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Level 3
2016 Report and 2017 Plan – CPUC GO

Revised June 5, 2017

INTRODUCTION

The Annual Plan is submitted by *Level 3 Communications LLC* (“*Level 3*”) to the Public Utilities Commission of California (“CPUC”) pursuant to Sections 8281-8286 of the Public Utilities Code and Sections 9 and 10 of General Order 156 (“GO 156”).

Level 3 is committed to actively (i) identifying, (ii) encouraging business opportunities for, (iii) purchasing products and services from, and (iv) growing *Level 3*’s base of Women, Minority, Disabled Veteran and Lesbian, Gay, Bisexual and Transgender Business Enterprises (“WMDVLGBTBE”) pursuant to the CPUC GO156. *Level 3* has an established nationwide Federal Small & Diverse Business Subcontracting Plan pursuant to FAR 19.704 and FAR clause 52.219-9.

As a provider of telecommunications services whose gross annual revenue exceeds \$25 million, *Level 3* recognizes its obligation to provide the CPUC with annual detailed and verifiable plans concerning its WMDVLGBTBE procurement in all related categories. In order to accomplish the objectives and requirements set forth in GO156, *Level 3* identified areas that differ from its Federal and other state plans that require a focused effort and re-alignment of *Level 3*’s Supplier Diversity program requirements. *Level 3*’s Supplier Diversity Team, North American Procurement organization and employees are excited about the opportunity to continue to improve its Supplier Diversity program and increase its WMDVLGBTBE spend.

Level 3 plans to focus on communications with its Supplier base, with the intent to strengthen its ability to expand (i) ongoing business with WMDVLGBTBE vendors and (ii) its Supplier Diversity program within California. Expected communication improvements include updating and expanding internal and external website content to deliver Supplier Diversity information, training and policy expectations that will contribute to employee spend and purchasing decisions affecting California and other local markets nationwide. Internal communications will target purchasing decision makers with new policy requirements for supplier diversity inclusion whenever practicable. Information is being developed and will be made available to employees to include *Level 3*’s diversity plans, policies, diverse supplier organization links, and prospective and current supplier lists. Additionally, information will be provided to current incumbents supporting *Level 3*’s Tier 2 program. Potential suppliers will be required to submit a *Supplier Certification Form* as part of the standard vendor on-boarding process.

Level 3 requests that all new suppliers complete a Supplier Certification Form to represent their business size, structure, classification and diversity certification status. The ERP system provides benefits to enhance *Level 3*’s ability to capture monitor and report Supplier Diversity information. *Level 3* continues to work on the ERP financial system, to explore opportunities to automate workflow functionality for purchases.

In 2017, *Level 3* will continue to maintain and update its employees’ awareness of WMDVLGBTBEs opportunities and methods to identify new WMDVLGBTBE suppliers through training and improved resources. Additionally, *Level 3*’s Diversity Administrator will continue to work with the local market teams to: further train them on new and available tools to identify diverse resources (available both on *Level 3*’s internal webpage and on external resources such as the CPUC’s Clearinghouse); and familiarize employees with GO156 and the associated plan requirements.

Level 3 is focused on expanding its successes, improving any weaknesses, and making sure that those individuals who are in a position to make purchasing decisions understand and follow through on *Level 3*’s commitment to supplier diversity. The objective of *Level 3*’s supplier diversity training is to ensure that the North America Procurement organization, regional leadership, and local offices are all armed with the appropriate resources, information, and tools to identify and award business to diverse sources of supply.

Level 3 will place an emphasis on establishing partnerships with local Small Business Administrations and Ethnic Chambers to identify additional opportunities for expanding its local spending and community participation in local events, as applicable. Additionally, *Level 3* will review its internal procurement document templates (i.e., RFx,

Purchase Order and Agreements) and update language necessary to support communications to its suppliers related to Level 3's commitment to its supplier diversity programs.

Level 3 is committed to building a strong base of diverse suppliers. Level 3 believes that supporting the diverse supplier community is the right thing to do for the company, the communities it serves, and its customers.

GO156, §9 2016 ANNUAL REPORT

9.1.1 DESCRIPTION OF WMDVLGBTBE PROGRAM ACTIVITIES ENGAGED IN DURING THE PREVIOUS CALENDAR YEAR. THIS DESCRIPTION SHALL INCLUDE BOTH INTERNAL AND EXTERNAL ACTIVITIES.

Internal Activities

Training and Education

In 2016, Level 3 enhanced the vendor registration portal functionality to better enable the collection of supplier diversity data. Follow-on/reinforcement training was also provided through emails, conference calls and knowledge sharing sessions for our Procurement Managers

Employee Communication

In 2016, Level 3 maintained and updated its internal procurement and diverse supplier webpages as part of its goal to enhance visibility and information to all employees about Supplier Diversity. The webpage gives employees access to the Company's Supplier Diversity initiative as well as the goals set for meeting state and federal objectives. As new information presents itself, it is posted to the site, and updated throughout the year. Additionally, Level 3 sent out a company-wide email correspondence (North America) to raise awareness of Supplier Diversity program, event opportunities and reinforce plan requirements for the year.

Data Quality and Reporting

In 2016, Level 3 continued its efforts to improve the company's WMDVLGBTBE data quality by enhancing the supplier diversity data collection process in Oracle and reviewing our diversity classifications with an external resource in Q1 2016. These enhancements are helping the company more accurately report its WMDVLGBTBE spend.

In addition, Level 3 sought to improve the accuracy of its vendor data by contacting its purchase order vendors to request up-to-date information. This information will be used to refresh the supplier diversity data in the vendor files. Level 3 continues to maintain and improve vendor information as well as develop reports to consistently meet varying federal, state, and local reporting requirements.

Procurement Processes

The Supplier Diversity Team continued to meet with representatives of key corporate departments to review processes and approaches to identify opportunities for improvement. The goal remains in place to more seamlessly incorporate the identification, inclusion, and selection of diverse suppliers into the company's operations. The team also assessed methods to best identify varying needs of the soliciting entities so that the Supplier Diversity Team can more quickly evaluate and implement those requirements. Other activities included maintaining and revising language in all of the company's RFP/Bid and Contract documents to ensure that the most up-to-date disclosure requirements and flow down provisions are included.

Tier 2 Program

Level 3 continued to improve upon its Tier 2 reporting criteria. The company recognizes the importance of tracking this spend and developing WMDVLGBTBE business through its prime contractors. Throughout 2016, Level 3 worked principally with its large, non-diverse, high-spend suppliers to enhance its Tier 2 reporting process and tools by educating them on the need for diversity in their supply chains and requesting reports quarterly to reflect their direct and indirect diverse spend.

Level 3 continues to identify opportunities to expand business with WMDVLGBTBE subcontractors as a result of work with prime contractors. While supporting the Tier 2 program, Level 3 has identified opportunities to provide suppliers with guidance on becoming certified as a diverse supplier or expanding their company's diversity opportunities. Although we encourage our suppliers to have their sub-contractors certified through the CPUC Clearinghouse, vendors self-report their Tier 2 activity and it is not independently verified.

External Activities

BUSINESS ORGANIZATION INVOLVEMENT.

- Level 3 is a member of and involved with the Mountain Plains Minority Supplier Development Council ("MPMSDC").
- The company attended WMDVLGBTBE Business Opportunity Workshops, Minority Business Enterprise Seminars and Trade Fairs.
- The company attended Minority, Women-owned, and other diverse business/procurement conferences including the MPMSDC Business Opportunity Fair and seminars related to WMDVLGBTBE opportunities and the Supplier Diversity Development Quarterly Roundtable.
- *Level 3* intends to participate in upcoming seminars and tradeshow offered by the MPMSDC and any other Supplier Diversity opportunities to enhance visibilities and knowledge.

9.1.2 A summary of **WMDVLGBTBE** purchases and/or contracts, with breakdowns by ethnicity, product and service categories compared with total utility contract dollars awarded to outside vendors in those categories.

Supplier Diversity Annual Results By Ethnicity – California Direct and Tier 2 (Sub)

Name of Utility		Year of Report	G.O. #156 Sec. 9.1.2			
WMDVLGBTBE ANNUAL RESULTS BY ETHNICITY						
		Year of Report				
		Direct	Sub	Total \$	%	
1	Minority Male	Asian Pacific American	\$6,711	\$124,802	\$131,513	0.07%
2		African American	\$0	\$33	\$33	0.00%
3		Hispanic American	\$2,135,766	\$38,883	\$2,174,649	1.21%
4		Native American	\$0	\$126	\$126	0.00%
5		Total Minority Male	\$2,142,477	\$163,843	\$2,306,321	1.28%
6	Minority Female	Asian Pacific American	\$0	\$3,239	\$3,239	0.00%
7		African American	\$0	\$3,894	\$3,894	0.00%
8		Hispanic American	\$197,902	\$1,207	\$199,110	0.11%
9		Native American	\$0	\$475	\$475	0.00%
10		Total Minority Female	\$197,902	\$8,815	\$206,718	0.11%
11	Total Minority Business Enterprise (MBE)		\$2,340,380	\$172,659	\$2,513,038	1.39%
12	Women Business Enterprise (WBE)		\$749,750	\$128,049	\$877,799	0.49%
13	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		\$0	\$0	\$0	0.00%
14	Disabled Veteran Business Enterprise (DVBE)		\$9,790	\$25,973	\$35,763	0.02%
15	Other 8(a)**		\$26,273	\$0	\$26,273	0.01%
16	TOTAL WMDVLGBTBE		\$3,126,193	\$326,681	\$3,452,874	1.91%
19	Net Procurement**		\$180,372,375			
NOTE: **FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE ***NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS Direct - DIRECT PROCUREMENT Sub - SUBCONTRACTOR PROCUREMENT % - PERCENTAGE OF NET PROCUREMENT						

NOTE: GROSS AND NET PROCUREMENT ARE BASED ON LEVEL 3'S CA DIRECT SPEND ONLY (LESS EMPLOYEE, UTILITY, CARRIERS AND TAX SPEND). THEREFORE, THE PERCENTAGE CALCULATION IS DERIVED FROM DIRECT SPEND/NET PROCUREMENT. PER CPUC GO 156 (JUNE 2015) SECTION 8.3, NUMERICAL GOALS WILL BE EXCUSED FOR THE FIRST FIVE YEARS FOR LGBTBE'S IN ORDER THAT PARTICIPATION IN PROCUREMENT PROGRAMS CAN BE ESTABLISHED AND IMPLEMENTED TO GATHER DATA AND EXPERIENCE TO SET MEANINGFUL TARGET GOALS.

Supplier Diversity Procurement by Products and Services Category - California Direct

ATTACHMENT C

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Name of Utility		2016		G.O. #156 Sec. 9.1.2	
WMDVLGBTBE PROCUREMENT BY PRODUCT AND SERVICE CATEGORIES					

				Products		Services		Total	
				\$	%	\$	%	\$	%
1	Minority Male	Asian Pacific American	Direct	\$0	0.00%	\$6,711	0.00%	\$6,711	0.00%
2		African American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
3		Hispanic American	Direct	\$0	0.00%	\$2,135,766	1.18%	\$2,135,766	1.18%
4		Native American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
5		Total Minority Male	Direct	\$0	0.00%	\$2,142,477	1.19%	\$2,142,477	1.19%
6	Minority Female	Asian Pacific American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
7		African American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
8		Hispanic American	Direct	\$0	0.00%	\$197,902	0.11%	\$197,902	0.11%
9		Native American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
10		Total Minority Female	Direct	\$0	0.00%	\$197,902	0.11%	\$197,902	0.11%
11	Business Enterprise (MBE)		Direct	\$0	0.00%	\$2,340,380	1.30%	\$2,340,380	1.30%
12	Business Enterprise (WBE)		Direct	\$279,617	0.16%	\$470,133	0.26%	\$749,750	0.42%
13	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
14	Disabled Veteran Business Enterprise (DVBE)		Direct	\$0	0.00%	\$9,790	0.01%	\$9,790	0.01%
15	Other 8(a)**		Direct	\$0	0.00%	\$26,273	0.01%	\$26,273	0.01%
16	TOTAL WMDVLGBTBE		Direct	\$279,617	0.16%	\$2,846,575	1.58%	\$3,126,193	1.73%

17	Total Product Procurement	\$279,617
18	Total Service Procurement	\$2,846,575
19	Net Procurement***	\$180,372,375
20	WMDVLGBTBEs that Received Direct Spend	2,054

NOTE: **FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE
*****NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS**
Direct - DIRECT PROCUREMENT
Sub - SUBCONTRACTOR PROCUREMENT
% - PERCENTAGE OF NET PROCUREMENT

NOTE: GROSS AND NET PROCUREMENT ARE BASED ON LEVEL 3'S CA DIRECT SPEND ONLY (LESS EMPLOYEE, UTILITY, CARRIERS AND TAX SPEND). THEREFORE, THE PERCENTAGE CALCULATION IS DERIVED FROM DIRECT SPEND/NET PROCUREMENT. PER CPUC GO 156 (JUNE 2015) SECTION 8.3, NUMERICAL GOALS WILL BE EXCUSED FOR THE FIRST FIVE YEARS FOR LGBTBE'S IN ORDER THAT PARTICIPATION IN PROCUREMENT PROGRAMS CAN BE ESTABLISHED AND IMPLEMENTED TO GATHER DATA AND EXPERIENCE TO SET MEANINGFUL TARGET GOALS.

**Supplier Diversity Procurement by Products and Services Category - California
 Subcontract**

ATTACHMENT C										Page 4
Name of Utility			Year of Report			G.O. #156 Sec. 9.1.2				
WMDVLGBTBE PROCUREMENT BY PRODUCT AND SERVICE CATEGORIES										
				Products		Services		Total		
				\$	%	\$	%	\$	%	
1	Minority Male	Asian Pacific American	Sub	\$122,390	0.07%	\$2,412	0.00%	\$124,802	0.07%	
2		African American	Sub	\$33	0.00%	\$0	0.00%	\$33	0.00%	
3		Hispanic American	Sub	\$38,804	0.02%	\$79	0.00%	\$38,883	0.02%	
4		Native American	Sub	\$0	0.00%	\$126	0.00%	\$126	0.00%	
5		Total Minority Male	Sub	\$161,227	0.09%	\$2,617	0.00%	\$163,843	0.09%	
6	Minority Female	Asian Pacific American	Sub	\$3,118	0.00%	\$121	0.00%	\$3,239	0.00%	
7		African American	Sub	\$3,603	0.00%	\$291	0.00%	\$3,894	0.00%	
8		Hispanic American	Sub	\$992	0.00%	\$215	0.00%	\$1,207	0.00%	
9		Native American	Sub	\$375	0.00%	\$100	0.00%	\$475	0.00%	
10		Total Minority Female	Sub	\$8,088	0.00%	\$727	0.00%	\$8,815	0.00%	
11	Total Minority Business Enterprise (MBE)		Sub	\$169,315	0.09%	\$3,344	0.00%	\$172,659	0.10%	
12	Women Business Enterprise (WBE)		Sub	\$64,061	0.04%	\$63,988	0.04%	\$128,049	0.07%	
13	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		Sub	\$0	0.00%	\$0	0.00%	\$0	0.00%	
14	Disabled Veteran Business Enterprise (DVBE)		Sub	\$19	0.00%	\$25,954	0.01%	\$25,973	0.01%	
15	Other 8(a)**		Sub	\$0	0.00%	\$0	0.00%	\$0	0.00%	
16	TOTAL WMDVLGBTBE		Sub	\$233,395	0.13%	\$93,286	0.05%	\$326,681	0.18%	
17	Total Product Procurement			\$233,395						
18	Total Service Procurement			\$93,286						
19	Net Procurement***			\$180,372,375						
NOTE: ** FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE *** NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS Direct - DIRECT PROCUREMENT Sub - SUBCONTRACTOR PROCUREMENT % - PERCENTAGE OF NET PROCUREMENT										

*PER CPUC GO 156 (JUNE 2015) SECTION 8.3, NUMERICAL GOALS WILL BE EXCUSED FOR THE FIRST FIVE YEARS FOR LGBTBE'S IN ORDER THAT PARTICIPATION IN PROCUREMENT PROGRAMS CAN BE ESTABLISHED AND IMPLEMENTED TO GATHER DATA AND EXPERIENCE TO SET MEANINGFUL TARGET GOALS.

Unless otherwise described in the 2016 Report, Level 3 intends to utilize the following WMDVLGBTBE Procurement SIC Code Legend:

SIC Cat.	SIC Category Description	SIC Cat.	SIC Category Description	SIC Cat.	SIC Category Description	SIC Cat.	SIC Category Description
14	Mining and Quarrying of Nonmetallic Minerals, Except Fuels	40	Railroad Transportation	64	Food Stores	96	Administration of Economic Programs
15	Building Construction General Contractors & Operative Builders	41	Local and Suburban Transit and Interurban Highway Passenger Transportation	65	Real Estate	97	National Security and International Affairs
16	Heavy Construction	42	Motor Freight Transportation and Warehousing	67	Holding and Other Investment Offices	99	Nonclassifiable Establishments
17	Construction Special Trade Contractors	43	United States Postal Service	70	Hotels, Rooming Houses, Camps, and Other Lodging Places		
20	Food and Kindred Products	44	Water Transportation	72	Personal Services		
21	Tobacco Products	45	Transportation by Air	73	Business Services		
22	Textile Mill Products	46	Pipelines, Except Natural Gas	75	Automotive Repair, Services, and Parking		
23	Apparel & Other Finished Products Made from Fabrics & Similar Materials	47	Transportation Services	76	Miscellaneous Repair Services		
24	Lumber and Wood Products, Except Furniture	48	Communications	78	Motion Pictures		
25	Furniture and Fixtures	49	Electric, Gas, and Sanitary Services	79	Amusement and Recreation Services		
26	Paper and Allied Products	50	Wholesale Trade-durable Goods	80	Health Services		
27	Printing, Publishing, and Allied Industries	51	Wholesale Trade-non-durable Goods	81	Legal Services		
28	Chemicals and Allied Products	52	Building Materials, Hardware, Garden supply, and Mobile Home Dealers	82	Educational Services		
29	Petroleum Refining and Related Industries	53	General Merchandise Stores	83	Social Services		
30	Rubber and Miscellaneous Plastics Products	54	Food Stores	84	Museums, Art Galleries, and Botanical and zoological Gardens		
31	Leather and Leather Products	55	Automotive Dealers and Gasoline Service Stations	86	Membership Organizations		
32	Stone, Clay, Glass, and Concrete Products	56	Apparel and Accessory Stores	87	Engineering, Accounting, Research Management, and Related Services		
33	Primary Metal Industries*	57	Home Furniture, Furnishings, and Equipment Stores	88	Private Households		
34	Fabricated Metal Products, Except machinery and Transportation Equipment	58	Eating and Drinking Places	89	Miscellaneous Services		
35	Industrial & Commercial Machinery & Computer Equipment	59	Miscellaneous Retail	91	Executive, Legislative, and General Government, Except Finance		
36	Electronic and Other Electrical Equipment and Components, Except Computer Equipment	60	Dispository Institutions	92	Justice, Public Order and Safety		
37	Transportation Equipment	61	Non-depository Credit Institutions	93	Public Finance, Taxation, and Monetary Policy		
38	Measuring, Analyzing, and Controlling Instruments; Photographic, Medical & Optical Goods; Watches & Clocks	62	Security and Commodity Brokers, Dealers, Exchanges, and Services	94	Administration of Human Resource Programs		
39	Miscellaneous Manufacturing Industries	63	Insurance Carriers	95	Administration of Environmental Quality and Housing Programs		

For the Detailed Results of Supplier Diversity Procurement by Standard Industry Codes

(Please See Tables on Following Pages)

921110	87	Engineering, Accounting, Research, Management & Related Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
541410	87	Engineering, Accounting, Research, Management & Related Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
541614	87	Engineering, Accounting, Research, Management & Related Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$394,686
541620	87	Engineering, Accounting, Research, Management & Related Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
541650	87	Engineering, Accounting, Research, Management & Related Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
54121	87	Engineering, Accounting, Research, Management & Related Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
541211	87	Engineering, Accounting, Research, Management & Related Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
54133	87	Engineering, Accounting, Research, Management & Related Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
541330	87	Engineering, Accounting, Research, Management & Related Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
541310	89	Miscellaneous Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
721110	89	Miscellaneous Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
921190	91	Executive, Legislative & General Government Except Finance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
921120	91	Executive, Legislative & General Government Except Finance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
926120	91	Executive, Legislative & General Government Except Finance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
922130	92	Justice, Public Order & Safety	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
922190	92	Justice, Public Order & Safety	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
924110	95	Administration of Environmental Quality & Housing Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
926130	96	Administration of Economic Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
115112	96	Administration of Economic Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			\$6,711	\$0	\$0	\$0	\$2,135,766	\$197,902	\$0	\$0	\$2,340,380	\$749,750	\$0	\$9,790	\$26,273	\$3,128,193	\$180,372,375			

Total Product Procurement	\$279,617
Total Service Procurement	\$2,846,575
Net Procurement***	\$180,372,375

NOTE: ** FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVGBTBE
 ***NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS
 TOTAL DOLLARS - TOTAL PROCUREMENT DOLLAR AMOUNT IN THE SPECIFIC SIC CATEGORY
 % - PERCENTAGE OF TOTAL DOLLARS

***PER CPUC GO 156 (JUNE 2015) SECTION 8.3, NUMERICAL GOALS WILL BE EXCUSED FOR THE FIRST FIVE YEARS FOR LGBTBE'S IN ORDER THAT PARTICIPATION IN PROCUREMENT PROGRAMS CAN BE ESTABLISHED AND IMPLEMENTED TO GATHER DATA AND EXPERIENCE TO SET MEANINGFUL TARGET GOALS .**

9.1.3 Program Expenses

Expense Category	Description	2016 Actuals
Wages, Other Employee Expense	Salary and payroll related costs of employees working on WMDVBE matters, Office space, travel, and other non-wage costs	\$150,000
Program Expenses & Training	Printing, postage, supplies, outreach, and other costs directly related to programs including costs related to training employees (internal) and suppliers (external)	\$7,500
Reporting Expenses	Computer, accounting, printing and other expenses in preparing reports to CPUC.	\$500
Consultants and Contractors	Costs of hiring consultants and contractors to assist with WMDVBE program.	\$0
Other	Miscellaneous costs that do not fit in other categories.	None Identified
Total		\$158,000

9.1.4 A DESCRIPTION OF PROGRESS IN MEETING OR EXCEEDING SET GOALS AND AN EXPLANATION OF ANY CIRCUMSTANCES THAT MAY HAVE CAUSED THE UTILITY TO FALL SHORT OF ITS GOALS.

This is the second year that Level 3 is submitting an annual report in the format prescribed by GO156. The following is a summary of the company's 2015 and 2016 California Results:

			ATTACHMENT C			Page 10		
Utility			2016 Annual Report			G.O. #156 Sec. 9.1.5		
A SUMMARY OF PRIME CONTRACTOR UTILIZATION OF WMDVLGBTBE SUBCONTRACTORS								
	Minority Male	Minority Female	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veterans Business Enterprise (DVBE)	Other 8(a)*	TOTAL WMDVLGBTBE
Direct \$	\$2,142,477	\$197,902	\$2,340,380	\$749,750	\$0	\$9,790	\$26,273	\$3,126,193
Subcontracting \$	\$163,843	\$8,815	\$172,659	\$128,049	\$0	\$25,973	\$0	\$326,681
Total \$	\$2,306,321	\$206,718	\$2,513,038	\$877,799	\$0	\$35,763	\$26,273	\$3,452,874
Direct %	1.19%	0.11%	1.30%	0.42%	0.00%	0.01%	0.01%	1.73%
Subcontracting %	0.09%	0.00%	0.10%	0.07%	0.00%	0.01%	0.00%	0.18%
Total %	1.28%	0.11%	1.39%	0.49%	0.00%	0.02%	0.01%	1.91%
Net Procurement**	\$180,372,375							
NOTE: *FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE								
**NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS								
% - PERCENTAGE OF NET PROCUREMENT								
Direct - DIRECT PROCUREMENT								
Sub - SUBCONTRACTOR PROCUREMENT								

9.1.6 A LIST OF WMDVLGBTBE COMPLAINTS RECEIVED DURING THE PAST YEAR, ACCOMPANIED BY A BRIEF DESCRIPTION OF THE NATURE OF EACH COMPLAINT AND ITS RESOLUTION OR CURRENT STATUS.

Level 3 did not receive any WBDVLGBTBE complaints for 2016.

9.1.7 A SUMMARY OF PURCHASES AND/OR CONTRACTS FOR PRODUCTS AND SERVICES IN EXCLUDED CATEGORIES.

Level 3's understanding is that the GO 156 Ruling on November 14, 2003, ended the exclusion category. Level 3 does not intend to exclude any product/service category from its purchase base other than those specifically stated in General Order 156, Section 8 such as payments to other utilities, government fees and taxes.

9.1.8 A DESCRIPTION OF ANY EFFORTS MADE TO RECRUIT WMDVLGBTBE SUPPLIERS OF PRODUCTS OR SERVICES IN PROCUREMENT CATEGORIES WHERE WMDVLGBTBE UTILIZATION HAS BEEN LOW, SUCH AS LEGAL AND

FINANCIAL SERVICES, FUEL PROCUREMENT, AND AREAS THAT ARE CONSIDERED HIGHLY TECHNICAL IN NATURE.

A significant factor in Level 3's low WMDVLGBTBE utilization is that a significant portion of the company's spend is in the area of network equipment and software. Level 3 reviews this area regularly and continues to seek new WMDVLGBTBE entrants in this area. Several suppliers explained, however, that the high level of ongoing capital investment required by most network equipment and software companies is a deterrent to new entrants and is the reason that almost all current vendors in this area are publicly held companies.

Level 3 is committed to providing increased opportunities for diverse businesses in low utilization categories. In those cases, where Level 3 is challenged by supply chain realities that may impede the ability to buy directly from WMDVLGBTBE suppliers, the company uses the Tier 2 program to expand supplier diversity efforts. Level 3 expresses its desire to primary contractors that they continue to utilize, make new awards, and report spending with diverse suppliers in fulfillment of their contracts. An example of Level 3's efforts to include its prime suppliers in the Tier 2 program is found in its external Supplier Diversity webpage located at <http://www.level3.com/en/suppliers/>. Level 3's reporting process, validation, and data consolidation was designed to augment existing efforts to increase meaningful business opportunities for diverse suppliers. The company's spend with Tier 2 suppliers that have strong diversity programs is substantial and reflected in this report. As the Tier 2 reporting program matures, Level 3 is realizing growth in diverse spending through its partners.

9.1.9 UTILITIES SHALL RETAIN ALL DOCUMENTS AND DATA THEY RELY ON IN PREPARING THEIR WMDVLGBTBE ANNUAL REPORT FOR THE LONGER OF EITHER THREE YEARS OR IN CONFORMANCE WITH THE UTILITIES' INDIVIDUAL DOCUMENT RETENTION POLICIES, AND SHALL PROVIDE THESE DOCUMENTS AND DATA TO THE COMMISSION UPON REQUEST.

Level 3 is in compliance with this provision.

9.1.10 EACH UTILITY WHICH ELECTS TO REPORT FUEL PROCUREMENT SEPARATELY MUST FILE WITH THE EXECUTIVE DIRECTOR BY MARCH 1 OF EACH YEAR, BEGINNING IN 1991, A SEPARATE DETAILED AND VERIFIABLE REPORT ON WMDVBE PARTICIPATION IN FUEL MARKETS. THESE REPORTS MUST INCLUDE, AT A MINIMUM, THE RESULTS OF PURCHASES IN EACH FUEL CATEGORY. UTILITIES SHALL REPORT RENEWABLE AND NONRENEWABLE ENERGY PROCUREMENT IN A MANNER SIMILAR TO THEIR REPORTING OF FUEL PROCUREMENT.

Level 3 will evaluate the ability to report renewable and nonrenewable energy procurement for future plans. Level 3 is not reporting renewable and nonrenewable energy procurement separately in the 2017 plan.

GO156, §10 2017 ANNUAL PLAN

10.1.1 SHORT, MID, AND LONG TERM GOALS SET AS REQUIRED BY SECTION 8, SUPRA

Level 3 uses historical information from prior years, along with its anticipated company spend for the coming plan year, knowledge of major initiatives and opportunities, and input from key corporate departments, regional leadership, and local management in establishing its annual goals and objectives. While economic factors and influences outside the company's control affect overall purchasing decisions Level 3 will seek opportunities to improve upon stated goals and the resulting accomplishments year over year.

A summary of Level 3's goals are as follows:

ATTACHMENT C															Page 13															
Name of Utility										Year of Report										G.O.#156 Sec.10.1.1										
WMDVLGBTBE ANNUAL SHORT, MID, AND LONG-TERM GOALS BY PRODUCT AND SERVICE CATEGORY																														
Products/Services	Short-Term (2016)										Mid-Term (2019)										Long-Term (2021)									
	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Women Minority LGBT Business Enterprise (WMLGBTBE)	Disabled Veterans Business Enterprise (DVBE)	WMDVLGBTBE	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Women Minority LGBT Business Enterprise (WMLGBTBE)	Disabled Veterans Business Enterprise (DVBE)	WMDVLGBTBE	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Women Minority LGBT Business Enterprise (WMLGBTBE)	Disabled Veterans Business Enterprise (DVBE)	WMDVLGBTBE			
	Men	Women							Men	Women									Men	Women										
All	0.00%	0.00%	3.50%	0.50%	0.00%	0.00%	0.50%	4.50%	0.00%	0.00%	5.00%	1.00%	0.00%	0.00%	0.00%	0.00%	1.00%	7.00%	0.00%	0.00%	15.00%	5.00%	0.00%	0.00%	0.00%	1.50%	21.50%			
Subtotal	0.00%	0.00%	3.50%	0.50%	0.00%	0.00%	0.50%	4.50%	0.00%	0.00%	5.00%	1.00%	0.00%	0.00%	0.00%	0.00%	1.00%	7.00%	0.00%	0.00%	15.00%	5.00%	0.00%	0.00%	0.00%	1.50%	21.50%			

*The stated goals are not legally enforceable requirements or quotas of any kind and failure to meet or exceed them, or any other portion of this plan, is not subject to any penalty. **PER CPUC GO 156 (JUNE 2015) SECTION 8.3, NUMERICAL GOALS WILL BE EXCUSED FOR THE FIRST FIVE YEARS FOR LGBTBE'S IN ORDER THAT PARTICIPATION IN PROCUREMENT PROGRAMS CAN BE ESTABLISHED AND IMPLEMENTED TO GATHER DATA AND EXPERIENCE TO SET MEANINGFUL TARGET GOALS.**

10.1.2 A DESCRIPTION OF WMDVLGBTBE PROGRAM ACTIVITIES PLANNED FOR THE NEXT CALENDAR YEAR. THIS DESCRIPTION SHALL INCLUDE BOTH INTERNAL AND EXTERNAL ACTIVITIES

In 2017, Level 3 plans to work with California business units to identify opportunities to expand the use of WMDVLGBTBE vendors.

In order to meet its 2017 goals, Level 3 is in the process of establishing the following *internal* activities:

1. Local Goals and Objectives.

In order for any program to be effective, Level 3 believes that goals and objectives must be established at the lowest common level within the company to ensure success. While Level 3 has established supplier diversity goals and objectives in North America in support of its Federal plan, the company is also aware that the CA Plan and goals has components that must be applied to each individual market for them to be meaningful. In 2017, the Supplier Diversity Team, North American Procurement Organization, and Local Management will, through collaborative planning and implementation sessions, continue efforts to reinforce the Supplier Diversity goals for each of the California markets that will ultimately contribute to the overall 2017 Plan. This reinforcement process will engage, challenge, and establish local accountability to identify new and diverse sources of supply for employees who make purchasing decisions.

2. Training and Education.

In addition to updated training for Level 3's key corporate departments, targeted refresher training will continue to be communicated to the North American Procurement organization and employees. Level 3 recognizes that not only must the management team and employees be knowledgeable about the WMDVLGBTBE program, they must also be well versed and familiar with the necessary supplier diversity "tools" to succeed. It is Level 3's objective to ensure that the WMDVLGBTBE goals and objectives are clearly communicated and understood by every employee involved in the evaluation, recommendation, or selection of vendors, and that they have the appropriate tools and resources at their disposal.

Specific topics to be covered in 2017 market specific diversity training include:

- Visibility to the goals and requirements stated within the 2017 Annual Plan as submitted to the CPUC.
- Refresher training on key sections of GO156 and employee responsibility.
- WMDVLGBTBE Prime Contractor Outreach.
- CPUC Clearinghouse as a resource tool for validation of existing and location of potential diverse suppliers.
- *2017 Annual Plan as submitted to the GSA.*
- Targeted diversity opportunities for underutilized businesses.
- Local Diversity Leaders and resources.

3. WMDVLGBTBE Prime Contractor Outreach.

Level 3 intends to strengthen its Supplier Diversity Outreach on a continuing basis in 2017. Some of the efforts the company plans to undertake include:

- Actively expanding the company's California source pools by leveraging the CPUC Clearinghouse and the California Department of General Services (DGS) Supplier Diversity Website supplier databases.
- Participate in Supplier Diversity seminars, conferences, workshops, and renew membership(s) with supplier diversity councils.
- Supporting outreach efforts through contacts with minority and small business trade associations, and attendance at minority, veteran-owned, service-disabled veteran-owned, lesbian, gay, bisexual and transgender-owned, minority-owned and women-owned business procurement conferences and trade fairs nationally and locally within key markets (i.e., California).
- Partner with the Federal Small Business Administration, or the California state counterpart, to seek alternative sources for supply or opportunities to further mature Level 3's diversity program.
- Partner with an Ethnic Business Association or Ethnic Chamber to seek alternative sources for supply or opportunities to further mature Level 3's *diversity program.*

4. Subcontracting Program.

Level 3 plans to continue strengthening Tier 2 subcontracting program that encourages prime contractors to expand their utilization of WMDVLGBTBE subcontractors pursuant to GO156 §6.3. In particular, Level 3 will focus on prime contractors with whom the company has historically spent over \$500,000 for products and services and \$1,000,000 for construction services. Level 3 will continue to encourage the use of the CPUC Clearinghouse to locate and validate the diversity status of subcontractors.

5. Employee Communication.

In 2017, Level 3 intends to improve and enhance create its internal Supplier Diversity webpage to incorporate resources for employees to increase opportunities to locate diverse suppliers through use of internal bid lists, links to external sites (such as the CPUC and DGS Supplier Diversity website), and other informational tools specific to Supplier Diversity efforts. Level 3 will seek opportunities to further develop means for vendors to update their records with current diversity status, and to streamline WMDVLGBTBE inclusion on bid opportunities. Level 3 is also working to identify a mechanism for new, diverse suppliers to register for inclusion in future business solicitations. The research, development and implementation are planned for 2017.

6. Contracting.

Level 3 will continue to work to identify bid opportunities and include supplier diversity provisions in its RFXs, company Certification Forms (that enable the company to further identify opportunities and track the diverse status of its supplier base), and incorporate diversity requirements in its due diligence process.

7. Data Quality.

Level 3 will continue to work to identify bid opportunities and include supplier diversity provisions in its RFXs, company Certification Forms and incorporate diversity requirements in its due diligence process. Level 3 will continue to work with Accounts Payable and IT departments to update and maintain diverse supplier records. New suppliers will continue to be required to complete a Supplier Certification Form and provide current certification information as part of the company's standard vendor on-boarding and set-up process.

8. Supplier Certification.

Level 3 plans to train on and use the CPUC Clearinghouse, including the certification process, and encourage the company's existing diverse suppliers to submit for certification.

Level 3 is in the process of establishing the following external actions:

1. Attend WMDVLGBTBE Business Opportunity Workshops, Minority Business Enterprise Seminars and Trade Fairs.
2. Contact diverse and small business trade associations.
3. Identify and work with primary contacts at small and diverse trade associations to improve upon networking and sourcing opportunities.
4. Contact diverse business development organizations.
5. Attend minority, women-owned, and other diverse business/procurement conferences.

10.1.3 PLANS FOR RECRUITING WMDVLGBTBE SUPPLIERS OF PRODUCTS OR SERVICES WHERE WMDVLGBTBE UTILIZATION HAS BEEN LOW, SUCH AS LEGAL AND FINANCIAL SERVICES, FUEL PROCUREMENT, AND AREAS

THAT ARE CONSIDERED HIGHLY TECHNICAL IN NATURE.

- Once a baseline is established, Level 3 plans to meet and work with key departments that purchase products or services in areas where WMDVLGBTBE utilization has been low to help design procurement "packages" that permit and encourage the participation of WMDVLGBTBE concerns.
- Directly or indirectly counsel WMDVLGBTBE suppliers and/or California employees on areas that present subcontracting opportunities.

10.1.4 PLANS FOR SEEKING AND OR RECRUITING WMDVLGBTBE SUPPLIERS OF PRODUCTS OR SERVICES IN ANY "EXCLUDED CATEGORY" OF PRODUCTS OR SERVICES WHICH HAS BEEN REMOVED FROM THE PROCUREMENT DOLLAR BASE USED TO SET GOALS BECAUSE OF THE ESTABLISHED UNAVAILABILITY OF WMDVLGBTBE SUPPLIERS. PLANS FOR SEEKING AND OR RECRUITING WMDVLGBTBE SUPPLIERS OF PRODUCTS OR SERVICES WHERE WMDVLGBTBE SUPPLIERS ARE CURRENTLY UNAVAILABLE

Level 3 currently has no plans to purchase or classify any products or services in an "excluded category" in 2017, other than those described above.

10.1.5 PLANS FOR ENCOURAGING BOTH PRIME CONTRACTORS AND GRANTEEES TO ENGAGE WMDVLGBTBES IN SUBCONTRACTS IN ALL CATEGORIES WHICH PROVIDE SUBCONTRACTING OPPORTUNITIES.

Level 3 is committed to providing increased opportunities for diverse businesses, but in some cases, the company is challenged by supply chain realities that may impede the ability to buy directly from WMDVLGBTBE suppliers. In those cases, Level 3 will rely upon its prime contractors' Tier 2 subcontracting activities to expand supplier diversity efforts. Level 3 is in the process of implementing a Tier 2 program to encourage its prime providers to utilize diverse suppliers in fulfillment of their contracts. This process is designed to augment existing efforts to increase meaningful business opportunities for diverse suppliers.

Level 3 remains committed to achieving the maximum practical utilization of WMDVLGBTBE vendors in all categories and sees Tier 2 purchases as an opportunity to expand business opportunities. It should be noted, however, that the award of subcontracts are at the sole discretion of the prime contractor.

10.1.6 PLANS FOR COMPLYING WITH THE WMDVLGBTBE PROGRAM GUIDELINES ESTABLISHED BY THE COMMISSION AS REQUIRED BY PUBLIC UTILITIES SECTION 8283(c). THE EXECUTIVE DIRECTOR'S OFFICE WILL BE RESPONSIBLE FOR DEVELOPING, PERIODICALLY REFINING, AND RECOMMENDING SUCH GUIDELINES FOR THE COMMISSION'S ADOPTION IN AN APPROPRIATE PROCEDURAL FORUM

Level 3 will monitor any changes to the program guidelines to ensure continued compliance with the program.