

March 15, 2013

***Congratulations on Diversity Achievements on 25th Anniversary of GO 156
and Upcoming 50th Anniversary of the Civil Rights Act of 1964***

Dear President Peevey, and Commissioners Florio, Ferron, Peterman, and Sandoval, and Messrs. Knight, Litzinger, Early, and Ms. Reed:

During the next year, we will be celebrating two very important events. The first and most important is the Civil Rights Act of 1964. The second is the 25th anniversary of the first effective implementation by any state regulator of the Civil Rights Act of 1964-- through GO156.

The National Asian American Coalition, the California Black Chambers of Commerce and the Ecumenical Center for Black Church Studies wish to congratulate this Commission and the major utilities for their extraordinary progress over the last 25 years in regards to diversity of contracts.

I. Achievements

Verizon, for example, is the first major corporation in the nation to exceed 50% of its contracts to minorities, women and disabled veteran owned businesses. And, with the exception of SDG&E, all utilities have shown progress from 2011 to 2012 and all (with the exception of SDG&E) are close to 40% or in excess of 40% in contracts to minority, women and disabled veteran owned businesses.

We also note that PG&E and SoCal Gas have achieved a very notable record in contracting with Black - owned businesses. That is, both have achieved population parity.

In particular, we wish to applaud:

- Verizon for its 50% overall achievement;
- AT&T for being a leader for disabled veterans;
- AT&T and SCE for being leaders in Asian American achievements,
- PG&E and SoCal Gas for being leaders in African American achievements;
- AT&T and SoCal Gas for being the leaders in Latino achievements;
- SoCal Gas for being the leader in Women of Color achievements; and
- Verizon and AT&T for voluntarily compiling and submitting essential data on small business contracts.

II. Summary of Progress from 2011 to 2012

Summary charts demonstrating progress and achievements are attached. The charts provide an analysis of GO 156 progress from 2011 to 2012.

1. Verizon is the only utility that has achieved 50% or more in contracts to women, minority and disabled veteran owned businesses. And with the exception of SDG&E, all the utilities have made progress from 2011 to 2012. And, with the exception of SDG&E, all utilities are likely to be at 40% or more (the original aspirational goal) for the year 2013.

2. For Asian Americans, limited progress has been made and no utility is even close to half of Asian American population parity (which is 16%).
3. For Latinos, there is a similar lack of population parity. 38% of Californians identify as Latino and this number is rapidly rising. Despite this, no utility is above 40% of population parity and one utility, SDG&E, showed more than a 30% decline.
4. Women of color should represent at least half of overall minority achievements, which average 25% across the companies. Therefore, women of color should represent at least 12% of all contracts. No utility was close to this goal in 2012. However, SoCal Gas, PG&E and AT&T have shown the most progress, and are well above half of this goal.
5. For disabled veterans, two utilities have exceeded the aspirational goal of 3% expressed by Executive Director Paul Clanon three years ago. However, with the exception of SCE, all have exceeded the minimum goal of 1.5%. Further, SCE and Verizon, to their credit, have more than doubled their achievements from 2011 to 2012.

III. Recommendations

Although much progress has been made and this Commission and many of the CEOs deserve credit for making diversity part of their DNA, we do wish to offer a few recommendations to ensure that the leadership of today will lead to even more benefits to underserved small business communities.

1. Ninety-eight percent (98%) of disabled veteran and minority businesses are small businesses, or businesses with annual revenues of \$1 million or less. With the rarest of exceptions, they have not participated in these civil rights achievements since almost 99% of the dollar amount of contracts have been awarded to medium or large businesses. Therefore, this Commission should urge and/or require that all utilities follow the commendable efforts of Verizon and AT&T by reporting separately their achievements by procurement spend for small businesses by race, ethnicity, gender and for disabled veterans.
2. 300,000 returning veterans will locate in California over the next five years. CAMEO, California's leading microenterprise organization, estimates that at least 5% of the veterans returning to California could develop successful businesses with entrepreneurial assistance. The CPUC should consider adding an additional category to minority and disabled veteran owned businesses: all veterans.

We propose that the CPUC, under Executive Director Paul Clanon's leadership, convene an early meeting with all of the utilities and interested parties to develop this category while still retaining the disabled veteran-owned businesses category.

3. No utility has yet achieved population parity for Asian Americans, Latinos or Women of Color and only two utilities have achieved population parity for Blacks (PG&E and SoCal Gas). We therefore recommend that the best practices that have led to parity achievement for Black owned large businesses should be developed for all minority and disabled veteran owned businesses including small businesses.¹
4. The California unemployment rate is almost 25% higher than the national average and many utilities have secured ratepayer funding for preferential efforts to keep businesses in California.
² Thus, we urge that only contracts to businesses located within California should be considered. This follows the current model for disabled veterans for contracts. We recommend the new California-centric guidelines should be implemented beginning in 2015.

IV. Meetings With Each Commissioner

The California Black Chamber of Commerce, the Ecumenical Center for Black Church Studies and the National Asian American Coalition will be contacting each Commissioner and each utility CEO to discuss their recommendations on how to build upon the success of the GO 156 program and ensure economic development throughout all of our California communities³

Most respectfully,⁴

Faith Bautista
President & CEO
National Asian American Coalition

Aubry Stone
President & CEO
California Black Chamber of Commerce

Rev. Mark Whitlock
Chairman
Ecumenical Center for Black Church Studies

¹ It should be noted that while Asian Americans are 16% of the state's population and have a fast growing number of small businesses, no utility is at more than 6% for Asian Americans. Similarly, while Latinos constitute 38% of the population, no utility is at even half this percentage.

² See, for example, PG&E's Economic Development case (A.12-03-001) pending before the CPUC in which it argues that millions of dollars in ratepayer subsidies should be used to lower corporate rates in order to prevent businesses from leaving California.

³ Once comprehensive data is received and analyzed from Comcast, Sprint, Cox and other affected smaller companies, a supplementary report will be issued on these smaller utilities.

⁴ Faith Bautista is a current member of California Utilities Diversity Council, a former member of the Low Income Oversight Board for the CPUC and former member of the SDG &E Advisory committee. Rev. Mark Whitlock is presently a member of the Southern California Edison Consumer Advisory Committee. Aubry Stone currently serves as a California Commissioner for Economic Development.

Attachment: SUPPLIER DIVERSITY SPEND

1. WOMEN, MINORITY, AND DISABLED VETERAN-OWNED

Company	2011	2012
AT&T	44.09%	44.73%
PG&E	36.6%	38.50%
SCE ⁵	33.7%	38.2%
SDG&E ⁶	38.13%	36.07%
SoCal Gas	38.12%	41.90%
Verizon California ¹	44.2%	50.44%

2. ALL MINORITIES

Company	2011	2012
AT&T	24.76%	27.95%
PG&E	23.07%	23.92%
SCE	20.26%	20.7%
SDG&E	22.40%	20.57%
SoCal Gas	24.96%	27.17%
Verizon California	22.94%	22.21%

3. ASIAN AMERICANS ⁷

Company	2011	2012
AT&T	4.67%	6.06%
PG&E	4.96%	5.42%
SCE	6.21%	6.1%
SDG&E	2.83%	3.97%
SoCal Gas	4.27%	4.6%
Verizon California	5.05%	4.44%

4. AFRICAN AMERICANS

Company	2011	2012
AT&T	5.32%	4.79%
PG&E ⁸	6.04%	6.64%
SCE	4.26%	4.6%
SDG&E	3.05%	3.86%
SoCal Gas ⁴	6.38%	6.45%
Verizon California	3.87%	5.2%

⁵ Southern California Edison and Verizon California: Largest percentage increase from 2011 to 2012.

⁶ SDG&E: Only major utility to show a decline

⁷ No utility close to minimum Asian American goal of 10% much less population parity of 16%.

⁸ PG&E and SoCal Gas: Two major utilities have achieved population parity for Black owned businesses.

5. LATINOS

Company	2011	2012
AT&T ⁹	14.10%	16.52%
PG&E	9.29%	8.65%
SCE	9.13%	9.0%
SDG&E	15.41%	10.16%
SoCal Gas ⁵	13.61%	15.11%
Verizon California	11.91%	9.53%

6. WOMEN OF COLOR

Company	2011	2012
AT&T	5.04%	7.26%
PG&E	6.41%	7.44%
SCE	6.91%	6.3%
SDG&E	6.32%	6.31%
SoCal Gas	6.05%	8.75%
Verizon California	3.97%	3.18%

7. DISABLED VETERANS

Company	2011	2012
AT&T ⁷	4.92%	4.99%
PG&E	1.82%	2.15%
SCE ¹⁰	0.48%	1.0%
SDG&E ¹¹	3.52%	3.51%
SoCal Gas	1.59%	1.79%
Verizon California	0.72%	1.82%

⁹ AT&T and SoCal Gas: Only two major utilities close to minimum Latino goal set three ago of 15% and none near population parity of 38%.

¹⁰ SCE: Only major utility to fail to meet minimum CPUC goal of 1.5%

¹¹ AT&T and SDG&E: Only major utilities to exceed 3% aspirational goal raised by CPUC Executive Director Paul Clanon.