

Decision No. 55946

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of MARKET WHOLESAL  
GROCERY CO., a corporation, for  
a permit authorizing the issuance  
of 100,000 shares of its \$10.00  
par value capital stock

Application No. 39577

-----

O P I N I O N

In this application Market Wholesale Grocery Co. requests (1) authority to issue shares of its capital stock of an aggregate par value of \$500,000 as a stock dividend and in conjunction therewith to transfer a like sum from its surplus to its capital stock account and (2) authority to issue an additional \$500,000 par value of its capital stock for the purpose of discharging obligations in the amount of \$500,000.

Applicant, a California corporation, is a wholly owned subsidiary of Arden Farms Co. In connection with its primary business of distributing and selling groceries and related products at wholesale, it operates as a cold storage warehouseman in Fresno and for the year ended December 31, 1956, reports net income of \$144,464.19, of which \$46,343.69 represents net operating income from public utility operations.

In its September 27, 1957, balance sheet applicant reports assets, liabilities and capital as follows:

Assets

Current assets -		
Cash	\$ 730,033.71	
Notes and accounts receivable (Net)	5,351,222.13	
Inventories	<u>4,098,936.00</u>	
Total current assets		\$10,180,191.84
Plant and equipment less reserves		630,064.93
Other assets		<u>266,988.79</u>
Total assets		<u>\$11,077,245.56</u>

Liabilities

Current liabilities -		
Notes and contracts payable	\$ 300,000.00	
Accounts payable	4,843,661.27	
Other current liabilities	<u>121,944.86</u>	
Total current liabilities		\$ 5,265,606.13
Notes and contracts payable (Due after 9-27-58)		222,500.00
Intercompany advances		2,800,000.00
Capital and surplus		
Common stock	2,000,000.00	
Capital surplus	248,260.68	
Earned surplus	<u>540,878.75</u>	
Total capital stock and surplus		<u>2,789,139.43</u>
Total liabilities		<u>\$11,077,245.56</u>

Applicant now reports that funds provided through capital surplus and by the retention of earnings are being utilized in its operations and that it desires to formalize such usage by transferring \$248,260.68 from its capital surplus and \$251,739.32 from its earned surplus account to its capital stock account and to evidence such transfer by the issuance of \$500,000 par value of its common stock to its existing stockholder as a stock dividend. It also desires to reduce the balance in its intercompany advances account by the issuance of an additional \$500,000 of its common capital stock.

From a review of the application it appears that applicant's operations have been profitable, that it has need for the additional capital which will be derived from the issuance of

additional shares of its common stock and that an order should be entered granting applicant's requests.

O R D E R

The Commission has reviewed this matter and is of the opinion that a public hearing is not necessary, that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through 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. Market Wholesale Grocery Co., after the effective date hereof and on or before June 30, 1958, may issue 50,000 shares of its common capital stock of an aggregate par value of \$500,000 in reimbursement of its treasury as set forth in this application and thereafter may distribute said shares, as a share dividend, to its existing shareholder.

2. Market Wholesale Grocery Co., after the effective date hereof and on or before June 30, 1958, may issue 50,000 shares of its capital stock of the aggregate par value of \$500,000 in payment of open account obligations in the amount of \$500,000 held by its parent corporation, Arden Farms Co.

3. Applicant shall file a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. This order will become effective upon the date hereof.

Dated at San Francisco, California, this 16<sup>th</sup> day of December, 1957.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
Commissioners