

## **Commissioner Timothy Simon**

### **PG&E Supplier Diversity Achievement Awards**

### **Potential Talking Points**

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- 1) PG&E achieved its highest ever Supplier Diversity results – 25.6% – against the corporate goal of 25% in 2009.
- 2) PG&E spent \$928M with diverse suppliers in 2009:
  - A powerful contribution to economic development in diverse communities.
  - More than any other utility in California, in fact, more than the Sempra family of companies, combined.
- 3) PG&E took a tremendous leadership role in the Banking & Money Management arena. FROM THE AWARDS PROGRAM “Banking & Money Management made impressive progress in utilizing diverse financial services suppliers. They developed entirely new strategies for including diverse companies in an area that has historically shown very little diversity participation. Team members have become pathfinders, going beyond other corporations in developing a variety of innovative approaches to inclusion and making PG&E a clear leader among California utilities.
  - The team used seven different diverse investment banks on their 2009 bond financings, paying out fees of \$1.15 million; a 40% increase over 2008.
  - To enhance the role of diverse firms in financing transactions, they encouraged and supported diverse firms that bring in bond orders to PG&E’s transactions. Specifically, they allocated bonds to these companies on the last seven bond transactions, which also enhanced their relationships with investors and increased their exposure and involvement in the transaction.
  - The team added an innovative performance-based element for those firms that participated in 2009 bond offerings. The firms that performed well were able to earn greater fees. Other utilities have added similar performance-based elements in their financing transactions following the success of this program.
  - In the relationship-driven financial services community, access to decision makers is often cited as a root cause for corporations’ low minority performance. To address this constraint, PG&E used a diverse firm to arrange several marketing meetings in San Francisco, Los Angeles and San Diego. These meetings with fixed-income investors provided an opportunity for the diverse firm to develop their client relationships with institutional investors by providing access to PG&E’s management.
  - Williams Capital was one of five dealers, placing approximately \$2.0 billion, or 17%, of PG&E’s commercial paper in 2009.
  - In 2008, PG&E created and then expanded in 2009 a Community Investment Program, an initiative to support local community and diverse banks. This innovative program was designed to identify investment opportunities with those diverse companies, whose mission supports social programs that align with PG&E’s values on diversity, social responsibility and economic growth. They have invested \$6.8 million in 19 local diverse and community banks.
  - The team also added two diverse money-market funds managed by Williams Capital and Milestone Capital Management as approved funds in short-term

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investment policy. In 2009, they invested \$10 million in the Williams Capital Government Money market fund.

- They deposited \$9.5 million in a Money Market Insured Deposit Account Service (MMIDAS) account at EastWest Bank, which is allocated amongst other eligible community banks to maximize FDIC coverage.
- The team placed \$100 million in money market investments through Capital Network Inc., which is a diverse money market investment portal.
- PG&E sponsored the New Connections Symposium in Sacramento on cash management and participated on an industry panel at that symposium. “

- 4) PG&E has made very impressive progress in legal spend as a result of having specific attorneys responsible for reaching out to meet the minority and women’s bar community, and linking them to specific opportunities within PG&E.

FROM THE AWARDS PROGRAM “In 2009, the Law Department Diversity Committee, implemented innovative and effective strategies to significantly improve supplier diversity amongst PG&E’s legal suppliers. The result of these efforts was a breakthrough diverse spend for the Law Department of approximately 30% with over 40 diverse suppliers.

In 2009, each member of the Law Department Diversity Committee took a leadership role by reaching out to a different minority or women’s bar group to develop a relationship with the PG&E Law Department. Each member of the Diversity Committee attended events of a chosen bar group and met with group members, with the goal of familiarizing diverse legal service providers with PG&E and finding opportunities for diverse attorneys to provide legal support to PG&E. The key was finding top legal services from diverse firms which matched the Law Department’s needs. Diversity Committee members then networked with their colleagues to use the talent of these WMDVBE legal service providers. The new diverse law firms recruited by the Diversity Committee range from sole practitioners to one of the largest minority-owned law firms in the country.

This personal networking strategy, combined with careful pairing of diverse legal services with PG&E’s legal needs, resulted in stellar diversity participation in an area of spend that historically has seen very little diversity participation. Four years ago, legal spend with diverse companies was just over \$1M and has now reached an all time high of \$10.3M, an impressive 908 percent increase. The Law Department is also seeding future growth in this arena by providing internship opportunities for the next generation of diverse lawyers.”

- 5) PG&E achieved 30% Supplier Diversity in the trial of our photovoltaic generation project. That is a big step in the right direction toward getting diverse suppliers fully engaged in the growing area of renewable energy.

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### FROM AWARDS PROGRAM

“PG&E’s Renewables Sourcing team exemplifies the meaning of teamwork. The team exhibits a key attribute on the company’s Competency Model under Building Teams, “...creates an environment where open communication, information sharing and diversity of thought is valued and included.” It is through this teamwork that the team achieved 30% diverse spend on PG&E’s Pilot Photovoltaic Project, now the Vaca-Dixon Solar Station, in 2009 and established PG&E as a supplier diversity leader in this new area.

This level of spending is a landmark accomplishment considering it is the first photovoltaic project for PG&E and marks the start of significant potential investment in this emerging generation technology. The team combined innovation, passion and a partnering attitude in working with prime supplier, Solon, to deliver these results. Efforts included two workshops and two webinars to educate bidders about the importance of supplier diversity in the Request For Proposal process. The team made sure that senior leadership delivered a clear message at the workshops to reinforce our company’s commitments. The Renewables team also came up with the idea to include a panel of diverse suppliers in one of the workshops so that the primes could hear first-hand how diverse suppliers could add value to their supply chain.

The Renewables Sourcing team is taking their commitment and best practices on to the next phase of the photovoltaic power generation project and with all the right process steps in place, we anticipate great results in the full deployment of the 250MW Photovoltaic Program.”