

**Greenlining's Annual Report Card on Supplier Diversity:  
AT&T No. 1**

For over 15 years, the Greenlining Institute has issued its Annual Report Card on Supplier Diversity relating to the largest utilities subject to California Public Utilities Commission (CPUC) scrutiny. This year's Report Card focuses on the only six major regulated utilities subject to CPUC scrutiny. AT&T finished first among all the six major utilities in its percentage of verified contracts awarded to minority-owned firms (almost 21%). Unfortunately, PG&E, which finished last, was the only major utility to fail to meet the minimum 15% minority contract goals set more than 15 years ago.

A summary is set forth below.

**All Minorities  
Exhibit 1**

	<b>Company</b>	<b>Percentage (%)</b>	<b>Grade</b>
1	AT&T (SBC)	20.77%	A- <sup>1</sup>
2	Southern California Gas	18.04%	B
3	San Diego Gas and Electric	17.04%	B-
4	Southern California Edison	16.55%	C+ <sup>2</sup>
5	Verizon	15.47%	C+
6	Pacific Gas and Electric	12.78%	D+ <sup>3</sup>

**Leadership by Utilities**

AT&T has demonstrated a unique form of leadership in supplier diversity. In September 2005, it filed with the CPUC a pledge to jump to 27% in supplier diversity by 2010. This is particularly noteworthy, since AT&T is already the national leader among utilities. The 27%, which is backed by the personal commitment and involvement by its CEO, Ed Whitacre, is likely to ensure that AT&T is No. 1 not only among utilities, but among Fortune 500 corporations in supplier diversity to minorities.

Greenlining also commends Verizon for agreeing to a one-third jump in its commitment for supplier diversity going from 15% to 20% by 2010. This will establish Verizon as a leader. Unfortunately, none of the other four major utilities have set any ambitious goals and Southern California Edison continues to refuse to honor its goal filed in 1989 of being at 22.5% for minority-owned businesses.

---

<sup>1</sup> Ordinarily, SBC would have received a B+, but its pledge to be the national leader at 27% slightly altered the grade upward.

<sup>2</sup> Ordinarily, Southern California Edison would have received a grade of B-, but it was slightly altered downward due to Edison's refusal to honor its 1989 commitment of 22.5%.

<sup>3</sup> Ordinarily, PG&E, having failed for three consecutive years to meet the minimum goal and finishing last among the major utilities, would have received an "F." However, over the last two years, it has made progress, including very significant progress last year. This rate of progress, if continued over the next two years, would enable them to easily surpass the minimum 15% goal.

As Greenlining has frequently expressed, no regulator in the country has done more than the CPUC to inspire corporate America to expand supplier diversity to minority-owned firms. For this, Greenlining Institute and its members, including many prominent minority business organizations, commend the CPUC. The combination of President Peevey frequently using his bully pulpit to promote the importance and business value of supplier diversity, along with annual hearings attended by CEOs and annual uniform reporting, has made a major difference.

**Almost \$1 Billion Awarded**

The six largest utilities in 2005 were responsible for \$930,376,688 of contracts to minority-owned businesses in California. AT&T awarded the most at \$374,097,890.

**Recommendations**

Greenlining’s recommendations to ensure the continuance of CPUC national leadership and greater corporate compliance include the following:

- 1.) Ensure that during all rate proceedings, supplier diversity performance is a major issue; at present, the importance of supplier diversity varies among the assigned Commissioners and the Administrative Law Judges (ALJs).
- 2.) Continue to ensure, as the CPUC did in the SBC/AT&T and Verizon/MCI mergers, that supplier diversity is not only a crucial issue, but is acknowledged and rewarded, as was done by the CPUC in both of these recent mergers.
- 3.) All Commissioners, not just the President, should use their bully pulpits to actively promote the importance of supplier diversity.<sup>4</sup>
- 4.) Supplier diversity to small minority-owned businesses should be encouraged (See, for example, Greenlining’s pending OIR 05-10-031, strongly supported by AT&T, to track small business accomplishments).

**Summary of Report Card Data**

**African Americans**

Greenlining’s Report Card for African Americans shows AT&T to be first with a B+ grade and Verizon to be last with an “F” (See Exhibit 2).

**Exhibit 2**

	<b>Company</b>	<b>Percentage (%)</b>	<b>Grade</b>
1	AT&T (SBC)	5.77%	B+
2	Pacific Gas and Electric	4.20%	B
3	San Diego Gas and Electric	3.43%	C+
4	Southern California Gas	2.99%	C
5	Southern California Edison	1.40%	D
6	Verizon	0.33%	F

---

<sup>4</sup> Commissioner John Bohn, for example, has displayed special leadership through the conducting of his small business expositions throughout the state.

### Asian Americans

AT&T also finished first for Asian Americans with a grade of “B.” San Diego Gas and Electric was last with a grade of “D” (See Exhibit 3).

#### Exhibit 3

	<b>Company</b>	<b>Percentage (%)</b>	<b>Grade</b>
1	AT&T (SBC)	6.97%	B
2	Southern California Edison	6.10%	B-
3	Southern California Gas	4.43%	C
4	Pacific Gas and Electric	3.56%	C
5	Verizon	2.66%	D
6	San Diego Gas and Electric	2.59%	D

### Latinos

For Latinos, Verizon finished first with a grade of “A-.” PG&E finished last with a grade of “D” (See Exhibit 4).

#### Exhibit 4

	<b>Company</b>	<b>Percentage (%)</b>	<b>Grade</b>
1	Verizon	11.59%	A-
2	Southern California Gas	10.37%	B+
3	San Diego Gas and Electric	8.02%	C+
4	AT&T (SBC)	7.33%	C+
5	Southern California Edison	6.40%	C
6	Pacific Gas and Electric	4.07%	C-

### Native Americans

San Diego Gas and Electric and Southern California Edison had the best records for contracts to Native Americans – 2.94% and 2.40% respectively.

## Minority Women

For minority women, AT&T finished first with a grade of B- and Southern California Gas finished last and received a grade of "C-" (See Exhibit 5).

### Exhibit 5

	Company	Percentage (%)	Grade
1	AT&T (SBC)	4.27%	B-
2	San Diego Gas and Electric	4.25%	B-
3	Southern California Edison	4.20%	B-
4	Pacific Gas and Electric	4.05%	C+
5	Verizon	2.32%	C-
6	Southern California Gas	1.99%	C-

### Most and Least Progress

Paradoxically, PG&E had both the most progress from last year and the least progress from last year. That is, it had the highest percentage increase from its low base of 2004 (increase of 1.7%). On the other hand, PG&E for the third consecutive year since exclusions were eliminated failed to meet the 15% minimum goal set by the CPUC over 15 years ago.

### Legal and Accounting

Each year, Greenlining will be providing separately an analysis in some major categories of progress. This year, for example, Greenlining will, by mid-April, provide an analysis of contracts to minority-owned legal and accounting professionals.

### Conclusion

Greenlining Institute and its members believe that this Commission has set a standard, including personal involvement and commitment that has made a major difference for minority-owned businesses in California. It is our hope to work closely with this Commission, including individual Commissioners and the CEOs of major utilities, to continue to make substantial progress.

*For more information about the Report Card, contact:  
Pamela Palpallatoc, Telecommunications Policy Fellow for the Greenlining Institute, at  
[pamelap@greenlining.org](mailto:pamelap@greenlining.org) or 510-926-4016.*