

May 13, 2003

Michael R. Peevey, President  
Geoffrey F. Brown, Commissioner  
Susan Kennedy, Commissioner  
Loretta Lynch, Commissioner  
Carl Wood, Commissioner  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Dear Commissioners:

As the Public Utilities Commission (PUC) considers reducing electricity rates for selected customers, I ask that you prioritize the more than six million students attending California schools.

California has made great strides over these past few years to improve our educational system and we are just beginning to realize the benefits. But today our schools are faced with unprecedented budget cuts and it is in all of our interest to keep these cuts from drastically affecting the classroom.

As you are well aware, all schools served by California utilities were hit hard by increased rates and suffered great blows imposed by an unprecedented rate hike; in March 2001. The PUC-imposed rate hike wreaked havoc with susceptible school budgets and left some school officials with the difficult decision of choosing between paying for educational needs and keeping the lights on.

As you consider reducing rates, I urge you to return electric rates to pre-energy crisis levels for our schools first. Public schools in California use approximately 5 billion kilowatt hours of electricity per year. Lowering all school rates to their pre-crisis level would save our schools more than \$200 million annually. This would entail an average approximate rate decrease for each school in California of 4.5 cents/kwh. In addition, returning schools to pre-crisis rate levels can be attained without denying other customers rate decreases as well. But in these troubled times, when we must prioritize investments in our most critical resources, we ought to reduce schools' rates first.

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Education is critical to all Californians. We all want to know that the tax dollars spent on our schools are used efficiently and in the best interest of our students. Therefore, I would like to formally request the PUC to incorporate rate reductions to schools as part of the current Southern California Edison proceeding and open a new proceeding for other utilities to drop rates for California schools. Whether this involves creating a new customer classification or merely a new rate, I urge the PUC to act quickly to ensure every school in California pays only pre-energy crisis rates by the beginning of the next school year in September 2003.

Sincerely,

JACK O'CONNELL

JO:rm

cc: Gray Davis, Governor  
Kerry Mazzoni, Secretary for Education  
John Burton, Senate President Pro Tempore  
Herb Wesson Jr, Speaker of the Assembly  
Debra Bowen, Chair, Senate Energy, Utilities & Communications Committee  
Jim Brulte, Senate Minority Leader  
Wesley Chesbro, Chair, Senate Budget & Fiscal Review Committee  
John Vasconcellos, Chair, Senate Education Committee  
Dave Cox, Assembly Minority Leader  
Jackie Goldberg, Chair, Assembly Education Committee  
Jenny Oropeza, Chair, Assembly Budget Committee  
Sarah Reyes, Chair Assembly Utilities and Commerce Committee  
Elizabeth Hill, Legislative Analyst