

ORIGINAL

Decision No. 48975

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of CALIFORNIA COLD STORAGE &	:	
DISTRIBUTING CO., a corporation,)	Application
for authority to split up or sub-	:	No. 34561
divide its shares.)	
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O P I N I O N

In this application California Cold Storage & Distributing Co. reports that it intends to split up or subdivide its presently outstanding shares of preferred and common stock and it seeks authorization to issue new shares of \$1 par value stock in exchange for no par shares presently outstanding, on the basis of three new shares for each old share.

Applicant is a California corporation engaged in the cold storage business in the cities of San Diego, Long Beach and Bakersfield, in the ice business in Bakersfield, and in the distribution of beer throughout a portion of southern California. In its 1952 annual report it shows its public utility warehouse revenue in the amount of \$495,138.13 and nonutility revenue in the amount of \$9,713,522.12, with net income for the year of \$325,255.07. In the present application it shows, in Exhibit E, cold storage revenue of \$131,339.96 for the first five months of 1953 and nonutility revenue of \$3,332,115.77, with net profit of \$81,943.20. It reports its assets and liabilities as of May 31, 1953, as follows:

Assets

Current assets -		
Cash	\$440,492.84	
Notes and accounts receivable	550,856.60	
Inventories	<u>425,050.45</u>	
Total current assets		\$1,416,399.89
Fixed assets-less depreciation reserve		1,314,941.52
Other investments		604,268.78
Deferred charges and other assets		<u>101,476.24</u>
	Total	<u>\$3,437,086.43</u>

Liabilities

Current liabilities -		
Accounts payable	\$527,077.39	
Taxes payable	190,392.21	
Accruals	<u>92,574.62</u>	
Total current liabilities		\$ 810,044.22
Long-term liabilities		387,500.00
Reserve for income taxes		88,771.80
Preferred stock		487,650.00
Common stock		464,550.00
Surplus		<u>1,198,570.41</u>
	Total	<u>\$3,437,086.43</u>

The outstanding shares of stock consist of 19,264 shares of no par preferred stock which are carried on the balance sheet at approximately \$25.30 each, and 18,581 shares of no par common stock which are carried at approximately \$25 each, exclusive of earned surplus. Under the articles of incorporation the holders of the no par preferred shares are entitled to receive cumulative dividends at the rate of \$1.50 a share per annum and, after dividends of \$1.50 on the shares of common stock, not cumulative however, are entitled to participate with the holders of the common shares in additional distribution of dividends. During the last five years dividends have been paid on the outstanding shares of preferred and common stock in the amount of \$2 in 1948, \$3 in 1949, \$3.25 in 1950, \$4.50 in 1951 and \$5.50 in 1952. Applicant's latest annual report to the Commission shows that there were 46 holders of the shares of

common stock at the close of the year, and 118 holders of the shares of preferred stock.

The application shows that it has been decided by applicant that a split up of the shares of stock, which would result in a larger number of shares of smaller actual value being outstanding, would be advantageous in that it would result in improved marketability of the shares and should cause more persons to be associated with applicant through stock ownership. Accordingly, steps have been taken by applicant looking toward the amendment of its articles of incorporation so as to increase the number of authorized shares and to provide for shares of the par value of \$1 instead of shares with no par value. Applicant reports that it has informed its shareholders of the contemplated split up and has received no dissents to its proposal.

Applicant's plans call for a three-for-one split, with the cumulative dividend on the preferred stock being reduced to one-third of its prior entitlement and the dividend and liquidation rights of the various stocks similarly reconciled. As a result, the shareholder's three shares, after the split up or subdivision, will entitle him to identical rights, privileges and participation as his one share prior thereto. Under the amendment to the articles of incorporation the holders of the preferred shares shall be entitled to receive cumulative dividends at the rate of 50¢ per annum and, after dividends of 50¢ a share on the outstanding shares of common stock, noncumulative however, shall be entitled to participate with the holders of the common shares in additional distribution. The articles provide that in the event of any liquidation, dissolution or winding up of the corporation, whether

voluntary or involuntary, the holders of the preferred shares shall be entitled to receive an amount equal to \$8.33-1/3 a share for each of said preferred shares plus the unpaid and accumulated dividends and, after payment of a like amount to the holders of the shares of common stock, if such amount is available, shall be entitled to participate with the holders of said shares of common stock in any further distribution of assets.

Upon the basis of the information contained in the verified application an order will be entered granting applicant's request.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required by applicant for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. California Cold Storage & Distributing Co. may split up or subdivide its outstanding shares of stock, as indicated in this proceeding, and may issue, on or before April 30, 1954, in the aggregate not to exceed 57,792 shares of its preferred stock of the par value of \$1 each in lieu of and in exchange for 19,264 shares of its no par preferred stock presently outstanding, and may issue

not to exceed 55,743 shares of its common stock of the par value of \$1 each in lieu of and in exchange for 18,581 shares of no par common stock presently outstanding.

2. California Cold Storage & Distributing Co. shall file with the Commission, on or before May 31, 1954, a statement showing the number of shares of stock issued under the authorization herein granted.

3. The authority herein granted will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 18th day of August, 1953.

President

Justin Z. Galmer
Harold A. Hull
Robert L. Mitchell

Commissioners