

ORIGINAL

Decision No. 60496

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
the GENERAL TELEPHONE COMPANY OF
CALIFORNIA for an order authorizing
it to sell and convey property
located at Downey to The Lincoln
National Life Insurance Company.

Application No. 42168

OPINION AND ORDER

By this application filed April 19, 1960, the General Telephone Company of California, a corporation, seeks authorization under Section 851 of the Public Utilities Code to sell certain real property presently dedicated to the public use and to lease back the same property from the buyer, in accordance with the terms of an agreement attached to the application.

Applicant is a corporation owning and operating telephone systems in various cities and territories in California. In the conduct of its business it has acquired certain real property at 8613 East Firestone Boulevard in the City of Downey, County of Los Angeles, State of California.

Applicant acquired the above-described property for the sum of \$123,622 and has constructed an office building thereon at a cost of approximately \$550,000.

Applicant now proposes to sell the property and improvements for a purchase price equal to the lesser of the cost of land and improvements, or \$800,000, to The Lincoln National Life Insurance Company, a corporation having its principal office at Fort Wayne, Indiana.

Applicant states that the property is necessary and useful to its operation and therefore proposes to enter into an agreement with the buyer to lease back the property for a period of twenty-five years at a rate equal to 6.84141% per annum of the price the buyer shall pay for the said property. Applicant further will retain an option to renew the lease for an additional twenty-five years at a rate of 3% per annum of the price the buyer shall pay for the said property. Applicant represents that this agreement will be advantageous to it as it will provide needed additional office space at a reasonable rent and it will have its capital returned, which capital can be used for other purposes.

The Commission has considered this matter and is of the opinion and so finds, that the proposed sale and lease of property and improvements described in this application will not be adverse to the public interest; that it should be authorized; and that a public hearing is not necessary; therefore,

IT IS ORDERED as follows:

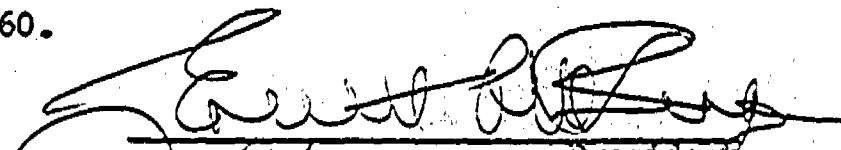
1. General Telephone Company of California, on and after the effective date hereof and on or before December 31, 1960, may sell and convey to The Lincoln National Life Insurance Company the real property referred to in the application.

2. General Telephone Company of California may immediately upon consummation of the sale enter into a lease agreement with The Lincoln National Life Insurance Company in accordance with the terms set forth in this application.

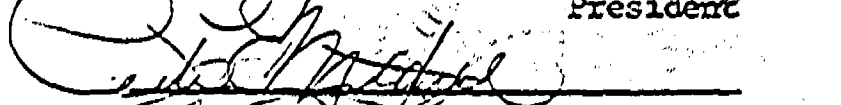
The action taken herein shall not be construed to be a finding of the value of the property herein authorized to be sold, and shall not be construed to be a finding of the reasonableness of rental payments to be included in operating expenses for the purpose of fixing rates.

The effective date of this order shall be the date hereof.


Dated at San Francisco, California, this 2nd day of August, 1960.



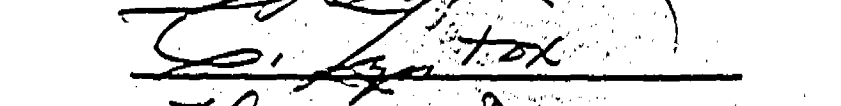
President



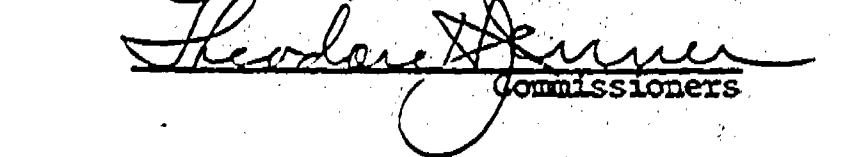
Commissioner



Commissioner



Commissioner



Commissioner