

RR/TC/AV/WPSC

Decision

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JUN 1 1983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of VIKING FREIGHT)
 SYSTEM, INC. to effect a three-for-)
 two stock split and to issue and)
 sell not exceeding 825,000 shares)
 of Common Stock, without par value.)

Application 83-04-53
 (Filed April 25, 1983)

O P I N I O N

Viking Freight System, Inc. (Viking) requests authority, under Public Utilities (PU) Code Sections 816 through 830 to:

1. Effect a stock split, issuing one new share of common stock for every two shares currently outstanding; and
2. Issue and sell not to exceed 825,000 shares of common stock without par value.

Notice of the filing of the application appeared on the Commission's Daily Calendar of April 27, 1983. No protests have been received.

Viking is a California corporation and a public utility principally engaged in the business of providing line haul pick-up and delivery service of commercial freight throughout California under File T-84649. In addition, Viking operates as an interstate common carrier of general freight between California, Nevada, Arizona, and Oregon, and by interline operations serves the eastern half of the United States, Washington, Hawaii, Alaska, and Canada.

For the twelve months ended December 31, 1982, Viking generated total operating revenues of \$59,248,000 and net income of \$2,700,000. Viking's Balance Sheet as of December 31, 1982, taken from its 1982 Annual Report to Stockholders, is as follows:

<u>Assets</u>	<u>Amount (In Thousands)</u>
Net Operating Equipment	\$34,025
Current Assets and Prepayments	10,628
Other Assets	<u>3,171</u>
Total	\$47,824
 <u>Liabilities and Common Equity</u>	
Common Equity	\$16,302
Long-Term Debt	17,116
Current Liabilities	8,807
Other Liabilities	<u>5,599</u>
Total	\$47,824

Viking currently has 1,779,196 shares of its no par common stock outstanding. Viking's underwriters and Viking believe that a stock split of three for two, at this time, will significantly increase the marketability of its shares. Viking proposes to effect a stock split by issuing 889,598 new shares (one new share of no par common stock for every two shares currently outstanding) in order that a new common stock public offering will be at a price more attractive to investors. The stock split will only affect the number of shares outstanding; the capital structure would be unchanged by this transaction.

In addition to the stock split, Viking requests authority to issue 825,000 shares of its common stock without par value. This offering will be underwritten by a nationwide group of underwriters who will agree to purchase the common stock under an underwriting agreement for resale to the public. Viking's attorney reported that on May 5, 1983, the over-the-counter price of Viking's pre-split stock was \$33.75. The sale of 825,000 new shares of Viking's common stock (post split) should generate approximately \$18,400,000, which is the aggregate value on which the fee, in this proceeding is based.

Viking proposes to use approximately half of the proceeds from the sale of stock to purchase certain freight terminals, which currently are leased to Viking; to construct a new freight terminal in Sacramento; and to expand existing terminal facilities. The rest of the proceeds will be used to purchase revenue equipment and to repay short-term debt needed for working capital.

The Commission's Transportation Division and the Revenue Requirements Division have reviewed the application and conclude Viking's requests to be reasonable and should be granted.

Findings of Fact

1. Viking is a California corporation and both a certificated and permitted highway carrier subject to the jurisdiction of this Commission.

2. Viking's stock split, and the issuance of 825,000 shares of common stock without par value, are for proper purposes and not adverse to the public interest.

3. The proposed stock issue is for lawful purposes and the money, property, or labor to be obtained by it is reasonably required for purposes specified in the application. Proceeds from the stock issue may not be charged to operating expenses or to income.

4. There is no known opposition to this proceeding and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The application should be granted to the extent set forth in the order which follows.

In issuing our order, we place Viking and its shareholders on notice that we do not regard the number of shares outstanding, or the dividends paid, as measuring the return it should be allowed to earn on its investment. This authorization is not a finding of the value of Viking's stock or properties nor indicative of amounts to be included in ratesetting proceedings.

Viking requests this order be made effective on the date of signature to enable Viking to proceed with the stock split and the stock issue expeditiously.

O R D E R

IT IS ORDERED that:

1. Viking Freight System, Inc. (Viking), on or after the effective date of this order and on or before December 31, 1983, may effect a stock split by issuing 889,598 shares of its common stock without par value, constituting one new share for every two shares currently outstanding.

2. Viking, on or after the effective date of this order and on or before December 31, 1983, may issue, sell, and deliver not to exceed in the aggregate, 825,000 shares (post split) of its common stock without par value, on the terms and under the conditions to be negotiated with the underwriters.

3. Viking shall use the net proceeds from the sale of the common stock here authorized for the purposes set forth in the application.

4. Promptly after Viking ascertains the underwriting compensation and the price to Viking for the common stock authorized to be issued, the utility shall notify the Commission of each in writing.

5. As soon as available, Viking shall file with the Commission three copies of its final offering circular pertaining to the common stock.

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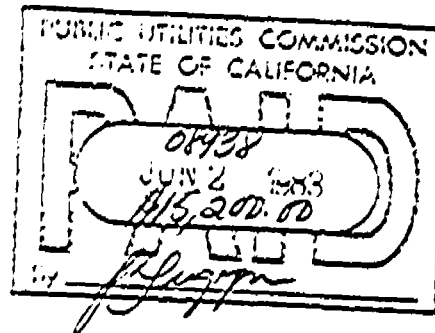
6. Viking shall file the reports required by General Order Series 24.

7. The authority granted by this order to issue common stock will be effective when Viking pays \$15,200, the fee set by PU Code Section 1904.1. In all other respects this order is effective today.

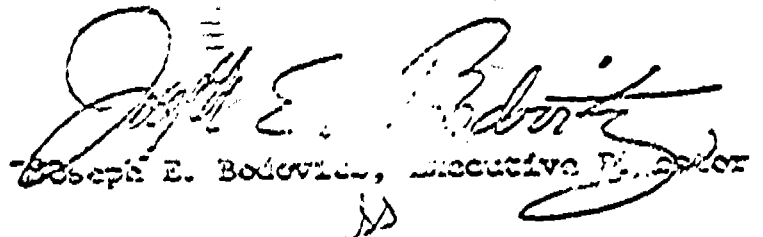
Dated JUN 1 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. CREW
DONALD VIAL
Commissioners



I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovick, Executive Director

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