

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



A brief summary of financial proposals filed with and actions by the S.E.C.

Washington 25, D.C.

FOR RELEASE September 18, 1956

Food Mart, Inc., El Paso, Texas, today filed a registration statement (File 2-12786) with the SEC seeking registration of 90,337 shares of its \$2 par Common Stock. The company proposes to offer these shares for subscription by its common stockholders at the rate of one share of additional stock for each eight shares held of record October 9, 1956. The subscription price and underwriting terms are to be supplied by amendment. Shearson, Hammill & Co. is named as the principal underwriter.

The company operates a retail food chain consisting of 57 outlets in Texas and southern New Mexico. Net proceeds of this financing will be used for general corporate purposes, including the expenditure of approximately \$900,000 for equipment and merchandise for seven new supermarkets which have already been leased and which will open during the period November 1956 - December 1957, two of which will replace existing stores, and to provide additional working capital. In addition, the company is contemplating further expansion of facilities which, depending upon the number of attractive opportunities that exist for leasing new stores or acquiring existing stores, may involve the expenditure of up to \$2,000,000 during 1957. The company anticipates that the additional funds needed for such program will be supplied through depreciation and operations.

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Growth Industry Shares, Inc., Chicago investment company, filed an amendment on September 17, 1956 to its registration statement (File 2-11148) seeking registration of 200,000 additional shares of Capital Stock, \$1 par value.

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Gardner-Denver Company, Quincy, Ill., today filed a registration statement (File 2-12787) with the SEC seeking registration of \$10,000,000 of Convertible Subordinated Debentures, due October 1, 1976, to be offered for public sale through an underwriting group headed by Hornblower & Weeks and A. G. Becker & Co., Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The principal products of the company are rock drills and air tools, air compressors, pumps and portable pneumatic tools. Net proceeds of this financing will be used for payment in full of the existing bank debt of the company, which debt amounted to \$4,500,000 at June 30, 1956, and was incurred by the company to provide funds for additional working capital. The balance of the proceeds will be added to the general funds of the company for use as working capital as needed in the operation of the business.

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Southern Bell Telephone and Telegraph Company, Atlanta, Ga., today filed a registration statement (File 2-12788) with the SEC seeking registration of \$60,000,000 of Twenty-seven Year Debentures, due October 1, 1983, to be offered for public sale at competitive bidding. The company intends to apply the net proceeds of the financing toward the repayment of outstanding advances to its parent, American Telephone and Telegraph Company, which are expected to approximate \$90,000,000 at the time the proceeds are received. Advances from AT&T are obtained in conformity with an established practice of borrowing from such company, as the need therefor arises, for general corporate purposes, including property additions and improvements. The company has been making and will continue to make large expenditures for new construction in order to meet the demands for telephone service and to further improve the service.

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The Public Service Company of Indiana, Inc. ("PSI"), Plainfield, Ind., today petitioned the Securities and Exchange Commission for an investigation of the status of American Gas and Electric Company ("AG&E") as an integrated public utility system under the standards of Section 11 of the Public Utility Holding Company Act of 1935.

In its petition, PSI asserts that the proposal of AG&E's subsidiary, Indiana & Michigan Electric Company ("I&M"), to construct a large steam electric generating station in western Indiana on the Wabash River, Fairbanks Township, Sullivan County, approximately 20 miles south of Terre Haute, together with 330,000 volt transmission lines to tie the new plant in with and as a part of the AG&E system, "will not serve the public interest by tending toward the economical and efficient development of an integrated system, but will, on the other hand, constitute an expansion and extension of the territory covered by the AG&E system that will result in the operations of that system being operations beyond those of an integrated public utility system permitted under the provisions of Section 11(b) of the Act; and such expanded system will not be a system confined in its operations to a single area or region and will be so large as to impair the advantages of localized management, efficient operation and the effectiveness of regulation, in contravention of standards of Section 2(a)(29) and 11(b)(1) of the Act."

According to PSI's petition, I&M recently announced its intention to construct the new steam electric generating station, to be known as Breed Station, and to cost initially \$58,000,000. While the exact locations of the proposed transmission lines are not known to PSI, Breed Station will be located, according to the petition, 200 miles from the New Carlisle substation of I&M near New Carlisle, Indiana, 190 miles from the Sorenson substation of I&M near Fort Wayne, Indiana, 150 miles from the Tanner's Creek Generating Station of I&M near Lawrenceburg, Indiana, and 130 miles from the Clifty Creek Generating Station of Ohio Valley Electric Corporation near Madison, Indiana, in which corporation AG&E has a substantial ownership interest. Said New Carlisle substation, Sorenson substation and existing generating stations are termini of 330,000 volt transmission lines of the AG&E system now in existence or proposed.

The petition further indicates that, if the proposed Breed Station is constructed and tied in with such other stations by transmission lines, they will encompass approximately 17,500 square miles of territory not presently embraced in the AG&E system which territory has a population of over 1,750,000 inhabitants; such interconnection will necessarily cross existing transmission lines of petitioner; and the entire ter-

ritory presently served by petitioner will be directly affected by the Breed Station and transmission lines therefrom, as will other large areas of Indiana and Illinois which are presently served by electric utilities other than the AG&E system, by rural electric membership corporations and by municipal utilities. Furthermore, the petition asserts, the construction of the Breed Station and associated transmission lines would constitute a major extension into new territory which would materially enlarge the AG&E system; The AG&E system is now substantially larger than the system approved for retention in prior Commission proceedings under Section 11; and there exist within the present territory of the AG&E system locations with access to adequate supplies of coal and water sufficient for the efficient and economical generation of electric power for the AG&E system, including normal growth.

Whether or not the AG&E system now intends to render service in the territory served by Petitioner and other public utility companies, the petition states, the construction of the proposed facilities would place the AG&E system in a position to render or seek to render service in such territory which would be inimical and prejudicial to the public interest, and to the best interests of Petitioner and such other public utilities, of the investors therein and of the public served thereby.

Accordingly, PSI requests the Securities and Exchange Commission to institute an investigation having for its purpose a determination of whether the AG&E system will constitute an integrated public utility system if it or one of its subsidiaries is permitted to proceed with the construction and ownership of the Breed Station and associated transmission lines. If, as a result of such investigation, the Commission finds that after such expansion by I&M or AG&E, or either of them, the AG&E system would not constitute an integrated public utility system permitted by the Holding Company Act, petitioner requests the Commission to enter an order "requiring I&M and AG&E to cease and desist from such expansion and to limit their operations to those of an integrated public utility system meeting the standards of the Act."

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