

ORIGINAL

Decision No. 49429

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GREYHOUND LINES
and THE LINCOLN NATIONAL LIFE INSURANCE
COMPANY for approval of sale and lease of
certain utility property, San Francisco.

Application
No. 34860

Douglas Brookman, for applicants.

O P I N I O N

Pacific Greyhound Lines has filed this application on November 9, 1953, for approval of the sale and lease of certain real property and improvements located in San Francisco.

A public hearing was held before Commissioner Potter and Examiner Coleman in San Francisco on December 7, 1953. Thereafter, pursuant to leave granted at the hearing, applicants filed an exhibit on December 10 in support of their requests. The matter now is ready for decision.

The record shows that Pacific Greyhound Lines heretofore acquired certain property located at 365 Market Street, San Francisco, with the intention of remodeling the same to accommodate its general offices, it having arrived at the conclusion that its present leased facilities at the intersection of Pine and Battery Streets no longer are adequate to meet its requirements. The purchase price paid was \$225,000 and the cost of the remodeling is estimated at \$400,000, thus making a total investment of \$625,000.

Pacific Greyhound Lines proposes to sell the property to The Lincoln National Life Insurance Company for the sum of \$625,000 or for a sum equal to the cost of the land and existing improvements plus the cost of the remodeling work, whichever is the lower, and thereafter to lease back the premises for a term of 25 years with an option to extend the lease for periods aggregating 35 additional years. The application shows that during the first 25 years

Pacific Greyhound Lines will pay as annual rental an amount equal to 6.51% of the purchase price to be paid by The Lincoln National Life Insurance Company and thereafter as annual rental an amount equal to 2% of said purchase price.

The sale and lease agreements will relieve Pacific Greyhound Lines from financing the cost of the property, will result in some savings, and will provide the company with needed office space at what is considered by applicants to be a reasonable rental. The arrangements will not interfere with the service to the public but, according to the company, will result in operating efficiency because of the utilization of facilities more suitable than the present ones. It therefore appears to us that the transaction will not be adverse to the public interest and that an order should be entered granting the application.

The action taken herein shall not be construed to be a finding of the value of the properties referred to herein.

Applicants intend to occupy the premises at once and hence request the Commission, if it concludes to approve this matter, to make its order effective upon its date. This request will be granted.

O R D E R

A public hearing having been held on the above entitled matter, and the Commission having considered the evidence and being of the opinion that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED that Pacific Greyhound Lines be, and it hereby is, authorized to enter into sale and lease agreements with The Lincoln National Life Insurance Company, in substantially the same form as those filed in this proceeding, covering the property described in this application and referred to in the preceding opinion, and to sell and lease said properties in accordance with said agreements.

IT IS HEREBY FURTHER ORDERED that Pacific Greyhound Lines, within 30 days after the execution of the sale and lease agreements, shall file with the Commission a copy of each of said agreements as executed.

The authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 15th day of December, 1953.

A. F. Johnson
 President

Matthew F. Cullen

Samuel Pottel

Jack E. Nitzell

Gene Deegan
 Commissioners