EXEMPTION--
ILLINOIS INDIANA DEVELOPMENT COMPANY, LLC**

EXHIBIT A

MAP OF SUBJECT LINE



THE
SUBJECT LINE

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.41**

STB Finance Docket No. 34263

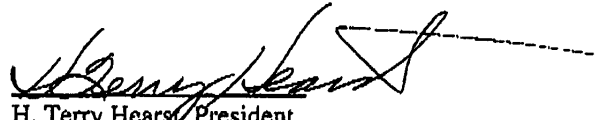
**CHICAGO SOUTHSORE & SOUTH
BEND RAILROAD CO.
--OPERATION EXEMPTION--
ILLINOIS INDIANA DEVELOPMENT COMPANY, LLC**

EXHIBIT B

CERTIFICATE OF REVENUE

CERTIFICATE OF REVENUE

In accordance with 49 C.F.R. § 1150.43(g), I do hereby certify that the revenue projected for CSS as a result of this transaction will not result in the creation of a Class II or Class I rail carrier.


H. Terry Hears, President
Chicago SouthShore & South Bend
Railroad Co.

Dated: October 2, 2002

SURFACE TRANSPORTATION BOARD

VERIFIED NOTICE OF EXEMPTION

STB FINANCE DOCKET NO. 34263

**CHICAGO SOUTHSORE & SOUTH
BEND RAILROAD CO.
--OPERATION EXEMPTION--
ILLINOIS INDIANA DEVELOPMENT COMPANY, LLC**

Chicago SouthShore & South Bend Railroad Co., a class III rail carrier, has filed a notice of exemption under 49 C.F.R. § 1150.41 to continue to operate a rail line in Cook County, IL (the "Subject Line") after it conveys the line to Illinois Indiana Development Company, LLC. The Subject Line totals approximately 6.2 miles, which extends approximately from 115th Street in Chicago, IL (milepost 0.0) to the Illinois-Indiana state line in Burnham, IL, opposite Hammond, IN (milepost 6.2).

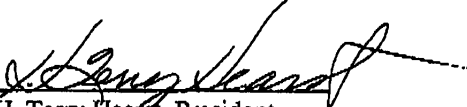
This proceeding is related to STB Finance Docket No. 34262, *Illinois Indiana Development Company, LLC – Acquisition and Operation Exemption – Chicago SouthShore & South Bend Railroad Co.*

Comments must be filed with the Surface Transportation Board, Office of the Secretary, 1925 K Street, N.W., Washington, D.C. 20423-0001 and served on Rose-Michele Weinryb, Esq., Weiner Brodsky Sidman Kider PC, 1300 19th Street, NW, Fifth Floor, Washington, D.C. 20036.

This notice is filed under 49 C.F.R. § 1150.41. If the notice contains false or misleading information, the exemption is void *ab initio*. The filing of a petition to revoke will not automatically stay the transaction.

VERIFICATION

I, H. Terry Hearst, certify under penalty of perjury that the foregoing notice of exemption is true and correct to the best of my knowledge, information and belief. Further, I certify that I am qualified and authorized to cause this Verified Notice of Exemption to be filed.


H. Terry Hearst, President
Chicago SouthShore & South Bend
Railroad Co.

Dated: October 2, 2002