

Decision No. 31035

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of WALTER C. HULSMAN to charge )  
less than established minimum ) Application No. 22030  
rates )

Reginald L. Vaughan for applicant  
R. E. Wedekind for Southern Pacific Company,  
Northwestern Pacific Railroad Company,  
Petaluma & Santa Rosa Railroad and  
Pacific Motor Transport Co.  
W. G. Stone, for Sacramento Chamber of Commerce  
R. T. Boyd, for California State Brewers'  
Institute

BY THE COMMISSION:

ORIGINAL

O P I N I O N

By this application Walter C. Hulsman, an individual doing business as Walter C. Hulsman Truck Company, a contract carrier, seeks authority under Section 11 of the Highway Carriers' Act to transport beer, wine and empty carriers returning, under contract with Grace Bros. Brewing Co. and Grace Bros., Inc., between the Santa Rosa winery and brewery of those companies on the one hand, and San Francisco, Redwood City, San Jose, Monterey, Oakland, San Leandro, Stockton, Sacramento, Woodland, Willows, Marysville, Oroville, Chico and Redding on the other hand, at rates lower than the established minimum rates.<sup>1</sup>

A public hearing was had at San Francisco on June 20, 1938, before Examiner P. W. Davis.

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<sup>1</sup> The particular rates from which authority to deviate is sought are those established by Decision No. 30370 in Part "J" of Case No. 4088. That decision provides rates for shipments of 20,000 pounds and less and provides that the charge for shipments of greater weight shall not be less than the charge therein established for shipments of 20,000 pounds.

The rates which applicant proposes to charge in lieu of the established minimum rates are set forth in a form of contract attached to the application. In general, the contract contains a schedule of rates in cents per 100 pounds, for the transportation of beer and wine from Santa Rosa to the points involved in this application, subject to guaranteed minimum charges which are the approximate equivalent of the specified rate multiplied by 34,000 pounds. In addition, the contract provides that empty containers shall be returned without extra charge; that a charge of 85 cents shall be assessed for each delivery (or pick-up of carriers on the return trip) in excess of one; that all ferry and bridge tolls shall be paid by the shipper in addition to the rates shown; that the shipper shall unload the returning carriers at the brewery and winery; and that not to exceed 1 hour and 15 minutes shall be allowed for such unloading, after which time shipper shall pay the additional wages accruing to the carrier's employees. The contract provides further that the established minimum rates shall be assessed on commodities hauled by applicant but not embraced by this application, including grain, rice, hops, malt, and empty carriers which at request of the shippers are picked up on a special trip made for that purpose.

Walter C. Hulsman, testifying in his own behalf, stated that he is now and for the past three years has been engaged exclusively in transporting beer, wine, and empty carriers returning, as well as grain, rice, hops and malt, under contract with the two shippers named in the application. He introduced two exhibits, based partly on book records for the year 1937 and partly on his general operating experience, for the purpose of showing that the proposed rates will be compensatory.

The first exhibit contains a list of the equipment operated (4 truck and trailer units) and all machinery, furniture and fixtures, together with the estimated cost of replacing them with new equipment. Fixed charges for the year 1937 (including 8 per cent of 50 per cent return on such replacement costs and depreciation on the basis of 4 years for the truck units and 10 years for the trailer units) are shown as they appear on applicant's books. The annual use factor of the equipment is estimated from information drawn from drivers' tags and from records of the shippers, and the annual fixed charges are thus reduced to an hourly basis. Running costs for the year 1937 are shown as they appear on applicant's books, and reduced to a mileage basis by use of speedometer readings. Drivers' wages are shown on a basis of \$1.00 per hour and helpers' wages are estimated on a percentage basis by use of 1937 records, allowing 2 hours for unloading. All wages are subjected to a percentage increase for compensation insurance and unemployment and retirement reserves. Overhead expenses, including \$2,400 per year salary for applicant as manager, are drawn principally from 1937 records and reduced to a percentage of gross revenues. Gross revenue expenses, including the overhead expense referred to as well as taxes, cargo insurance and return on working capital, are expressed as a percentage of the gross revenue.<sup>2</sup>

Applicant's second exhibit shows conversions of the basic cost figures into costs for the particular hauls involved in this application. The conversions are made on the basis of actual

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The final costs shown on the exhibit referred to are as follows:

Fixed charges . . . . .	\$-.7529 per hour
Running costs . . . . .	.0724 per mile
Wages plus pay roll insurance . . . . .	1.2671 per hour
Gross revenue expense, including overhead . . . . .	17.84 per cent of gross revenue

round-trip mileage, with an estimated running time of 22 miles per hour except as to a few points where, according to applicant's operating experience, that speed cannot be attained. Five hours round-trip are allowed for loading and unloading. Mileage and hourly costs are expanded to include the expenses affected by gross revenue and a cents per 100 pounds cost is obtained by dividing the expanded total by the guaranteed minimum weight of 34,000 pounds. The proposed rates are identical with the cost rates so computed.

A third exhibit introduced by applicant shows a comparison of the charges accruing on the specified minimum quantity under the proposed rates with the aggregate charges applicable under the established minimum rates for outbound loads of beer and return loads of empty carriers. In each instance the proposed basis results in charges substantially lower than are produced by use of the established minimum rates.

E. A. Benoist, vice-president of Grace Bros. Brewing Co. and Grace Bros. Inc., testified that his companies had made a careful study of the cost of performing the transportation here involved in their own equipment and that they were convinced they could operate at a cost no higher at least than shown in applicant's exhibits. He stated that one unit of equipment had already been purchased and placed in operation and that arrangements would immediately be made to take over the entire operation should the authority here sought be denied. This witness asserted that the marketing of beer was highly competitive and that it would be impossible to raise selling prices in order to offset increased transportation costs.

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participated in cross-examination of applicant's witnesses, particularly with regard to competitive marketing conditions, but offered no evidence on their own behalf. R. T. Boyd, representing the California State Brewers' Institute, stated that his organization was not opposed to the granting of this application but contended that all brewers should be accorded uniform or related rates. He pointed out that in Case No. 4246 now pending before the Commission the Brewers' Institute had urged that a reduced rating on beer be provided in connection with whatever minimum rates might be established in that proceeding. W. G. Stone, manager of the Sacramento Chamber of Commerce, testified that the Buffalo Brewing Company at Sacramento is in active competition in the Sacramento Valley territory with the shippers who would benefit by the granting of this application. He stated that Buffalo Brewing Company had elected thus far to pay the established minimum rates and observe the effect of such rates on their business, but that the company would be forced to have its contract carriers petition for Section 11 authority or to go to proprietary hauling should the instant application be granted.

Applicant's cost showing is quite complete and is convincing that rates of the volume here proposed will be compensatory. Coupled with the unqualified and apparently sincere representation of the interested shippers that the traffic will otherwise be lost to for-hire carriers, it leaves little doubt but that applicant should be accorded the authority sought. Minor modifications in the proposed rates will be made, however, in order to remove fractions of more or less than one-half of one cent and to provide aggregate transportation charges on a cents per 100 pounds basis. Upon consideration of all the facts of record, therefore, the Commission

finds that the rates set forth in Appendix "A" of the order herein are reasonable for the transportation involved in this application.

This finding is based on existing conditions and the order will therefore be made effective for a temporary period expiring one year from the date hereof unless sooner changed, cancelled or extended.

ORDER

This matter having been duly heard and submitted,

IT IS HEREBY ORDERED that applicant, Walter C. Hulsman, doing business as Walter C. Hulsman Truck Company, be and he is hereby authorized to assess and collect rates less than the minimum rates heretofore established by the Commission, but not less than the rates set forth in Appendix "A" attached hereto and hereby made a part hereof, for transportation for Grace Bros. Brewing Company and Grace Brothers, Inc. of the property and between the points for which rates are provided in said Appendix "A".

The authority herein granted shall expire one year from the date hereof unless sooner changed, cancelled or extended by appropriate order of the Commission.

This order shall become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 27<sup>th</sup> day of June, 1938.

Walter C. Hulsman  
Leon ...  
Frank ...  
Robert ...  
Ray L. Riley  
COMMISSIONERS

APPENDIX "A"

ITEM NO. 5 - APPLICATION OF RATES

Rates in this appendix apply only in connection with transportation by Walter C. Hulsman, an individual doing business as Walter C. Hulsman Truck Company, for Grace Brothers Brewing Company and Grace Brothers, Inc., of wine and beer, in cases and barrels. Rates include the return of empty carriers.

ITEM NO. 10 - SPLIT PICK-UP OR SPLIT DELIVERY

Rates include one pick-up and one delivery. An extra charge of 35 cents shall be assessed for each additional pick-up or delivery, including pick-ups of empty returning carriers at points other than at the final destination of the outbound load.

ITEM NO. 15 - UNLOADING

During the hours 7 A.M. to 5 P.M. on days when the brewery and winery are in operation, shipper shall commence unloading empty carriers returning within a reasonable time after the arrival of carrier's trucking equipment at said brewery or winery. If such unloading shall be delayed beyond a reasonable time, or at the request of shipper after unloading has commenced, so that the unloading shall exceed 1 hour and 15 minutes, then, and in that event, shipper shall pay to carrier any additional wages which latter shall become obligated to pay to his employees by reason of such delay.

ITEM NO. 20 - RATES

From: Santa Rosa	Rate (in cents per 100 pounds)	Minimum Charge (in dollars ) (per shipment)
To:		
Chico	.25	85.00
Marysville	.20	67.00
Monterey	.26	88.50
Oroville	.23	78.50
Redding	.32	109.50
Redwood City	.13 $\frac{1}{2}$	46.00
Sacramento	.16	54.00
San Francisco and Oakland	.11	37.50
San Jose	.16	54.00
San Leandro	.12	41.50
Stockton	.20	68.00
Willows	.22	76.00
Woodland	.15	51.00