



# GO 156 Report

## Year 2014 Utility Procurement of Goods, Services and Fuel from Women-, Minority-, and Disabled Veteran-owned Business Enterprises



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# GO 156 Report to the Legislature

## CPUC's 29<sup>th</sup> Annual Diversity Procurement Report

- Details progress by utilities in procuring goods, services, and fuel from women-, minority-, and disabled veteran-owned business enterprises (WMDVBEs).
- 21.5% procurement from diverse suppliers.
  - The goals are 15 percent, 5 percent, and 1.5 percent for minority-owned, women-owned, and disabled veteran-owned businesses, respectively.

## 33 Utilities & Carriers Filed Annual Reports

1. Large utilities (12) are those with annual total procurement of over \$150 million.
2. Small utilities (21) are those with less than \$150 million in annual total procurement.





## GO 156 Report – Overview of Procurement

- ❑ Utility spending from diverse suppliers increased from \$8.65 billion in 2013 to \$8.67 billion in 2014.
- ❑ For 2014, there was a decrease in the percentage of total utility procurement from WMDVBE firms; a decrease from 35.22% in 2013 to 32.86% in 2014.
  - WMDVBE procurement can show increases in dollars in certain periods, but not necessarily in percentage amounts.

Category	<b>2013</b> Diversity Procurement Amount	Percentage Achieved	<b>2014</b> Diversity Procurement Amount	Percentage Achieved	Goal
MBE	\$6.0 billion	24.45%	\$5.82 billion	22.07%	15%
WBE	\$2.3 billion	9.24%	\$2.47 billion	9.36%	5%
DVBE	\$0.37 billion	1.52%	\$0.38 billion	1.43%	1.5%
<b>Total</b>	<b>\$8.65 billion</b>	<b>35.22%</b>	<b>\$8.67 billion</b>	<b>32.86%</b>	<b>21.5%</b>





## 2014 Top Performers

Company	<u>2014</u> Diversity Procurement	Percentage Achieved	<u>2013</u> Diversity Procurement	Percentage Achieved
AT&T California	\$1.1 billion	41.74%	\$1.2 billion	50.28%
Verizon California	\$111.2 million	49.11%	\$115.1 million	48.84%
SoCalGas	\$571.4 million	48.42%	\$428.5 million	45.38%
SDG&E	\$491.8 million	44.44%	\$453.4 million	44.88%
PG&E	\$2.1 billion	40.92%	\$2.3 billion	42.10%
Sprint	\$684.1 million	50.03%	\$546.3 million	41.88%
SCE	\$1.6 billion	44.9%	\$1.4 billion	40.99%





## Who Met All Three Goals?

*GO156 goal = 21.5% of total procurement from diverse suppliers*

	<b>15% Minority</b>	<b>5% Women</b>	<b>1.5% DVBE</b>
AT&T California	27.83%	11.00%	2.90%
California Water Service	15.44%	6.42%	2.18%
PG&E	26.44%	12.05%	2.42%
SDG&E	29.84%	12.34%	2.27%
SCE	26.47%	16.15%	2.34%
SoCalGas	33.08%	13.02%	2.32%
Verizon California	25.89%	17.43%	5.80%





## GO 156 Report – Overview of Power Report

Total Utility WMDVBE Power Procurement for 2014 was \$480 million, representing a 20 % increase from 2013.

Utility	2014 Total Procurement	2014 Diversity Procurement	Percentage Achieved	Goal
SDG&E	\$1.2 billion	\$104 million	8.7%	21.5%
PG&E	\$4.1 billion	\$120 million	2.9 %	21.5%
SCE	\$3.9 billion	\$257 million	6.5%	21.5%



# GO 156 Report – Overview of Fuel Report

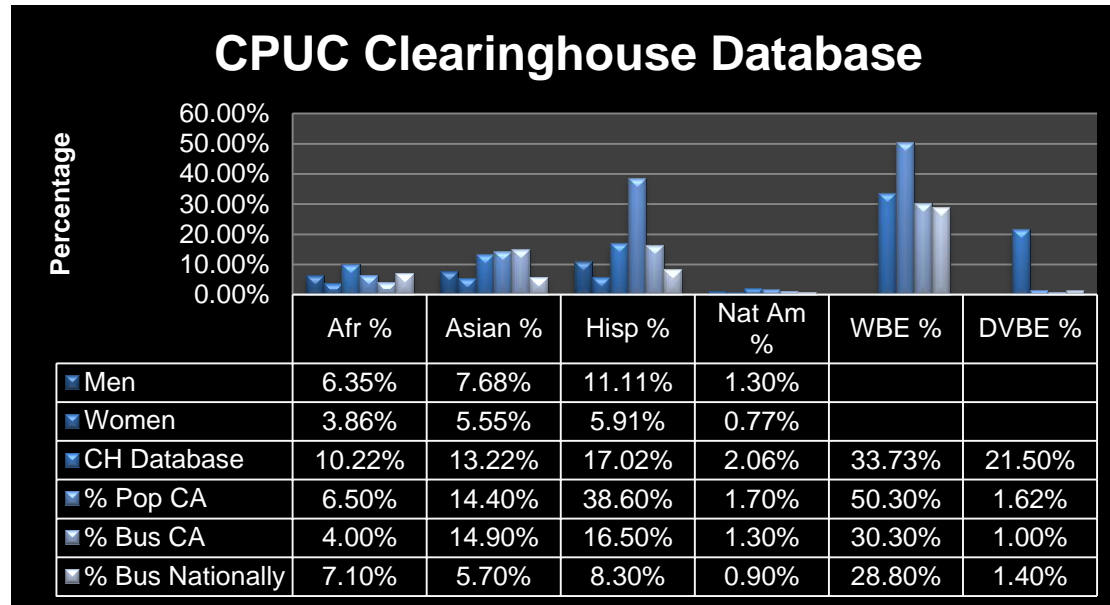
Total Utility WMDVBE Fuel Procurement for 2014:  
 \$530 million as compared to 2013, which was \$504 million.

Utility	2014 Total Procurement	2014 Diversity Procurement	Percentage Achieved	Goal
SoCalGas	\$1.9 billion	\$330 million	16.6%	21.5%
PG&E	\$1.1 billion	\$168 million	15.1%	21.5%
SCE	\$1 million	\$1 million	100%	21.5%





# CPUC Supplier Clearinghouse Database



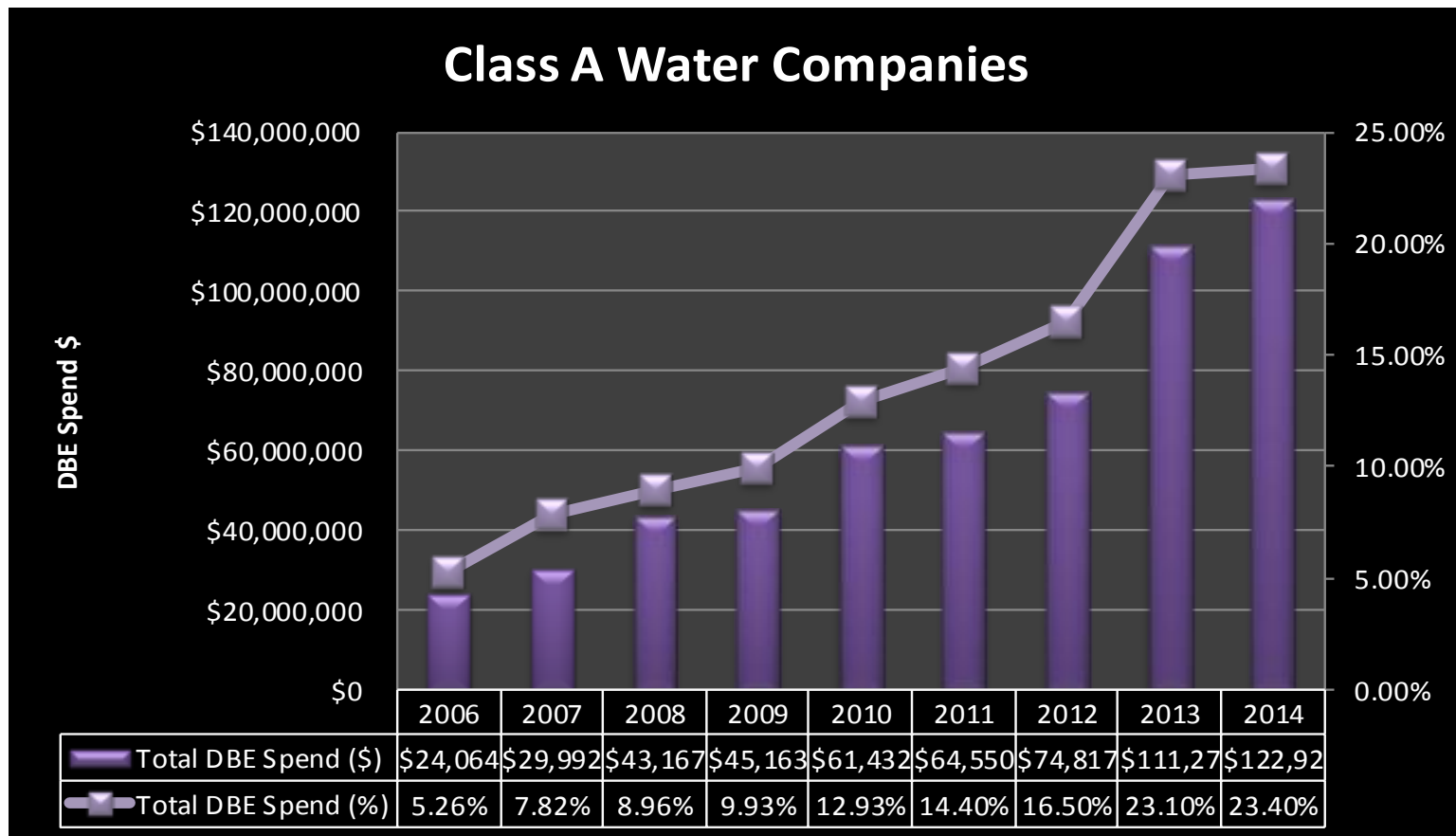
Note: <http://quickfacts.census.gov/qfd/states/06000.html> (9/29/2015). DVBE figures estimated from Alliance and US Bureau of Labor statistics.







# Charting Progress With the Class A Water Companies Nine Years of Increased WMDVBE Spend





## California American Water Co. - A case study on WMDVBE value

The California Water Company (a Class A Water Company) sampled 29 WMDVBE contracts from 2014 and found that when selecting diverse suppliers:

- They realized a median savings of 14% (when compared to the other bids); and
- The savings equated to a little bit over \$1M.

California Water Company was able to demonstrate program value as a percent of savings (as well as the dollar (\$) value) to their operations and to their more than 600,000 customers in multiple locations throughout California.





# 2014 General Order 156 Program Highlights

What did we say?	What did we do?
<ul style="list-style-type: none"> <li>Place emphasis on smaller utilities' participation in GO 156</li> </ul>	<ul style="list-style-type: none"> <li>Met with all 33 utilities in 2014 to discuss increased participation in GO 156;</li> <li>Enhanced CPUC staff understanding of barriers that impeded GO 156 success;</li> <li>Evaluated a new set of best practices</li> <li>Smaller utilities increased spend by 18.91%</li> </ul>
<ul style="list-style-type: none"> <li>Increase the number of certified diverse suppliers in the supplier clearinghouse database; was 7,400</li> </ul>	<ul style="list-style-type: none"> <li>Increased the number of diverse suppliers in the supplier clearinghouse; now stands at 8,700, an increase of 17.6%</li> </ul>
<ul style="list-style-type: none"> <li>Increase % of spend in subcontracting with diverse firms</li> </ul>	<ul style="list-style-type: none"> <li>Increased subcontracting with diverse firms by 10.9%</li> </ul>
<ul style="list-style-type: none"> <li>Increase % of spend in underutilized areas of the program, i.e., legal, financial services</li> </ul>	<ul style="list-style-type: none"> <li>Increased: Legal by 5.9 %; Financial Services by 5.1%</li> </ul>
<ul style="list-style-type: none"> <li>Hold workshops</li> <li>Develop plans for next audit</li> </ul>	<ul style="list-style-type: none"> <li>Held CPUC staff workshop on Integrating LGBTBE into GO 156;</li> <li>Planned the next audit with CPUC's Auditing Division for AT&amp;T</li> </ul>
<ul style="list-style-type: none"> <li>Integrate LGBTBEs (AB1678) into GO 156</li> </ul>	<ul style="list-style-type: none"> <li>Initiated GO 156 OIR to integrate AB1678; CPUC approved June 2015</li> </ul>





## GO 156 – What’s Next?

- ❑ The CPUC and its staff will continue to look for ways to evaluate the overall effectiveness and success of the supplier diversity programs of the utilities by:
  - Ensuring strong Database utilization (i.e., percent of spend and WMDVBE/LGBTBE availability);
  - Integrating and encouraging the full participation of LGBTBE into GO 156
  - Issuing Data Requests to all utilities to provide information on program value (i.e., percent of savings to the utilities and ratepayers);
  - Quantifying the value of supplier diversity to GO 156 (i.e., value to the utilities’ service communities/job creation and California’s vital economy); implement phase II of the study;
  - Encouraging safety awareness programs of the utilities (i.e., encouraging WMDVBE/LGBTBEs to fully integrate safety programs as part of their service quality);
  - Working with CBOs and others to increase the Supplier Clearinghouse talent pool for known gaps in underutilized areas of a utility’s spend; and developing best practices for sustaining supplier diversity performance into the 21<sup>st</sup> century and beyond;
  - Continuing to encourage the growth/participation of smaller utilities in our General Order 156 Supplier Diversity Program;
  - Continuing to encourage larger utilities to leverage supplier diversity best practices, and to sustain their performance.
  
- ❑ The CPUC encourages Time-Warner to embrace the parameters of GO 156 and file its report accordingly. Cox has agreed to ramp up its California reporting to comply with GO 156.





**Thank You**

