

**RESOLUTION NO. 15-003 OF THE GOVERNING BOARD
OF THE SPENCER VALLEY SCHOOL DISTRICT URGING IMMEDIATE ACTION BY THE
GOVERNOR AND LEGISLATURE TO PROTECT LOCAL CONTROL FUNDING FORMULA
FUNDS FROM BEING DIVERTED TO PAY FOR ESCALATING ELECTRICITY COSTS**

WHEREAS, school districts in San Diego County (“SD Schools”) experienced an unprecedented and unanticipated escalation in electricity costs during the 2014-15 fiscal year estimated at thirty-nine (39)%, as compared with the prior year, with approximately thirty-three (33)% of that escalation attributable to utility rate increases alone; and,

WHEREAS, estimates indicate this escalation amounted to an increase in operational expenditures for SD Schools of over \$25 million in one year, thereby diverting an estimated 15% to 20% of the increase in Local Control Funding Formula (“LCFF”) Base Grant funding in 2014-15 to San Diego Gas & Electric (“SDG&E”), the region’s public utility company; and,

WHEREAS, this trend is unsustainable and is impeding the ability of SD Schools to meet the expectations and intent of the Governor, Legislature, and stakeholders for increasing or improving services for students, as outlined in LCFF legislation and regulations; and

WHEREAS, SD Schools operate as non-profit governmental entities but are currently included in the Commercial and Industrial class of ratepayers within SDG&E’s territory, the same rate class occupied by for-profit businesses and entities; and

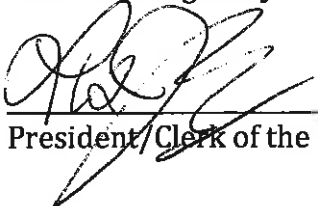
WHEREAS, unlike for-profit businesses and entities, school districts generally cannot raise prices or fees in order to generate additional revenue to offset the impact of increased operational costs; and

WHEREAS, school districts, therefore, have no other option to counteract the negative impact to their budgets from electricity cost escalations but to reduce expenditures in other areas by eliminating or scaling-back programs and services for students, most notably those contained in their Local Control Accountability Plans (“LCAP”); and,

WHEREAS, school districts have electricity usage patterns dissimilar to other entities in the Commercial and Industrial rate classes since many cease or significantly reduce operations during the months of July and August when school is not in session; and,

WHEREAS, school districts are not eligible for intervener compensation and generally do not have the \$150,000 to \$300,000 in financial resources necessary to protect and promote their interests by intervening in proceedings and General Rate Cases filed with the California Public Utilities Commission (“CPUC”) and are, therefore, at the mercy of actions proposed by SDG&E to raise rates and alter rate structures that cause the exorbitant electricity cost increases currently being experienced by SD Schools; and,

I, Lisa Boyer, President/Clerk of the Board of Education, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted by said Board at a regularly called and conducted meeting held on said date.



President/Clerk of the Board