2016 ENERGY • TELECOM • WATER • CABLE
SUPPLIER DIVERSITY REPORT CARD
CALIFORNIA’S PUBLIC UTILITIES

Stephanie Chen • Energy and Telecommunications Policy Director
Danielle Beavers • Diversity and Inclusion Director
2016 ENERGY • TELECOM • WATER • CABLE

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About the Greenlining Institute

Founded in 1993, The Greenlining Institute envisions a nation where communities of color thrive and race is never a barrier to economic opportunity. Because people of color will be the majority of our population by 2044, America will prosper only if communities of color prosper. Greenlining advances economic opportunity and empowerment for people of color through advocacy, community and coalition building, research, and leadership development. We work on a variety of major policy issues, from the economy to environmental policy, civic engagement and many others, because economic opportunity doesn't operate in a vacuum. Rather than seeing these issues as being in separate silos, Greenlining views them as interconnected threads in a web of opportunity.

About the Energy and Telecommunications & Technology Policy Teams

The Greenlining Institute’s Energy and Telecommunications & Technology policy programs work to ensure that vital services such as electricity, gas, telephone and broadband are accessible to all, that low-income consumers and ratepayers are protected and that race, language or income are never barriers to these essential services.

About the Diversity and Inclusion Teams

The Greenlining Institute’s Diversity and Inclusion program leads the organization’s workforce and supplier diversity advocacy through policy, coalition building, and research. It advances a concerted agenda across our core policy concentrations of Economic Equity, Environmental Equity, Bridges to Health, Energy and Telecommunications, Philanthropy, Insurance, and Technology.

Author Biographies

Stephanie Chen, Energy and Telecommunications Policy Director
Stephanie directs Greenlining’s advocacy in energy and telecommunications policy. She oversees Greenlining’s legal counsel at the California Public Utilities Commission and the Federal Communications Commission, who advocate on a wide range of issues impacting underserved consumers and small businesses. Stephanie has litigated several high profile cases impacting billions of dollars in utility rates, winning broad statewide protections for communities of color, low income ratepayers and small business owners. Stephanie serves as Vice President of the Board of Directors for the Conference of California Public Utility Counsel. Stephanie has a B.A. in Government from Dartmouth College and a J.D. from the University of San Francisco School of Law.

Danielle Beavers, Diversity and Inclusion Director
As the Diversity and Inclusion Director, Danielle advocates for the greater inclusion of people of color across Greenlining’s five major policy areas. For Danielle, every issue is an economic issue; decisionmakers must utilize the lived experiences of communities to ensure economic recovery and prosperity for the entire nation. To this effect, she regularly advises corporations and their regulators on metrics to best measure workforce and supplier diversity. This includes leading Greenlining’s work with the Federal Offices of Minority and Women Inclusion and serving on the California Department of Insurance’s Diversity Task Force. She received her B.A. from Stanford University in Comparative Studies in Race and Ethnicity with Honors.

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Kevin Casasola, Intern and UCLA Senior, for organizing and analyzing spending data.
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Supplier diversity is a dynamic business practice that promotes economic development by diversifying a company’s supply chain. For companies, contracting with businesses owned by people of color, women, service disabled veterans, LGBT persons, etc., adds value and quality to the supply chain, and ultimately to the company as a whole. For communities of color, who remain on the losing end of America’s racial wealth gap, supplier diversity represents a more equal opportunity to compete for a contract on the merits of one’s business—rather than losing out simply for not being part of an “old boy network.” Those opportunities in turn create jobs in communities of color and contribute to local economic revitalization. Because it recognizes that the playing field starts out unequal, supplier diversity represents an excellent example of an equitable policy that, when done right, delivers real benefits to all parties involved. No sector better represents the potential and success of supplier diversity than California’s utilities.

Supplier diversity advances economic development by diversifying corporate supply chains. It can add value and quality to a company’s supply chain while spurring economic development and job growth in communities that remain on the losing end of America’s racial wealth gap.

The companies featured in this report together spent $5.7 billion with minority business enterprises (MBEs) in 2015.

The top spender in dollars spent with MBEs was Pacific Gas & Electric, spending $1.6 billion in 2015 with MBEs, or 28.36 percent of its total 2015 procurement. Sprint had the largest percentage of MBE procurement at 30.82 percent ($406 million). See company pages for detailed spending breakdowns and grades.

California’s supplier diversity leaders remain best-in-class, but momentum seems to be leveling off.

Generally speaking, procurement with African American, Native American, Asian Pacific Islander (API), and women of color-owned businesses leaves ample room for improvement.

The most successful companies employ several common best practices, including but not limited to:

• Including supplier diversity in procurement decisions from the very start
• Incentives for employees to better incorporate diversity into their day-to-day work
• Requiring diversity commitments from prime contractors
• Focused capacity-building, technical assistance, and mentorship support that help suppliers get better at what they do best.

Why Supplier Diversity Matters

Entrepreneurship forms the cornerstone of wealth creation in this country—serving as both a vital pillar and economic catalyst in local economies. When they do well, small businesses generate profit, create jobs, support other vendors, and provide people with the means to live their own version of the American Dream.

This cycle of commerce creates both individual and community wealth and plays an especially critical role in communities of color, which continue to lag in the economic recovery. Diverse owned businesses are more inclined to hire locally, and to hire individuals with similar backgrounds. In 2012, over 8 million minority-owned businesses created 7.1 million jobs, 75 percent of which come from companies with fewer than 100 employees.1 California, home to one in five of all MBEs, provided 1.7 million jobs and accounted for $351 billion in annual economic activity.2 As such, MBEs play a vital role in the local and national economic growth driven by small businesses.

GLOSSARY OF TERMS

DBE Diverse Business Enterprise. Includes minority, women, and disabled veteran-owned business enterprises.

MBE Minority-Owned Business Enterprise. MBEs have at least 51 percent ownership by ethnic/racial minorities. The MBE category includes businesses owned by African Americans, Latinos, Asian Pacific Islanders, and Native Americans.

WBE Women-Owned Business Enterprise

DVBE Service Disabled Veteran-Owned Business Enterprise

LGOTBE Lesbian-, Gay-, Bisexual- and Transgender-Owned Business Enterprise

INTRODUCTION

Supplier diversity is a dynamic business practice that promotes economic development by diversifying a company’s supply chain. For companies, contracting with businesses owned by people of color, women, service disabled veterans, LGBT persons, etc., adds value and quality to the supply chain, and ultimately to the company as a whole. For communities of color, who remain on the losing end of America’s racial wealth gap, supplier diversity represents a more equal opportunity to compete for a contract on the merits of one’s business—rather than losing out simply for not being part of an “old boy network.” Those opportunities in turn create jobs in communities of color and contribute to local economic revitalization. Because it recognizes that the playing field starts out unequal, supplier diversity represents an excellent example of an equitable policy that, when done right, delivers real benefits to all parties involved. No sector better represents the potential and success of supplier diversity than California’s utilities.


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EXECUTIVE SUMMARY

• Supplier diversity advances economic development by diversifying corporate supply chains. It can add value and quality to a company’s supply chain while spurring economic development and job growth in communities that remain on the losing end of America’s racial wealth gap.

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  • Incentives for employees to better incorporate diversity into their day-to-day work
  • Requiring diversity commitments from prime contractors
  • Focused capacity-building, technical assistance, and mentorship support that help suppliers get better at what they do best.
Small businesses generally, regardless of the owner’s race, face a number of significant challenges. Entrepreneurs of color, however, face additional challenges in breaking through the “good old boy network” and obtaining opportunities due to implicit racial bias across society. Even in the 21st century, research shows clear market discrimination against ethnic minorities. For example, the National Bureau of Economic Research has found that—unless other things equal—applicants with black-sounding names were half as likely to receive interviews while white-sounding names yielded as many more callbacks as an additional eight years of experience. Barriers like these are cumulative and negatively impact many of the social and political connections business owners must establish to succeed.

In addition to social barriers, diverse businesses also face significant financial obstacles. The Great Recession of 2008-2012 demonstrated once again that people of color are systemically discriminated against by the banking industry—being both denied loans and targeted for subprime products. This historical and institutional racism results in a disproportionate and devastating lack of access to capital for small MBEs. Adequate capital is critical in order to start and grow one’s business, employ a staff, stock inventory, or establish a credible reputation. Without it, no entrepreneur can survive.

**How GO 156 Works**

In 1988, then-Assemblymember Gwen Moore authored groundbreaking legislation declaring that, in order for our competitive market economy to work as intended, minority-owned and women-owned businesses must have equal opportunity to participate. Finding that the market did not, in fact, provide equal opportunities, the legislation created a program at the California Public Utilities Commission that is simple in design but highly significant in impact. We know this program today as General Order (GO) 156, after the CPUC regulation implementing it. In 1992, GO 156 was expanded to include service disabled veteran-owned businesses. In 2014, it was further expanded to include LGBT-owned businesses.

Under GO 156, utilities regulated by the CPUC must engage with diverse businesses and the community organizations that support them, to make sure that businesses know what contracting opportunities are on the horizon and how to bid on those contracts. Utilities must staff and structure their programs with the goal of expanding and diversifying their supply chains. Finally, once a year utilities must report on their efforts and progress to the Commission, both in writing and during an annual hearing before the full Commission.

GO 156 does not require any quotas or set-asides, nor does it require companies to make a bad business decision in order to use a diverse supplier. It simply requires good faith efforts and transparency. When combined with attentive, engaged leadership at the CPUC, these basic policy tools have resulted in tens of billions of dollars of investment in diverse businesses since the program’s inception. These investments have, in turn, spurred growth in jobs, income, wealth, and tax revenues in diverse communities across California.

**Barriers to Participation**

When combined with attentive, engaged leadership at the CPUC, these basic policy tools have resulted in tens of billions of dollars of investment in diverse businesses since the program’s inception.

**Methodology**

1. California energy, telephone, cable, and water companies file reports with the CPUC, detailing their prior year supplier diversity results as well as their efforts to engage and support diverse businesses.
2. Greenlining meets with interested companies for a one-on-one conversation about their goals, plans, successes, and challenges.
3. We evaluate quantitative performance and progress in contracting with diverse suppliers, as compared to peer companies, to prior performance, and to the CPUC’s own goals of 15 percent MBE procurement, 5 percent WBE procurement, and 1.5 percent DVBE procurement. We also evaluate qualitative performance, by looking at how the company engages with diverse business communities, how the company promotes supplier diversity as part of its business plan, how the company provides or supports technical assistance and capacity building programs for small and diverse businesses, and other related efforts to diversify the company’s supply chain. It is at each company’s discretion to report its spending with businesses owned by women of color under either the MBE or WBE category, as long as the spending is not counted twice.
4. We benchmark performance by assigning letter grades, and we provide commentary and recommendations designed to advance diversity in procurement and in turn promote economic growth in diverse business communities.
Industry by Industry Results

Energy

California’s energy utilities remain strong performers overall, but they all have room for improvement. With the exception of PG&E, each energy utility spent less than 4 percent with African American businesses and less than 6 percent with API businesses, and each company’s spending with Latino businesses declined. With the exception of SDG&E, each of the energy utilities spent less than 3 percent with Native American-owned businesses. Spending with women of color owned-businesses dropped across the board, and spending with DVBEs remained essentially flat. Despite these shortcomings, energy is, in our assessment, the leading industry when it comes to best practices and technical assistance/capacity building. Their efforts are comprehensive and focused, and while there’s always more work to be done, these companies continue to excel.

Cable and Telephone

California’s cable and telephone companies1 are a mixed bunch, with the telephone companies doing around 27 percent of their business with MBEs but the cable companies around 10 percent. Cable companies still have room for improvement essentially across the board, although Cox was the second highest spender with African American businesses at nearly 8 percent and $232 million. On the telephone side, both Verizon’s and AT&T’s California businesses continue to excel overall, but Verizon California’s spending with African American businesses remains under 3 percent and AT&T California’s spending with Native American businesses fell to 59 percent.

1Including only those who filed a report with the CPUC under GO 156. Time Warner and Charter did not file, but agreed in their 2016 merger to begin filing under GO 156, though it is not clear when they will begin. We hope to see New Charter’s first filing in 2017.
The telephone companies stand out for their comprehensive best practices and technical assistance/capacity building, while the cable companies, particularly Comcast, still have ground to gain in this area. We note that Cox reports its national-level data in its GO 156 report, rather than its California-specific data, which must be taken into consideration when considering the economic effects each company generates with its supplier diversity programs.

Wireless

Once again, Sprint led the Big Four wireless carriers in all but one demographic category, losing the top spot for API spending to Verizon Wireless. Sprint also reported the highest dollars spent with MBEs, at $406 million. While Sprint is the smallest of the wireless carriers in terms of overall spending, reporting a third of what T-Mobile and AT&T Wireless spent and half of what Verizon Wireless spent, the company still spent more with MBEs in 2015 than any of the other wireless companies, and even doubled AT&T’s MBE spending. With respect to best practices, AT&T and Verizon seem challenged to successfully adapt their landline best practices to their wireless businesses. Sprint appears to have a solid supplier diversity infrastructure despite the financial challenges it faces. As the industry’s come-from-behind kid, T-Mobile continues to build an internal corporate strategy around diversity, and is beginning to see some positive results.

Class A Water Companies

The Class A water companies, owing mostly to their much smaller size, tend to have uneven spending, concentrated largely with WBEs and Latino businesses. The industry seems challenged to further diversify, which should signal the diverse business community that the water industry is looking for new suppliers from other demographics. Suburban Water Company was the top spender with MBEs on a percentage basis, at 20 percent ($4 million), 19 percent of which was with Latino businesses. The Class A water companies as a whole merit recognition for developing a shared Mentor Protégé Program, one of the best practices from other demographics. Suburban Water Company to successfully adapt their landline best practices to their wireless businesses. Sprint appears to have a solid supplier diversity infrastructure despite the financial challenges it faces. As the industry’s come-from-behind kid, T-Mobile continues to build an internal corporate strategy around diversity, and is beginning to see some positive results.

Company by Company Results

A few notes about our report cards:

- In assigning letter grades, we look at each demographic category separately, and we grade on a curve within each category. We also graded the Class A water companies separately, as discussed below.

- For the first time this year, we assess the companies’ best practices for implementing supplier diversity as a core business practice, as well as their efforts to provide or support technical assistance and capacity building for diverse businesses. We do so using a simple three-star system, with three stars given to the best-in-class programs and one star given to those with more limited efforts. We note that while even the best programs have room for improvement, the programs receiving three stars represent the best in class nationally as well as in California.

- We did not include LGBT businesses or “Other” businesses in our report cards, but if a company reported spending in these categories, we noted it at the bottom of the page.

- LGBT businesses were added to GO 156 in 2015, but the CPUC did not require companies to include LGBT spending in their 2016 reports. While most of the reporting utilities discussed their ongoing efforts to build relationships with the LGBT business community, only a few reported spending in this area. Many are working with LGBT chambers to get more businesses certified through the CPUC’s Clearinghouse, and we expect to see more spending in this category in the coming years. We will begin including LGBT spending in our report card in 2017. In 2015, the companies featured here reported $5.6 million in spend with LGBT businesses. Interestingly, 99 percent of that amount came from the Class A water companies.

- “Other” businesses is a mixed category that includes some businesses certified as disadvantaged by the Small Business Administration under Section 8(a) of the Small Business Act and some certified by the Secretary of Commerce under Executive Order 11625. Others are businesses certified by the CPUC’s Clearinghouse as “Other” with no further detail provided. GO 156 does contain “including, but not limited to” language in its definition of eligible demographic categories, so these “Other” businesses may fall into one of the broader identified demographic categories, but we don’t have enough information to know how to properly account for this spending. As such, where it is reported we note it at the bottom of the company’s report card, but we do not include it in our analysis or grading.

- In 2015, the companies featured here reported $21 million in spend with “Other” businesses.

- We graded the Class A water companies for the first time this year, but in doing so we compared them only to each other, not to the cable, telecom, and energy utilities. Generally, though not always, these companies are much smaller than the other reporting companies, and spend less money every year. For example, PG&E has the largest spending base of any reporting company, spending $5.6 billion in 2015, but the largest reporting water company, California Water Service, only spent $180 million. Additionally, for this year we took their small size and relatively recent entrance into supplier diversity into consideration when assigning grades.

1 Over the next four years, the reporting utilities will continue to build relationships in the LGBT business community, and more LGBT businesses will certify with the CPUC’s Clearinghouse. After this phase-in period, the Commission and the utilities will work together to establish an appropriate voluntary goal for virtual spend with LGBT businesses.

2 Verizon CA was the only reporting non-water company with total spend on par with the water companies, at $161 million.
PG&E increased its procurement in every reporting category between 2014 and 2015, and spent more than $1.5 billion with MBEs, many of which are based in California. PG&E succeeds because its supplier diversity team works closely with the company’s lines of business and with their prime suppliers to identify diverse businesses that can meet their needs. Technical assistance and capacity building highlights include comprehensive financial literacy support for Accelerated Pay Program participants and an intensive Supplier Development Program focused on mentorship. Moving forward, PG&E must use its considerable buying power to help California’s growing renewable energy industry raise its supplier diversity standards toward the bar set by its energy utilities.

San Diego Gas & Electric (SDG&E)

SDG&E’s MBE procurement dropped from 29.84% in 2014. API and Latino procurement were also down in 2015, due to the end of a major construction project (East County Substation). However, SDG&E leads all reporting companies in Native American spending at 4.87%. SDG&E must continue its concerted efforts to balance out diverse procurement for one-time large capital infrastructure projects with diverse procurement in core areas of ongoing spending, which will provide more consistent opportunities for its supplier base.
Southern California Edison (Edison)

Edison had a major capital infrastructure project finish in mid-2015 (Tehachapi transmission line), which impacted spending. As Edison continues to streamline its overall company operations, maintaining its historical supplier diversity performance proves challenging. Even though Edison’s total procurement was higher in 2015 than in 2014, diverse procurement remained essentially flat or dropped slightly in all categories. During this downsizing phase, in which a contract that’s winding down is more likely to end than to be put back out to bid, Edison is focused on directly connecting line-of-business decision-makers with DBEs through focused matchmaking designed to result not just in networking, but in contracts. Moving forward, Edison must focus its diversity strategy on core areas of spending that are not project-based and not likely to be eliminated due to downsizing. Continued commitment from Edison’s new leadership will be essential to the company’s success.

Edison also reported $1,308,209 in spending with businesses certified by the CPUC Clearinghouse as "Other"

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**Comments and Recommendations:**

Southern California Edison (Edison)

Headquarters: Rosemead, CA
Total 2015 Spending: $4,263,898,519

While the amount SoCalGas spent with MBEs in 2015 increased by $23 million over 2014, as a percentage of total procurement MBE spending fell more than 5 points. This is due in large part to unanticipated spending with non-DBEs in response to the Aliso Canyon gas leak that began in October 2015. SoCalGas’ supplier diversity team is embedded within its procurement team, and it has ambassadors in every line of business. These best practices ensure that diversity is considered throughout the sourcing and procurement decision-making process. We also recognize SoCalGas’s success in contracting with small businesses and providing robust capacity building assistance tailored to their needs. SoCalGas will need to focus diligently on strategic sourcing and rely on its supplier development efforts in order to keep diverse spending up as it works to recover from the Aliso Canyon gas leak.

Southern California Gas Company (SoCalGas)

Headquarters: Los Angeles, CA
Total 2015 Spending: $1,490,919,874

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AT&T California (AT&T CA)
Headquarters: Dallas, TX
Total 2015 CA Spending: $2,071,021,235

AT&T CA’s total DBE spending increased significantly from 41.74% in 2014, even though its total procurement fell by about $600 million. Most demographic categories remained relatively consistent, but Native American spending dropped significantly in 2015, while spending with WBEs increased by about 6 points. In addition to a robust set of existing best practices, AT&T is exploring virtual matchmaking as a way to more efficiently connect prime contractors and potential subcontractors who may not be headquartered in the same area. AT&T is presently working to incorporate DirecTV into its operations, which could prove challenging as DirecTV did not have a supplier diversity program. In order to maintain its status as a long-time industry leader in supplier diversity, AT&T will need a focused strategy to ensure that its supply chain remains diverse as the company evolves away from its telecommunications roots.

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Comcast remains well below the GO 156 voluntary procurement goals of 21.5% with DBEs, 15% with MBEs, and 1.5% with SDVBEs. Comcast did exceed the 5% goal for WBE procurement in 2015, but still dropped significantly from 2014. Comcast reported relatively low spending with all ethnic groups except API, and reported no spending at all with Native American businesses. While Comcast is visible in the diverse business community, Comcast’s performance, both quantitative and qualitative, appears to suffer from a lack of commitment to diversity from the company’s California headquarters. Comcast will need to dedicate more efforts and resources to supply chain diversity in order to reap the benefits.

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<td>5.72%</td>
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<td>Native American</td>
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<tr>
<td>Women (MBE)</td>
<td>$20 m</td>
<td>0.19%</td>
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<tr>
<td>Women of Color (Minority Women)</td>
<td>$4 m</td>
<td>1.06%</td>
<td>D-</td>
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<td>Service Disabled Veterans</td>
<td>$46 k</td>
<td>0.04%</td>
<td>F</td>
</tr>
<tr>
<td>Best Practices, Technical Assistance &amp; Capacity Building</td>
<td>-</td>
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</tr>
</tbody>
</table>
Cox
Headquarters: Atlanta, GA
Total 2015 Nationwide Spending: $2,917,535,812

Cox once again fell short of GO 156’s goals, but continues to make steady progress. This year Cox began to disaggregate MWBE spending, providing some insight on procurement opportunities in this area. Cox also reported its first DVBE spending since it began reporting under GO 156. Cox has been building out its diverse subcontracting capacity, especially in its fiber network expansion. While Cox still has much work to do, its steady year-over-year improvement and clear strategic plan for diversity are promising. As the cable industry continues to evolve, Cox must expand its existing efforts to improve supply chain diversity with its tech sector suppliers. Additionally, we commend Cox for its supplier diversity efforts beyond the groups identified by GO 156, including non-disabled veteran owned businesses and businesses owned by disabled persons. Cox also reported $3,742,695 in “N/A” and $6,173,326 spent with Veteran Business Enterprises that are not certified by the California Department of General Services as DVBEs.

![Company Overall Spending Diagram](image)

**Company Overall Spending**

- **DBE**: 13.82%
- **MBE**: 10.87%
- **WBE**: 2.94%
- **DVBE**: 0.01%

MBE Includes:
- African American 7.96%
- Latino 0.96%
- Asian Pacific Islander 1.52%
- Native American 0.43%

Verizon California
Headquarters: New York, NY
Total 2015 CA Spending: $161,379,875

Overall, Verizon CA improved on its already-solid performance. Most notably, Verizon reported the highest DVBE spend of all reporting companies this year, almost doubling its percentage of spending in this category since last year. Verizon credits its high DVBE spending to a dedicated position focusing on military outreach generally, including supplier diversity. In 2015 Verizon sold its landline and FiOS systems to Frontier, which leaves Verizon Wireless as the company’s most significant opportunity for economic impact in California. We hope Frontier will carry on and build upon Verizon’s established best practices as it dramatically expands its California business.

![Company Overall Spending Diagram](image)

**Company Overall Spending**

- **DBE**: 51.23%
- **MBE**: 26.72%
- **WBE**: 14.65%
- **DVBE**: 9.86%

MBE Includes:
- African American 2.50%
- Latino 14.74%
- Asian Pacific Islander 7.01%
- Native American 2.47%
AT&T Wireless
Headquarters: Dallas, TX
Total 2015 CA Spending: $3,141,633,348
AT&T Wireless’ total DBE spending dropped significantly in 2015, from nearly 19% in 2014. AT&T attributes much of the decrease to the end of a major capital project, and also to spending with companies that are certified by a national certifying agency (such as NMSDC or WBENC) but that elected not to recertify with the CPUC’s Clearinghouse. AT&T’s well-developed approach to supply chain diversity seems to need adaptation to be successful in the wireless business, and its lack of success in doing so has brought its rating for best practices, etc., down one star. Similarly, the diverse business community should view AT&T Wireless as a prime growth opportunity.

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<th>Category</th>
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<tr>
<td>Service Disabled Veterans</td>
<td>$7 m</td>
<td>0.22%</td>
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<tr>
<td>Best Practices, Technical Assistance &amp; Capacity Building</td>
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AT&T Wireless reported $8,510,777 in spending with multi-ethnic/other businesses and $6,758 with LGBT businesses.

Company Overall Spending

Company Overall Spending

Sprint
Headquarters: Overland Park, KS
Total 2015 CA Spending: $1,315,785,323
While Sprint remains among the leaders in DBE and MBE spending, its diverse spending declined significantly in 2015. The same is true for Sprint’s spending with African American businesses, which dropped from nearly 23% in 2015. Sprint did, however, report more significant spending with Native American businesses and DVBEs. Sprint has a unique approach to diversity commitments from large prime suppliers: if its bid does not include a diverse subcontractor, the prime agrees to either donate a percentage of the annual contract amount to a diverse nonprofit organization, or to develop a Value Added Reseller agreement with a diverse business. Sprint has been experiencing significant structural changes in recent years, but thus far its supplier diversity infrastructure remains intact. As Sprint vies to maintain competitive and financially stable, the benefits of a diverse supply chain will be more important than ever. Sprint also reported $16,592,802 in spending with women of color-owned subcontractors, but did not receive data from their prime contractors identifying which ethnic group to attribute the spending to.

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Company Overall Spending

Company Overall Spending

DBE 12.25% MBE 7.07% WBE 5.23% DVBE 0.22%

DBE 45.21% MBE 30.82% WBE 9.92% A

MBE Includes:
- African American 2.35%
- Latino 2.80%
- Asian Pacific Islander 1.61%
- Native American 0.03%
T-Mobile

Headquarters: Seattle, WA
Total 2015 CA Spending: $3,832,150,815

T-Mobile’s total DBE and MBE spending both increased in 2015, due entirely to an increase in spending with API businesses of more than 3 points. Procurement with WBEs remains low and procurement with all other demographic groups remains negligible. T-Mobile has much work to do to diversify its spending, and doing so will improve supply chain value. T-Mobile has taken steps to improve its supply chain results, including promoting the company’s supplier diversity lead to a more senior role and implementing a supplier diversity strategic plan. We hope these best practices, set in the context of a company-wide broader diversity initiative, will contribute to success in 2016. T-Mobile also reported $3,231 in spending with Multi-Ethnic/Other companies.

### Company Overall Spending

**DBE 12.01%**

**MBE 9.61%**

**WBE 2.39%**

**DVBE 0.003%**

**MBE Includes:**
- African American 0.04%
- Latino 0.11%
- Asian Pacific Islander 9.46%
- Native American 0.00%

Comments and Recommendations:

2015 saw a drop in Verizon Wireless’ overall performance from 2014. While Verizon continues to lead in its industry, its performance remains objectively lukewarm, especially as compared to Verizon California. Having sold its California landline and FiOS businesses to Frontier in 2015, Verizon’s economic impact in California now comes entirely from its wireless business, and current results leave clear room for improvement. While Verizon has replicated some VZ CA best practices into its wireless business, it will need to take additional steps to improve its supply chain diversity in high tech lines of business. These have not been historically high-performing areas for any company, so Verizon will need to be assertive and creative in order to boost its diversity performance and supply chain value.

### Company Overall Spending

**DBE 15.31%**

**MBE 15.78%**

**WBE 13.52%**

**DVBE 0.001%**

**MBE Includes:**
- African American 0.15%
- Latino 0.42%
- Asian Pacific Islander 15.13%
- Native American 0.08%

Comments and Recommendations:

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<td>Service Disabled Veterans</td>
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<tr>
<td>Service Disabled Veterans</td>
<td>$77 k</td>
<td>0.001%</td>
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</table>

**Best Practices, Technical Assistance & Capacity Building**

- - - **"**

**Verizon Wireless**

Headquarters: Basking Ridge, NJ
Total 2015 CA Spending: $2,096,493,922

Verizon Wireless' 2015 saw a drop in Verizon Wireless’ overall performance from 2014. While Verizon continues to lead in its industry, its performance remains objectively lukewarm, especially as compared to Verizon California. Having sold its California landline and FiOS businesses to Frontier in 2015, Verizon’s economic impact in California now comes entirely from its wireless business, and current results leave clear room for improvement. While Verizon has replicated some VZ CA best practices into its wireless business, it will need to take additional steps to improve its supply chain diversity in high tech lines of business. These have not been historically high-performing areas for any company, so Verizon will need to be assertive and creative in order to boost its diversity performance and supply chain value.
CalAm Water's total DBE and MBE spending were both up a couple of points in 2015, but API, African American, and Native American spending remain low. CalAm Water has begun to implement a good set of internal best practices internally, including its Second Tier Program, Supplier Diversity Council, and, together with the other Class A water companies, a Mentor Protégé Pilot Program. CalAm still has much work to do in its underperforming areas, but we hope to see progress in the coming years. CalAm also reported $871,346 in spending with LGBT businesses.

CalWater also reported spending $61,663 with LGBT businesses.

CalWater's total DBE spending dropped a bit from its 2014 high of 24%, primarily due to a change in purchasing protocol that reduced the opportunity for its prime contractors to engage diverse subcontractors. To reduce costs, CalWater sources its piping material directly now, rather than having prime contractors source their own materials. This change particularly impacted CalWater’s DVBE spending, which dropped significantly. CalWater is focusing on growing its diverse subcontracting program, identifying local DBEs in challenging areas with less DBE presence, and in-house best practices to ensure that diversity is considered in every supply chain decision from the start. CalWater also seeks to provide training resources for contractors to get certified in water treatment and distribution—an area where water companies will always need suppliers. CalWater also reported spending $61,663 with LGBT businesses.
GSW’s total DBE and MBE procurement both increased a bit in 2015, but procurement with African American, API, Native American, and Women of Color businesses leaves room for improvement. GSW participates actively in the joint water utilities efforts to engage and support diverse businesses, and is exploring new procurement software that will hopefully help more diverse businesses engage with the company. We hope these efforts will prove fruitful for the company and for the diverse business community.

Park/Apple Valley also reported $2,002,144 in spending with an LGBT business.

Golden State Water (GSW)
Headquarters: San Dimas, CA
Total 2015 CA Spending: $113,043,465

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</table>

Comments and Recommendations:

GSW’s total DBE and MBE procurement both increased a bit in 2015, but procurement with African American, API, Native American, and Women of Color businesses leaves room for improvement. GSW participates actively in the joint water utilities efforts to engage and support diverse businesses, and is exploring new procurement software that will hopefully help more diverse businesses engage with the company. We hope these efforts will prove fruitful for the company and for the diverse business community. GSW also reported spending $585,845 with SBA Section 8(a) businesses.

Park Water Company and Apple Valley Ranchos Water Company (Park/Apple Valley)
Headquarters: Downey, CA
Total 2015 CA Spending: $31,386,958

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</table>

Comments and Recommendations:

Park/Apple Valley only has significant spending with Latino and Women owned businesses, and its total MBE spending dropped more than 3 points in 2015. The two companies combined are still the second-smallest of the Class A water companies, and perhaps as a result, their supplier diversity infrastructure remains limited. As of January 1, 2016, both are owned by Liberty Utilities, which may have more resources to dedicate to supply chain diversity. Moving forward, Liberty would do well to look to its reporting utility peers for best practices for incorporating diversity into sourcing and procurement. Park/Apple Valley also reported $2,002,144 in spending with an LGBT business.
San Gabriel Valley Water Company (SGV)
Headquarters: El Monte, CA
Total 2015 CA Spending: $45,305,301

San Gabriel’s DBE and MBE spend both dropped noticeably in 2015, and the company’s only significant spending in reporting categories is with Latino businesses and WBEs. San Gabriel would benefit from accelerating its supplier diversity strategic plan, incorporating supplier diversity throughout the procurement process, and more assertively working with prime contractors to increase diverse subcontracting opportunities. SGV also reported $1,779,229 in spending with LGBT businesses.

Company Overall Spending

- DBE 9.88%
- MBE 5.06%
- WBE 4.32%
- BWBE 0.49%

DBE Includes:
- African American 0.09%
- Latino 4.05%
- Asian Pacific Islander 0.85%
- Native American 0.08%

MBE Includes:
- African American 0.09%
- Latino 4.05%
- Asian Pacific Islander 0.85%
- Native American 0.08%

Company Overall Spending

- DBE 17.21%
- MBE 11.87%
- WBE 4.95%

MBE Includes:
- African American 0.02%
- Latino 10.10%
- Asian Pacific Islander 1.53%
- Native American 0.22%

San Jose Water Company
Headquarters: San Jose, CA
Total 2015 CA Spending: $110,416,872

San Jose’s DBE and MBE spending both dropped significantly in 2015. San Jose’s supplier diversity program seems to have been relatively bare bones to date, and the company does not appear to have invested in strategies to embed diversity into the sourcing and procurement process. San Jose is taking the important first step of improving its supplier diversity data tracking capabilities. We encourage the company to move more assertively to incorporate diversity into its procurement processes.

San Jose’s DBE and MBE spend both dropped significantly in 2015. San Jose’s supplier diversity program seems to have been relatively bare bones to date, and the company does not appear to have invested in strategies to embed diversity into the sourcing and procurement process. San Jose is taking the important first step of improving its supplier diversity data tracking capabilities. We encourage the company to move more assertively to incorporate diversity into its procurement processes.

Company Overall Spending

- DBE 17.21%
- MBE 11.87%
- WBE 4.95%

MBE Includes:
- African American 0.02%
- Latino 10.10%
- Asian Pacific Islander 1.53%
- Native American 0.22%
Suburban Water Systems
Headquarters: Covina, CA
Total 2015 CA Spending: $20,605,567

Suburban’s MBE spending increased by 5 points from 2014, but total DBE spend dropped about 3 points. Suburban’s only significant diverse spend in 2015 was with Latino businesses, leaving much room for growth and opportunity for the diverse business community. Suburban is the smallest of the Class A water companies, and its spending on capital projects spending can be erratic from year to year. Suburban is focusing on incorporating diversity into its core areas of spending, outside of major projects, and notes that it has taken steps to incorporate diversity at the “front end” of its buying decisions. We are interested to see how these best practices pay off for Suburban.

Company Overall Spending

- DBE 20.97%
- MBE 20.04%
- WBE 0.94%
- DVBE 0.00%

MBE Includes:
- African American 0.02%
- Latino 18.86%
- Asian Pacific Islander 1.16%
- Native American 0.00%