

Greenlining's Annual Report Card on Supplier Diversity

For almost 15 years, the Greenlining Institute has issued its Report Card on supplier diversity relating to the nine largest utilities subject to your scrutiny. Today, we submit to you Greenlining's Supplier Diversity Report Card for the year 2003. This Report Card is based upon the verified data submitted to the CPUC by these institutions. In addition, Greenlining sought input from each of these institutions prior to publishing this Report Card. It should be noted that none of the institutions disagreed with their overall grade. However, some believed that our format could be more comprehensive and some believed that the inclusion of previously excluded categories was the cause for their lower grades. (Comments of the utilities are separately submitted.)

Greenlining believes that this is the first Report Card with which the Commission can accurately compare institutions with each other. This ability to fully compare is the result of the CPUC's 2003 decision to require all categories to be included in the base, despite the initial protests of all regulated utilities, except for SBC.

This Report Card is intended to encourage competition among utilities. Our expectation is that within two years, all utilities will receive a B or higher and many will receive As for achieving 25% or more in contracts to minorities.

Greenlining does not believe that this Report Card by itself will help achieve these results. These results will occur largely through the CPUC's unique leadership, annual CPUC hearings on this issue attended by the utilities' CEOs, and the willingness of the CPUC to appropriately commend and award those institutions that have adopted leadership positions.

This CPUC leadership should encourage all nine major regulated utilities and their CEOs to set and achieve 25% goals for minority contracts.

Another critical factor in achieving 25% minority contracts could be the CPUC's recently instituted California Utilities Diversity Council, which contains both community and regulated utility members.

As the Greenlining Report Card shows, no utility has yet reached 25 % minority contracts, a goal MCI and its CEO recently set for itself. In fact, more than half of the nine utilities failed to meet even the Commission's 15% goal.

Section A. Overall Achievements

Southern California Gas had the best record with 18.4% minority contracts. AT&T followed closely with 18%. In third place was SBC with 17%. MCI was next to last with 6.7% and Sprint finished last with 3.5%. PG&E and Verizon fell well below the minimum 15% goal (PG&E with 10.9% and Verizon with 11%). (PG&E, Verizon and MCI have informed Greenlining that they intend to meet the 15% goal, if not surpass it, in the near future.)

In terms of overall dollars spent with minority institutions, SBC was the leader with \$264 million dollars. Overall, the nine institutions spent \$852,091,556 on minority contracts.

Overall Report Card

Company	Grade	Percentage	Dollar Amount
Southern California Gas	B	18.42%	\$62,740,534
AT&T	B	17.99%	\$9,772,070
SBC	B	17.12%	\$264,152,165
Edison	C+	16.00%	\$224,936,848
San Diego Gas and Electric (SDG&E)	C	14.39%	\$68,774,243
Verizon	C-	11.02%	\$36,909,845
PG&E	C-	10.90%	\$171,870,000
MCI	D-	6.71%	\$1,063,851
Sprint	F	3.45%	\$11,872,000

Section B. African American Record

SBC finished first regarding contracts to African American-owned businesses (6.1%), easily ahead of the second place company, PG&E. MCI finished last, closely followed by Sprint and Verizon.

Company	Percent	Grade
SBC	6.1%	A-
PG&E	3.9%	B-
SDG&E	3.6%	B-
So Cal Gas	3.3%	C+
AT&T	2.1%	C-
Edison	1.6%	D
Verizon	1.1%	F
Sprint	0.8%	F
MCI	0.1%	F

Section C. Latino Record

So Cal Gas easily had the best record for contracts to Latino-owned businesses with 13.2%, followed by AT&T at 9.3%. Sprint finished last with 1.7%.

Company	Percent	Grade
So Cal Gas	13.2%	A
AT&T	9.3%	B+
Edison	6.5%	B-
Verizon	6.5%	B-
SBC	6.0%	B-
MCI	3.6%	C-
SDG&E	3.5%	C-
PG&E	3.3%	C-
Sprint	1.7%	F

Section D. Asian American Record

AT&T easily finished first among contracts to Asian American-owned businesses with 6.3%, followed by Edison and SBC. Sprint finished last and So Cal Gas finished next to last.

Company	Percent	Grade
AT&T	6.3%	B+
Edison	4.8%	B
SBC	4.7%	B
MCI	3.6%	C
SDG&E	3.5%	C
Verizon	3.4%	C
PG&E	2.1%	D
So Cal Gas	1.5%	D-
Sprint	1.0%	F

Section E. Minority Women Record

AT&T finished first among minority women with 7.8%. Number two SBC was a distant second at 4.7%. Sprint and Verizon finished last and next to last.

Company	Percent	Grade
AT&T	7.8%	A-
SBC	4.7%	B-
SDG&E	3.9%	C+
Edison	3.2%	C
MCI	2.2%	D
So Cal Gas	2.0%	D
PG&E	1.8%	D
Verizon	1.0%	F
Sprint	0.7%	F

Section F. Native American Record

Only two of the nine utilities have statistically significant statistics for contracts to Native American-owned businesses. Edison was the leader with 1.9% and SDG&E had 1.8%. All others had less than one-half of one percent and some were at or close to zero.¹

Section G. Future of CPUC Supplier Diversity Program

Next year, Greenlining hopes that, with the CPUC's encouragement, this Report Card can be completed jointly with the CPUC staff.

Greenlining urges the CPUC to hold a supplier diversity hearing with the CEOs of all nine utilities this summer, much as it did last year on employment diversity.

Under the leadership of the CPUC and many utility CEOs, California utilities generally have the best records in the nation, not only among utilities, but also among all Fortune 500 corporations. In fact, while California utilities average close to 15% with no exclusions, Fortune 500 corporations average a mere 3% and in many cases this includes substantial exclusions.

Greenlining believes that the supplier diversity program initiated by the CPUC fifteen years ago is the leading program of its kind and should be replicated by other California regulatory bodies as well as by utility regulatory bodies across the nation.

Greenlining urges the leadership of the CPUC to use its bully pulpit to encourage the extension of its efforts throughout California and across the country. As part of this effort, it should meet with Governor Arnold Schwarzenegger and Insurance Commissioner John Garamendi, who has frequently indicated an interest in supplier diversity for the insurance industry.

In five years, we hope that all utilities will achieve the 25% minority contracting goal set by MCI and its CEO, Michael Capellas and hope that the CPUC will encourage such achievements.

¹ So Cal Gas had 0.43%; PG&E had 0.40%; AT&T had 0.29%; SBC had 0.12%; Verizon had 0.04%; Sprint had 0.01%; and MCI had 0.0%.