

**2019 Supplier Diversity Report Card:
Incremental Progress in a Swiftly Changing Landscape**

SUPPLIER DI VER SI TY



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Incremental Progress in a Swiftly Changing Landscape





A message from Debra Gore-Mann, President, The Greenlining Institute

America's racial wealth gap was created by deliberate policy choices that were based on race, and solutions that don't consider race and ethnicity simply won't work. As our country tackles problems that disproportionately affect communities of color, from income and wealth inequality to climate change, we must face the origins of these challenges head-on. Historically, when public utilities contracted with outside suppliers, they did so using an "old-boy" network, which denied economic opportunity to businesses owned by people of color and by other historically marginalized groups.

Always on the cutting edge, California and many of the companies that operate here have long recognized that diversity is integral to good business, and that a diverse workforce and diverse procurement investment can help companies venture into new markets and increase shareholder value. Nowhere is this culture more apparent than in the groundbreaking supplier diversity efforts taken on by utility companies under the guiding principles of the California Public Utilities Commission's General Order 156. The California Public Utilities Commission's model for promoting supplier diversity in the industries it regulates has withstood the test of time and, when the policy is made a priority by the sitting commissioners, it has generated unprecedented results.

As The Greenlining Institute's newest President, I am committed to continuing our legacy of working with companies to increase their spending with diverse suppliers, to praise them when they succeed, and to hold them accountable when they do not.

Summary of Findings

California's energy, telecommunications, and water companies remain at the forefront of supplier diversity achievements, with a "class average" well above their peers nationwide. However, there is still progress to be made. In 2018, figures reported by the companies to the California Public Utilities Commission show that:

- Most companies improved their percentage of procurement dollars spent with Minority Business Enterprises in 2018. However, a broad gap remains between high performers and low performers.
- The cable industry continues to neglect supplier diversity, with Comcast and Cox both receiving grades of F. Comcast's contracting with minority suppliers dropped sharply this year.
- With the exception of Verizon, Cox, and Sprint, the companies' spending with African American Business Enterprises continued to be a challenge.
- The companies' spending on Asian American/Pacific Islander suppliers slipped.
- While over two thirds of the companies saw improvement in their spending with Latino suppliers, overall spending with those suppliers was still unacceptably low.
- The companies' spending with Native American suppliers saw some improvement, with 50 percent of companies reporting increased spending.
- The companies' spending with women-owned suppliers stayed relatively flat in 2018, and the companies' spending with minority women-owned suppliers remained markedly lower than spending with women-owned suppliers overall.
- The companies' spending on LGBT-owned suppliers saw some improvement, but still has a long way to go.
- The companies' spending with disabled veteran-owned suppliers continued to slip.

This year, three companies exceeded 30 percent procurement with minority-owned businesses. In addition to the overall strength of 2018's results, companies spent a combined \$39 billion with businesses owned by people of color, an \$8 billion increase over 2017.

While these results are impressive, several companies report internal pressure to reduce or eliminate their supplier diversity programs. In the face of leadership changes, budget cuts, shifts in corporate strategy and other internal changes, the benefits of supplier diversity remain relevant and necessary in the 21st century global economy.

Companies that report strong support from executive leadership and concerted efforts to include diversity at all stages in the procurement process continue to show strong results. In particular, companies that embrace supplier diversity best practices demonstrate strong results in traditionally underutilized categories. These industry leaders show that strong performance and consistent progress are, in fact, possible and set a strong example for their reporting peers.

It is particularly encouraging that 2018 saw overall strong results at a time when the energy and communications industries underwent significant shifts in the landscape. Utilities have grappled with the emergence of more community choice aggregators online¹ and serving customers, as well as more frequent, larger, and more devastating wildfires across the state; these changes in the energy landscape raise necessary questions about the electrical grid's reliability, affordability, and resiliency. Wireline and wireless companies have experienced a shift from regulation at the federal level to regulation at the state level, which may result in those companies having to adjust their business models in response to state-level regulation. Despite these challenges, many of the companies in those industries maintained or increased their supplier diversity spending.

About Our Report

The Greenlining Institute's Supplier Diversity Report Card grades California's energy, communications, and water companies based on the supplier diversity reports the companies file with the California Public Utilities Commission. Our rankings are based on performance and improvement: Grades are primarily determined by the companies' percentage spending, with adjustments made for significant increases or decreases compared to the previous year. We break down spending by ethnic categories, as well as minority women-, disabled veteran-, and LGBT-owned suppliers. We make recommendations based on what we see in the numbers and what we hear from the companies themselves about their programs and practices.

We advocate for supplier diversity because it creates economic gains on all sides: It promotes economic development in diverse communities, and by increasing competition and diversity in the supply chain, generates a better return on investment for companies that meaningfully engage in it.

How to Read This Report

For the first time this year, The Greenlining Institute is evaluating the performance of each industry sector as a whole. We believe that doing so will more accurately identify areas that need improvement, and create external incentives for improved performance.

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COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Verizon Wireless	\$2,241.9	36.05%	A
Sprint	\$804.0	19.49%	A
T-Mobile	\$1,437.9	15.47%	C
AT&T Wireless	\$633.8	13.14%	C
INDUSTRY OVERALL	\$5,117.6	23.94%	B

1.

Companies are sorted into four categories: energy companies, phone and cable companies, wireless companies, and water companies.
2.

The amount the company spent in a particular category of supplier, in millions
3.

The percentage of the utilities' total spending on external suppliers that went to diverse businesses or a subset of diverse businesses.
4.

Greenlining assigns a grade to each company based on its spending and performance compared to previous years.

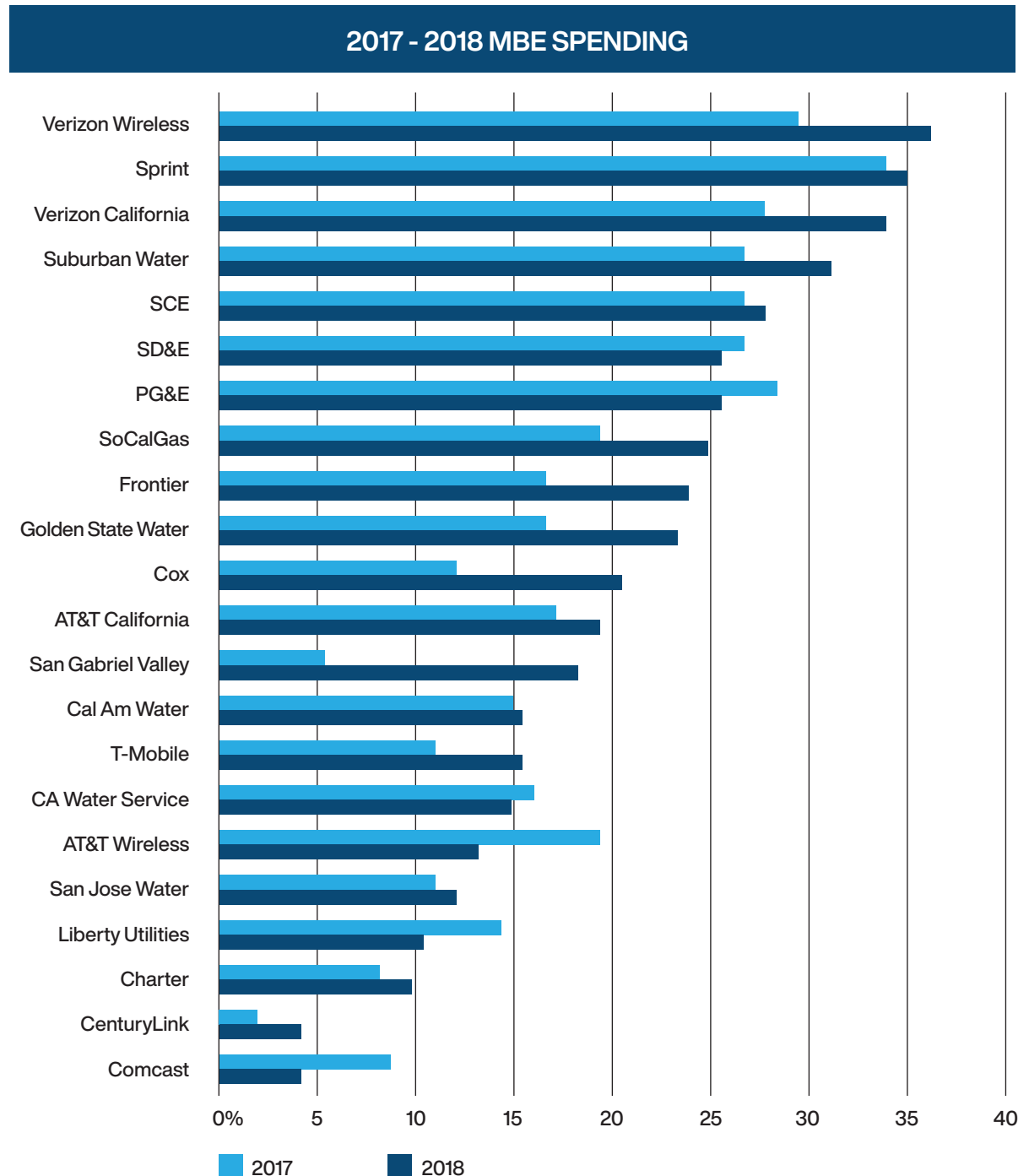


2018 Supplier Diversity Results and Rankings



2019 Overall Minority Business Enterprise Results

Most companies increased their spending percentage with MBEs in 2018.² However, the gap between high performers and low performers continues to be significant, with the combined companies' performance dragged down by three of the four cable companies (Centurylink, Charter, and Comcast). Verizon Wireless, Sprint, and Verizon California continue to excel.





Supplier Diversity MBE Ranking, 2015-2018

RANK	2015	2016	2017	2018
1st	SDG&E	PG&E	PG&E	Verizon Wireless
2nd	Sprint	SDG&E	SDG&E	Sprint
3rd	SoCalGas	SoCalGas	SCE	SCE
4th	PG&E	AT&T California	SoCalGas	SDG&E
5th	SCE	SCE	Sprint	PG&E
6th	Verizon Wireless	Sprint	AT&T California	SoCalGas
7th	AT&T Wireless	Comcast	Verizon Wireless	Cox
8th	T-Mobile	Cox	T-Mobile	AT&T California
9th	Comcast	T-Mobile	Comcast	T-Mobile
10th	Cox	AT&T Wireless	Cox	AT&T Wireless
11th	AT&T California	Verizon Wireless	AT&T Wireless	Comcast

ENERGY

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
SCE	\$1,827.6	27.97%	A-
SDG&E	\$1,278.8	25.46%	B+
PG&E	\$418.6	25.39%	B
SoCalGas	\$421.0	25.09%	B
INDUSTRY OVERALL	\$3,946.0	26.15%	B

Until recently, the energy utilities led the pack in supplier diversity. Disappointingly, for the past few years, they have been increasingly losing ground. The energy utilities need to recommit to contracting with MBEs if they are to once again become supplier diversity leaders.

PHONE AND CABLE

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Verizon California	\$290.0	33.92%	A
Frontier	\$46.5	23.73%	B
Cox	\$587.8	20.19%	B
AT&T California	\$471.3	19.49%	C
Charter	\$64.7	9.83%	F
CenturyLink	\$16.9	4.03%	F
Comcast	\$23.7	3.99%	F
INDUSTRY OVERALL	\$1,501.1	18.35%	C-

The phone and cable industry can be broken into two groups: traditional telephone providers (AT&T California, Frontier, and Verizon California) that typically report strong supplier diversity numbers, and cable companies (Cox, Charter, CenturyLink, and Comcast) that do not. Unlike its peers, Cox deserves praise for taking supplier diversity seriously. While Charter and Centurylink made only modest improvements, Comcast's MBE spending percentage plunged from 8.56 percent to 3.99 percent.

WIRELESS

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Verizon Wireless	\$2,241.9	36.05%	A
Sprint	\$804.0	19.49%	A
T-Mobile	\$1,437.9	15.47%	C
AT&T Wireless	\$633.8	13.14%	C
INDUSTRY OVERALL	\$5,117.6	23.94%	B

Verizon Wireless was the highest ranked company in MBE spending overall, increasing its MBE spending from 29.45 percent in 2017 to 36.05 percent in 2018. Sprint continues to be an industry leader in MBE spending.

WATER

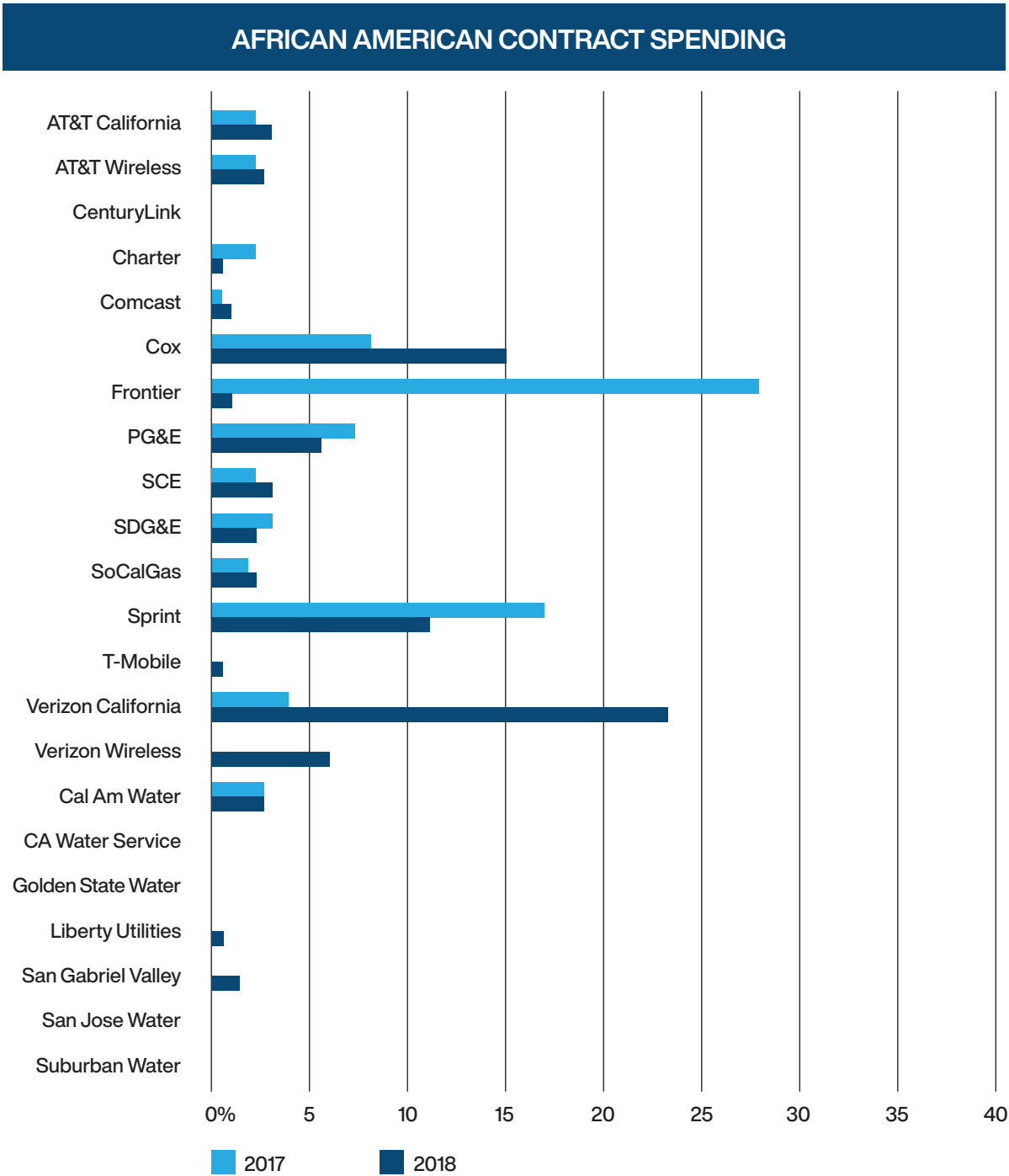
COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Suburban Water Systems	\$9.9	30.96%	A
Golden State Water	\$31.3	23.14%	B
San Gabriel Valley Water	\$12.4	18.42%	C
Cal Am Water	\$15.5	15.65%	C
CA Water Service	\$38.2	15.03%	C
San Jose Water	\$17.2	12.27%	D
Liberty Utilities (Park)	\$3.4	10.10%	D-
INDUSTRY OVERALL	\$127.8	16.79%	C

Suburban Water Systems was one of only four companies, and the only water company, whose MBE spending exceeded 30 percent in 2018. We commend San Gabriel Valley Water for increasing its 2018 MBE spending (18.42 percent) to more than triple its 2017 level (5.46 percent).



African American Contract Spending

68 percent of the companies increased their African American spending.



ENERGY

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
PG&E	\$412.1	5.73%	B
SCE	\$149.5	3.27%	C
SDG&E	\$40.5	2.46%	C
SoCalGas	\$40.9	2.44%	C
INDUSTRY OVERALL	\$643.1	4.26%	C

SoCalGas and SCE's spending percentage in the African American category increased slightly in 2018, while PG&E's and SDG&E's spending declined.

PHONE AND CABLE

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Verizon California	\$199.1	23.28%	A
Cox	\$436.1	14.98%	A
AT&T California	\$77.5	3.21%	C
Frontier	\$2.4	1.21%	D
Comcast	\$6.3	1.05%	D
Charter	\$4.2	0.64%	F
CenturyLink	\$0.3	0.06%	F
INDUSTRY OVERALL	\$725.8	8.95%	C-

Verizon California saw astronomical improvement in the African American Business Enterprise category, rocketing from 3.85 percent in 2017 to 23.28 percent in 2018, giving Verizon the only A+ assigned in this report. Cox also had one of the highest spending percentages with African American Business Enterprises in 2018.

WIRELESS

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Sprint	\$258.9	11.20%	A
Verizon Wireless	\$644.9	6.02%	B
AT&T Wireless	\$127.1	2.64%	C
T-Mobile	\$386.0	0.80%	F
INDUSTRY OVERALL	\$1,416.9	4.54%	C

While Sprint was also one of the better performers on spending percentage, its spending in 2018 (11.20 percent) was significantly less than last year (17.00 percent).

WATER

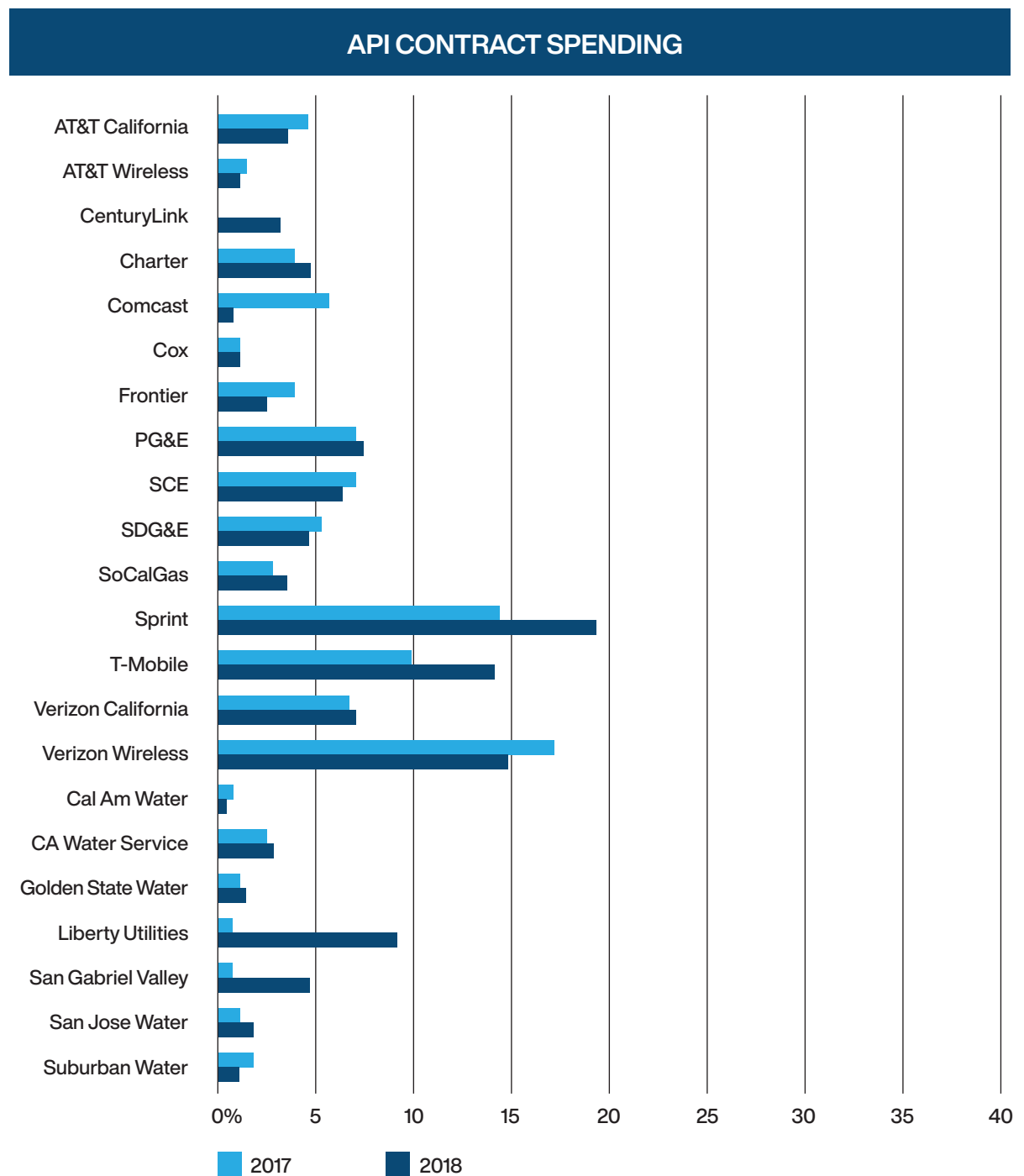
COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Cal Am Water	\$2.8	2.84%	C
San Gabriel Valley Water	\$1.1	1.62%	C-
Golden State Water	\$0.2	0.13%	D
CA Water Service	\$0.2	0.10%	F
Suburban Water Systems	\$0.0	0.05%	F
San Jose Water	\$0.0	0.01%	F
Liberty Utilities	\$0.0	0.00%	F
INDUSTRY OVERALL	\$4.4	0.57%	F

The water companies' spending percentage with African American contractors was the lowest of all four industries, and, with the exception of San Gabriel Valley Water, showed negligible improvement over 2017. Contracting with African American Business Enterprises has been an ongoing challenge for water companies, and these companies need to focus on improving in this category.

Asian American Contract Spending

Asian American spending slipped in 2018

The companies' performance in the Asian American category was decidedly mixed, with strong showings by the wireless industry, and poor showings in the phone and cable and water industries.





ENERGY

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
PG&E	\$544.4	7.56%	B+
SCE	\$294.1	6.43%	B-
SDG&E	\$79.7	4.85%	C-
SoCalGas	\$60.2	3.59%	D
INDUSTRY OVERALL	\$978.4	6.48%	C

The energy companies' spending percentage with Asian American business enterprises remained relatively flat. SDG&E and SoCalGas continue to struggle in this category.

PHONE AND CABLE

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Verizon California	\$61.3	7.17%	B
Charter	\$31.9	4.84%	C
AT&T California	\$87.2	3.61%	D
CenturyLink	\$14.0	3.31%	D
Frontier	\$5.3	2.68%	D
Cox	\$40.1	1.38%	F
Comcast	\$7.7	1.05%	F
INDUSTRY OVERALL	\$247.3	2.96%	D

The phone and cable industry's performance in the Asian American category was the lowest of all four industries, with Cox's and Comcast's poor performance dragging down the average despite stronger numbers from Verizon California and Charter. CenturyLink reported an impressive increase (to 3.31 percent) over last year's numbers (0.64 percent).

WIRELESS

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Sprint	\$450.3	19.48%	A
Verizon Wireless	\$968.2	15.02%	A
T-Mobile	\$517.9	13.44%	A
AT&T Wireless	\$67.6	1.40%	F
INDUSTRY OVERALL	\$2,004.1	11.20%	B

The top three performers in the Asian American spending category were all wireless companies (Sprint, Verizon Wireless, and T-Mobile). AT&T Wireless's failure to improve on its historically low spending on Asian American business enterprises earned it a failing grade this year.

WATER

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
San Gabriel Valley Water	\$0.0	4.56%	A-
CA Water Service	\$3.1	2.88%	C+
San Jose Water	\$0.4	2.04%	D
Golden State Water	\$2.8	1.42%	D
Suburban Water Systems	\$1.9	1.13%	F
Liberty Utilities	\$0.4	0.79%	F
Cal Am Water	\$7.3	0.38%	F
INDUSTRY OVERALL	\$16.2	2.12%	D

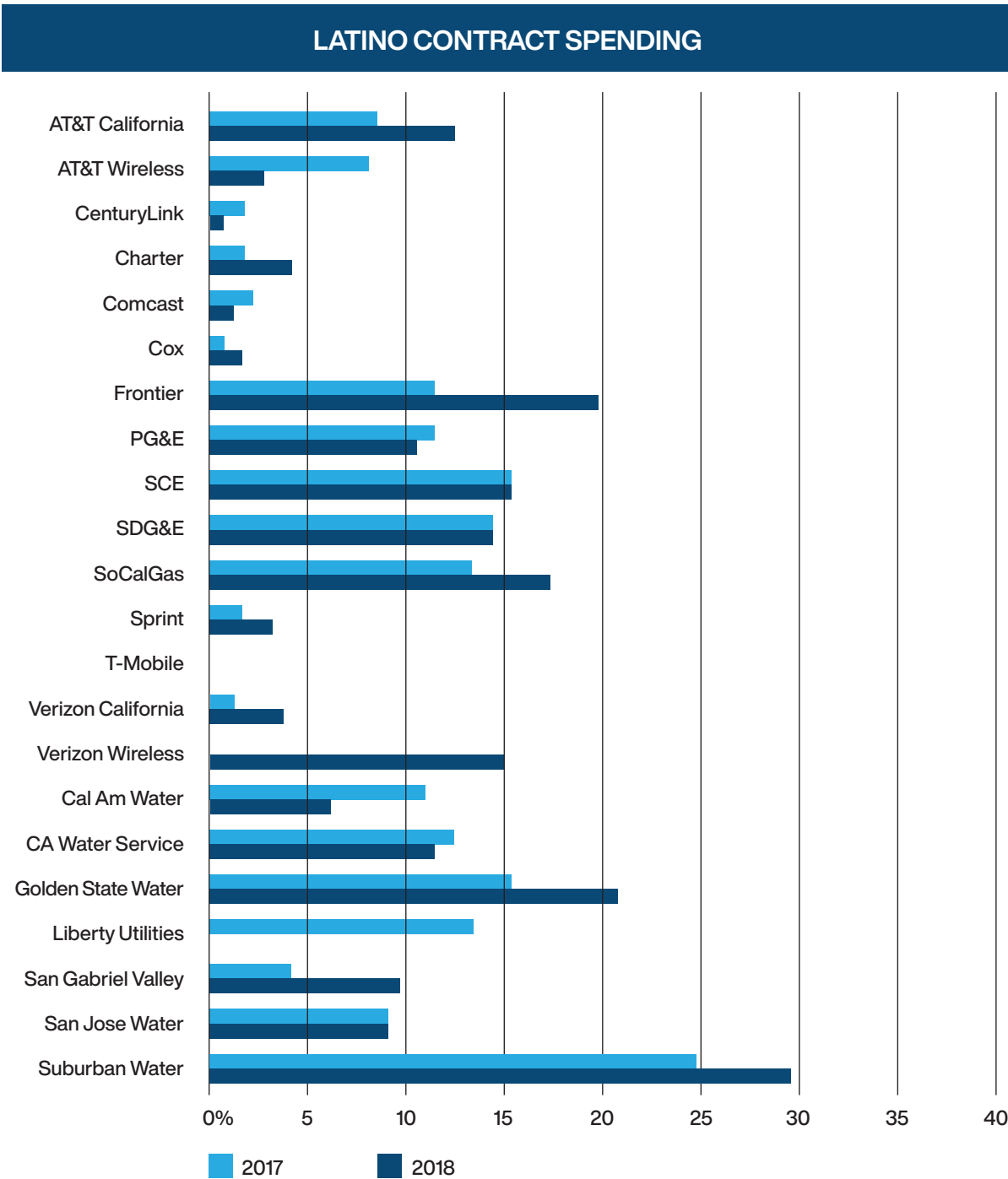
San Gabriel Valley Water showed strong improvement in this category, earning it first place in its industry. CA Water Service, Golden State Water, and San Jose Water saw incremental improvement, while Cal Am Water's, Liberty Utilities' and Suburban Water Systems' numbers decreased.



Latino Contract Spending

Latino spending improved modestly

While the energy industry had a relatively strong performance in this category, the phone and cable, wireless, and water industries' performance could be described, at best, as lackluster. However, across all industries, over two-thirds of the companies showed improvement.



ENERGY

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
SoCalGas	\$287.9	17.16%	A
SCE	\$716.0	15.66%	A
SDG&E	\$234.2	14.24%	B
PG&E	\$756.9	10.52%	C
INDUSTRY OVERALL	\$1,995.0	13.22%	B

SoCalGas improved from 13.36 percent in 2017 to 17.16 percent in 2018, earning it the top spot in its industry. PG&E continues to struggle in this category.

PHONE AND CABLE

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Frontier	\$38.7	19.74%	A
AT&T California	\$299.9	12.40%	B
Charter	\$28.7	4.36%	C
Verizon California	\$29.6	3.46%	D
Cox	\$50.2	1.72%	D
Comcast	\$9.7	1.29%	F
CenturyLink	\$2.7	0.65%	F
INDUSTRY OVERALL	\$459.5	5.61%	C-

Frontier continues to lead in this category, reporting an impressive increase from 11.52 percent in 2017 to 19.74 percent in 2018. AT&T California spent over 63 percent of its total MBE spending with Latino-owned businesses, placing the company in second place in its industry.

WIRELESS

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Verizon Wireless	\$689.6	14.74%	A
AT&T Wireless	\$433.6	8.99%	C
Sprint	\$78.5	3.40%	D
T-Mobile	\$12.1	0.35%	F
INDUSTRY OVERALL	\$1,213.8	7.93%	C-

While all of the wireless companies showed improvement in this category, Verizon Wireless was the only company whose improvement was significant, increasing from 2.37 percent in 2017 to 14.38 percent in 2018.

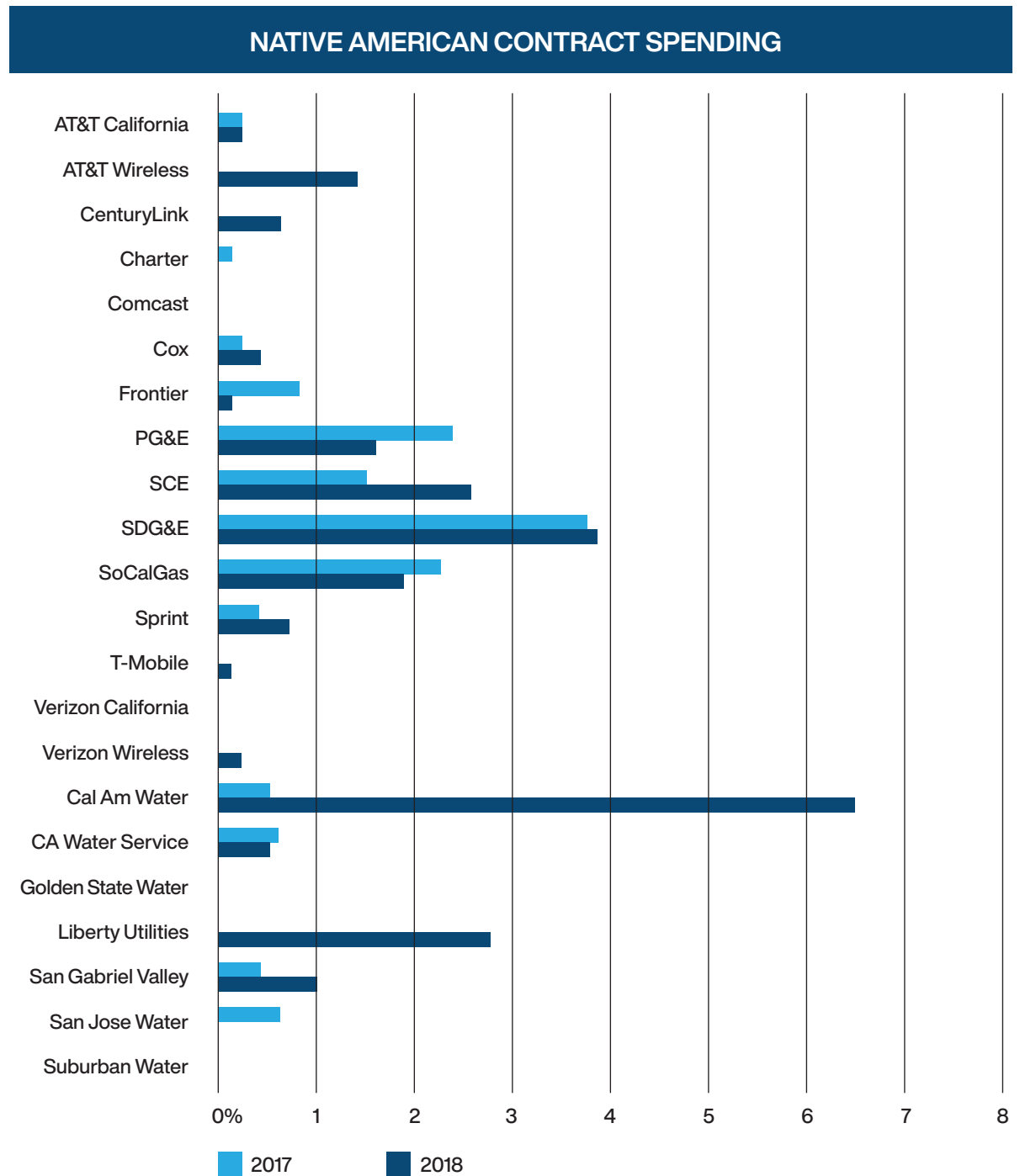
WATER

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Suburban Water Systems	\$9.5	29.77%	A
Golden State Water	\$28.5	21.05%	A
CA Water Service	\$5.8	11.47%	B
San Gabriel Valley Water	\$6.4	9.45%	C
Liberty Utilities	\$3.1	9.32%	C
San Jose Water	\$12.8	9.15%	C
Cal Am Water	\$29.2	5.89%	C
INDUSTRY OVERALL	\$95.2	12.51%	B-

San Gabriel Valley Water's impressive improvement in this category (from 3.99 percent in 2017 to 9.45 percent in 2018) was countered by substantial declines from Cal Am Water (10.94 percent in 2017 to 5.05 percent in 2018) and Liberty Utilities (13.29 percent to 9.32 percent).

Native American Contract Spending

Native American spending saw some improvement, with 50 percent of companies reporting increased spending.





ENERGY

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
SDG&E	\$114.3	3.90%	A
SCE	\$118.7	2.60%	A
SoCalGas	\$64.1	1.90%	B+
PG&E	\$31.9	1.59%	C
INDUSTRY OVERALL	\$329.0	2.18%	B

The energy industry's overall performance in the Native American category was impressive, with no company receiving a grade lower than C.

PHONE AND CABLE

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Cox	\$13.7	0.47%	D
AT&T California	\$1.9	0.20%	F
Frontier	\$0.0	0.10%	F
Comcast	\$0.1	0.02%	F
CenturyLink	\$0.0	0.00%	F
Charter	\$0.0	0.00%	F
Verizon California	\$0.0	0.00%	F
INDUSTRY OVERALL	\$15.7	0.22%	F

The phone and cable industry's performance could charitably be described as unsatisfactory, with only one company, Cox, receiving a passing grade. While Charter and CenturyLink did report some spending in this category, those numbers were negligible (\$3,391.00 for CenturyLink and \$14.00 for Charter).

WIRELESS

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Sprint	\$16.4	0.71%	C
Verizon Wireless	\$13.0	0.28%	F
T-Mobile	\$3.7	0.11%	F
AT&T Wireless	\$2.9	0.06%	F
INDUSTRY OVERALL	\$36.0	0.04%	F

Sprint saw a small, but significant, improvement in this category from 1.70 percent in 2017 to 3.40 percent in 2018 and was the only company to receive a passing grade.

WATER

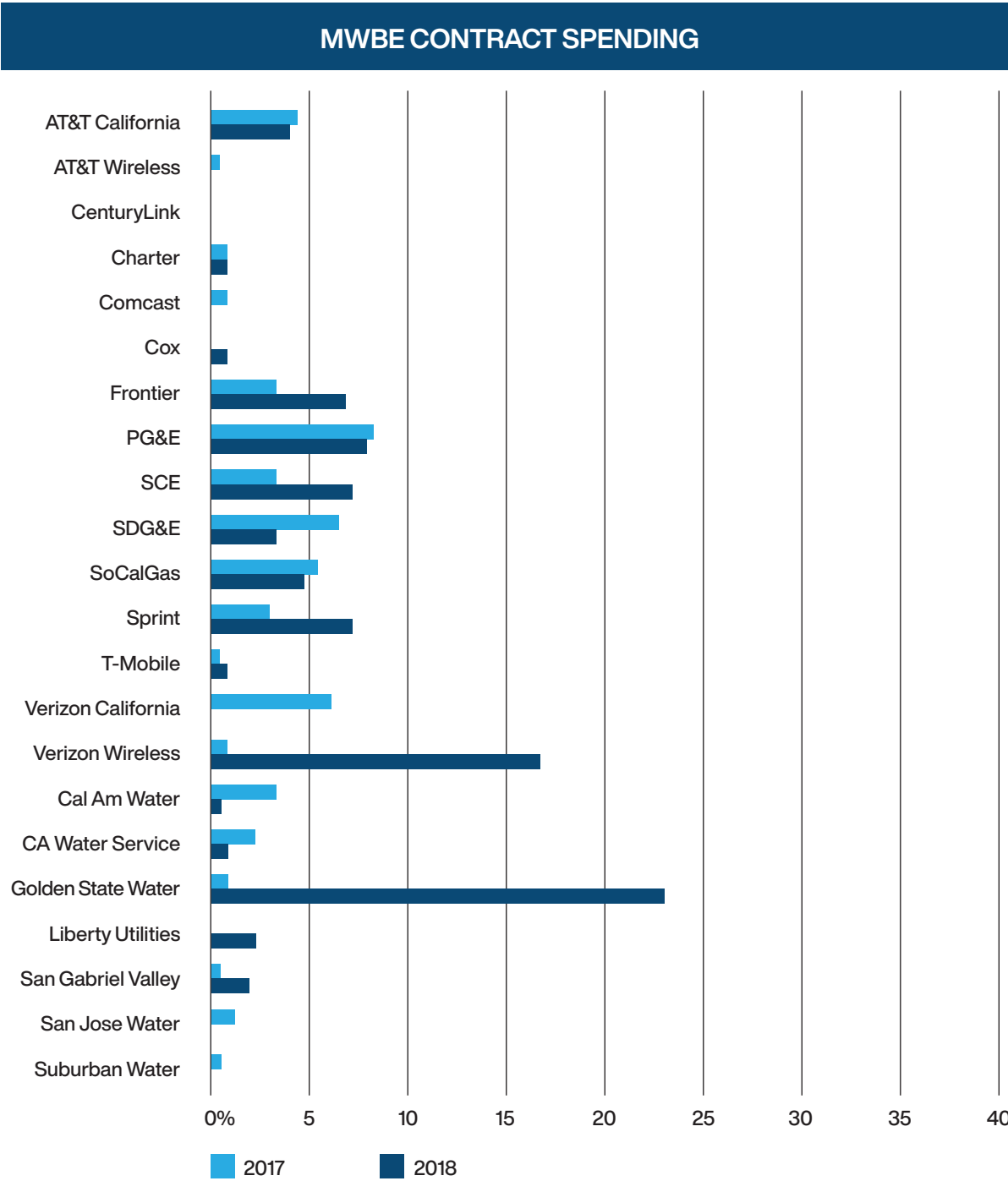
COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Cal Am Water	\$6.5	6.55%	A
San Gabriel Valley Water	\$1.9	2.78%	A
San Jose Water	\$1.5	1.07%	C
CA Water Service	\$1.5	0.59%	D
Golden State Water	\$0.7	0.54%	F
Suburban Water Systems	\$0.0	0.01%	F
Liberty Utilities	\$0.0	0.00%	F
INDUSTRY OVERALL	\$12.1	1.59%	D+

While the water industry's performance in this category was better than the performances of the phone and cable and wireless industries, two companies (Liberty Utilities and Suburban Water Systems) reported zero, or close to zero, spending in this category. Cal Am Water's spending this year (6.55 percent) marked an impressive improvement over last year (0.50 percent), making Cal Am Water the leader in all four industries.



Minority Women Contract Spending

Contracting in the Minority Women Business Enterprise category (MWBE) was relatively flat in 2018, with only 11 of the 22 companies reporting increases in their spending percentage. While the energy industry had a strong showing in this category, the other industries' performances were inconsistent, with companies that showed improvement offset by companies whose performance declined.



ENERGY

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
PG&E	\$578.6	8.04%	A-
SCE	\$320.9	7.02%	B+
SoCalGas	\$54.0	4.76%	B
SDG&E	\$79.9	3.28%	C-
INDUSTRY OVERALL	\$1,033.4	6.85%	B

The energy utilities registered the strongest overall performance in this category and energy was the only industry in which no company received a failing grade. However, while PG&E showed improvement in spending percentage this year, the three other companies' spending percentage declined.

PHONE AND CABLE

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Frontier	\$13.3	6.79%	B+
Verizon California	\$40.9	4.78%	B-
AT&T California	\$101.6	4.20%	C
Comcast	\$6.2	1.04%	D
Charter	\$6.6	1.00%	D
Cox	\$26.7	0.92%	D
CenturyLink	\$0.6	0.15%	F
INDUSTRY OVERALL	\$195.9	2.43%	D+

Frontier's good performance and Verizon California and AT&T California's adequate performance in this category were offset by poor performance from Comcast, Charter, Cox, and CenturyLink.

WIRELESS

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Verizon Wireless	\$778.5	16.63%	A
Sprint	\$164.5	3.40%	D
T-Mobile	\$24.9	0.35%	F
AT&T Wireless	\$30.0	0.06%	F
INDUSTRY OVERALL	\$997.8	6.52%	D

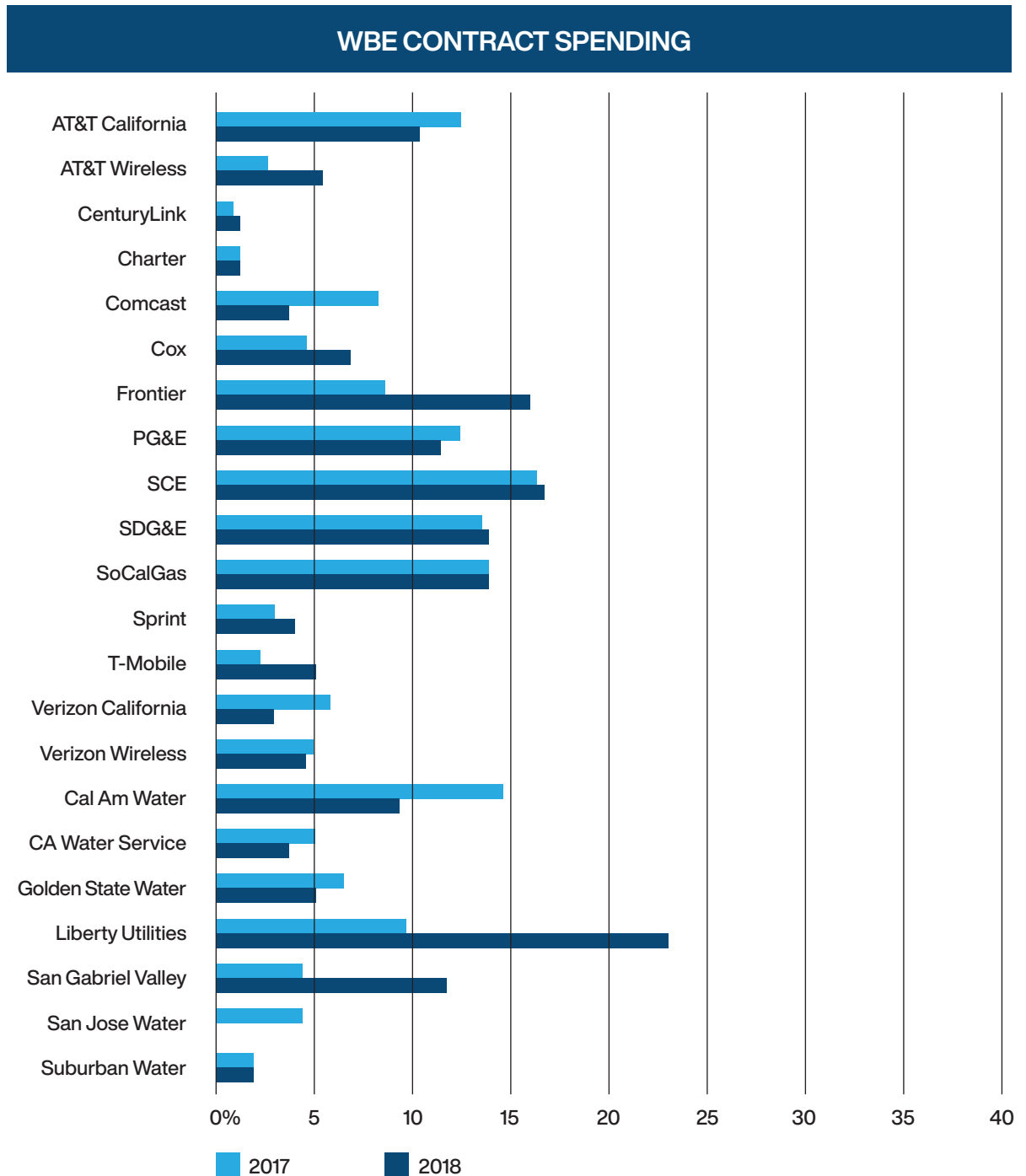
Verizon Wireless' strong performance in the MWBE category was the second highest among all industries, and an impressive performance over 2017 (0.73 percent). AT&T Wireless' already poor performance dropped even farther, from 0.58 percent (2017) to 0.06 percent (2018).

WATER

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
San Gabriel Valley Water	\$1.6	2.43%	A
San Jose Water	\$2.6	1.86%	C
CA Water Service	\$2.8	1.10%	C
Golden State Water	\$1.4	1.03%	C
Cal Am Water	\$0.6	0.64%	D
Liberty Utilities	\$0.1	0.18%	F
Suburban Water Systems	\$0.0	0.00%	F
INDUSTRY OVERALL	\$9.1	1.20%	C-

San Gabriel Valley Water improved significantly in this category, increasing from 0.46 percent in 2017 to 2.43 percent in 2018. Cal Am Water, CA Water Service, Liberty Utilities, and Suburban Water Systems all reported declines in spending percentage in this category in 2018.

Women-Owned Business Enterprise Contract Spending





ENERGY

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
SCE	\$829.9	16.54%	A
SDG&E	\$756.4	13.82%	B
SoCalGas	\$227.2	13.70%	B
PG&E	\$229.9	11.53%	B
INDUSTRY OVERALL	\$2,043.4	13.54%	B

All four energy utilities' strong showing in the WBE category was tempered by the fact that none of the companies showed a more than negligible improvement over last year.

PHONE AND CABLE

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Frontier	\$31.3	15.97%	A
AT&T California	\$246.7	10.20%	B-
Cox	\$187.3	6.43%	C
Comcast	\$21.4	3.60%	D
Verizon California	\$24.3	2.84%	D-
CenturyLink	\$5.7	1.36%	F
Charter	\$8.0	1.21%	F
INDUSTRY OVERALL	\$524.7	2.39%	D+

Frontier's commitment to increasing contracting with women-owned businesses is paying off: this year, Frontier has the highest ranking in both MWBE and WBE percentage spending among all phone and cable utilities. Frontier increased its WBE spending percentage from 3.20 percent in 2017 to 15.97 percent in 2018.

WIRELESS

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
AT&T Wireless	\$255.8	5.30%	D
T-Mobile	\$180.3	5.16%	D
Verizon Wireless	\$198.1	4.23%	D
Sprint	\$90.4	3.91%	D
INDUSTRY OVERALL	\$724.6	5.96%	D

WBE percentage spending across the wireless industry was uniformly disappointing, as T-Mobile was the only company that reported a meaningful increase (from 2.39 percent in 2017 to 5.16 percent in 2018).

WATER

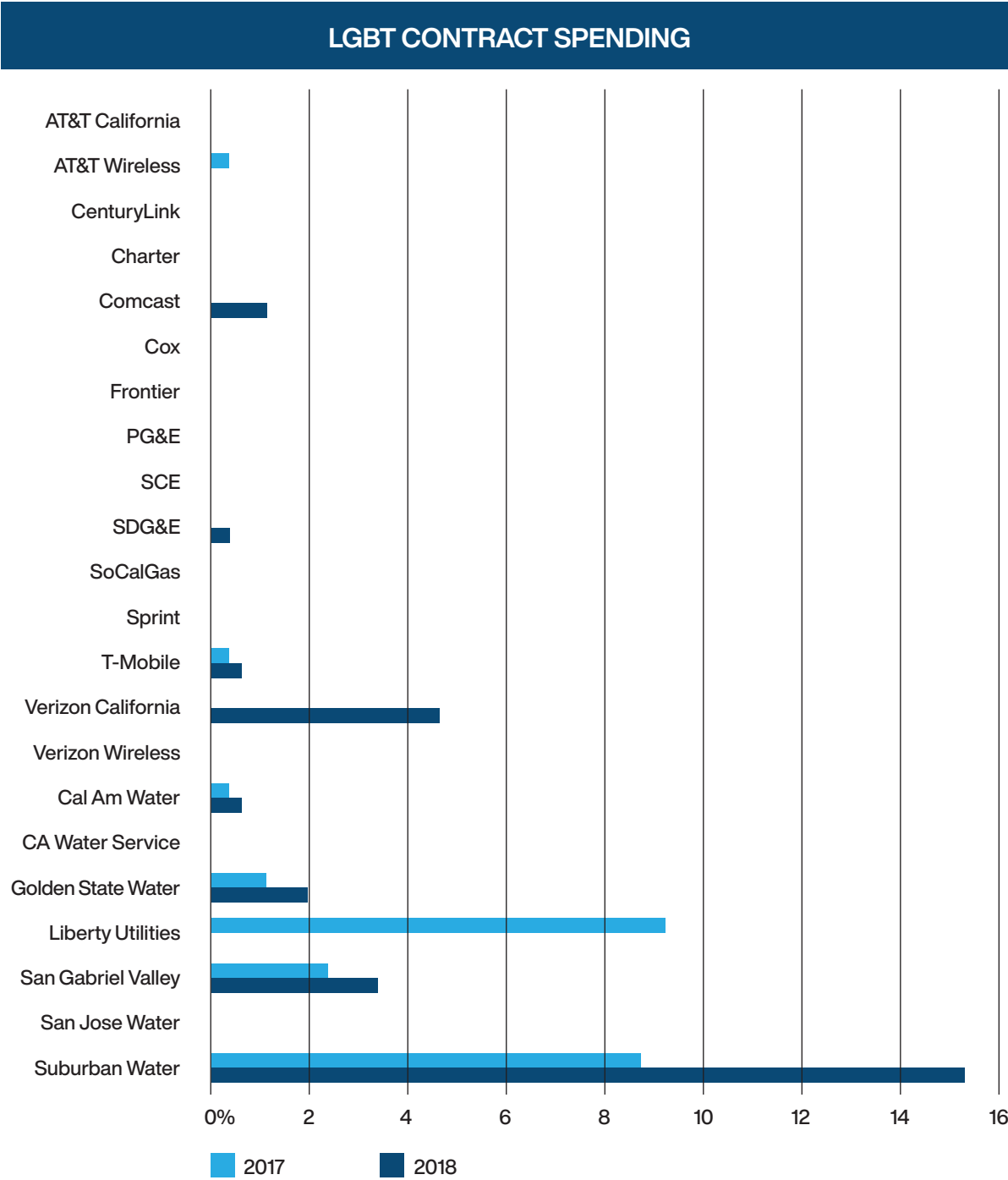
COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Liberty Utilities	\$7.7	23.07%	A
San Gabriel Valley Water	\$7.8	11.63%	B
Cal Am Water	\$9.2	9.29%	C
Golden State Water	\$7.0	5.19%	C-
CA Water Service	\$9.5	3.73%	D
San Jose Water	\$3.6	2.59%	F
Suburban Water Systems	\$0.6	1.79%	F
INDUSTRY OVERALL	\$45.5	5.97%	C-

All but two water companies reported sharp declines in WBE percentage spending this year. However, Liberty Utilities and San Gabriel Valley Water reported significant increases. Liberty Utilities' increase from 9.69 percent in 2017 to 23.07 percent in 2018 launched the company into first place among all industries.



LGBT Contract Spending

The CPUC began including LGBT-owned business enterprises in its supplier diversity program in 2015 and announced its intent to set target goals for procurement from LGBT-owned businesses by 2021. The lack of existing target goals may be responsible for the wide variance in LGBT spending from company to company; accordingly, Greenlining has applied a somewhat lenient grading metric in this category. However, the outstanding performance of a few companies shows the potential of a strong commitment to LGBT contracting and should guide the CPUC in setting target goals.



ENERGY

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
SDG&E	\$2.5	0.34%	C
SCE	\$1.0	0.02%	C
SoCalGas	\$5.7	0.00%	F
PG&E	\$0.1	0.00%	F
INDUSTRY OVERALL	\$9.2	0.06%	D+

The energy utilities' spending percentage on LGBT businesses was the low point in an otherwise strong performance on supplier diversity. Overall, the companies showed minimal improvement, although SDG&E raised its spending percentage from 0.07 percent in 2017 to 0.34 percent in 2018.

PHONE AND CABLE

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Cox	\$0.7	0.03%	C
AT&T California	\$0.06	0.00%	F
CenturyLink	\$0.0	0.00%	F
Charter	\$0.0	0.00%	F
Comcast	\$0.0	0.00%	F
Frontier	\$0.0	0.00%	F
Verizon California	\$0.0	0.00%	F
INDUSTRY OVERALL	\$0.8	0.01%	F

The phone and cable industry's LGBT spending was extremely disappointing, with only two companies reporting more than zero spending on contracts with LGBT businesses

WIRELESS

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
T-Mobile	\$18.0	0.51%	A
AT&T Wireless	\$0.1	0.05%	C
Verizon Wireless	\$1.0	0.02%	C
Sprint	\$2.5	0.00%	F
INDUSTRY OVERALL	\$21.6	2.39%	C

AT&T Wireless, Sprint, and Verizon Wireless' LGBT spending was among the lowest across all industries. However, T-Mobile, a company that has historically built ties with the LGBT community, spent almost \$18 million with LGBT companies, more than any other company, almost twice the spending of the energy industry (\$9.2 million) and water industry, (\$10.4 million), and over 25 times the spending of the phone and cable industry, earning the company an A grade despite its modest percentage of 0.51 percent.

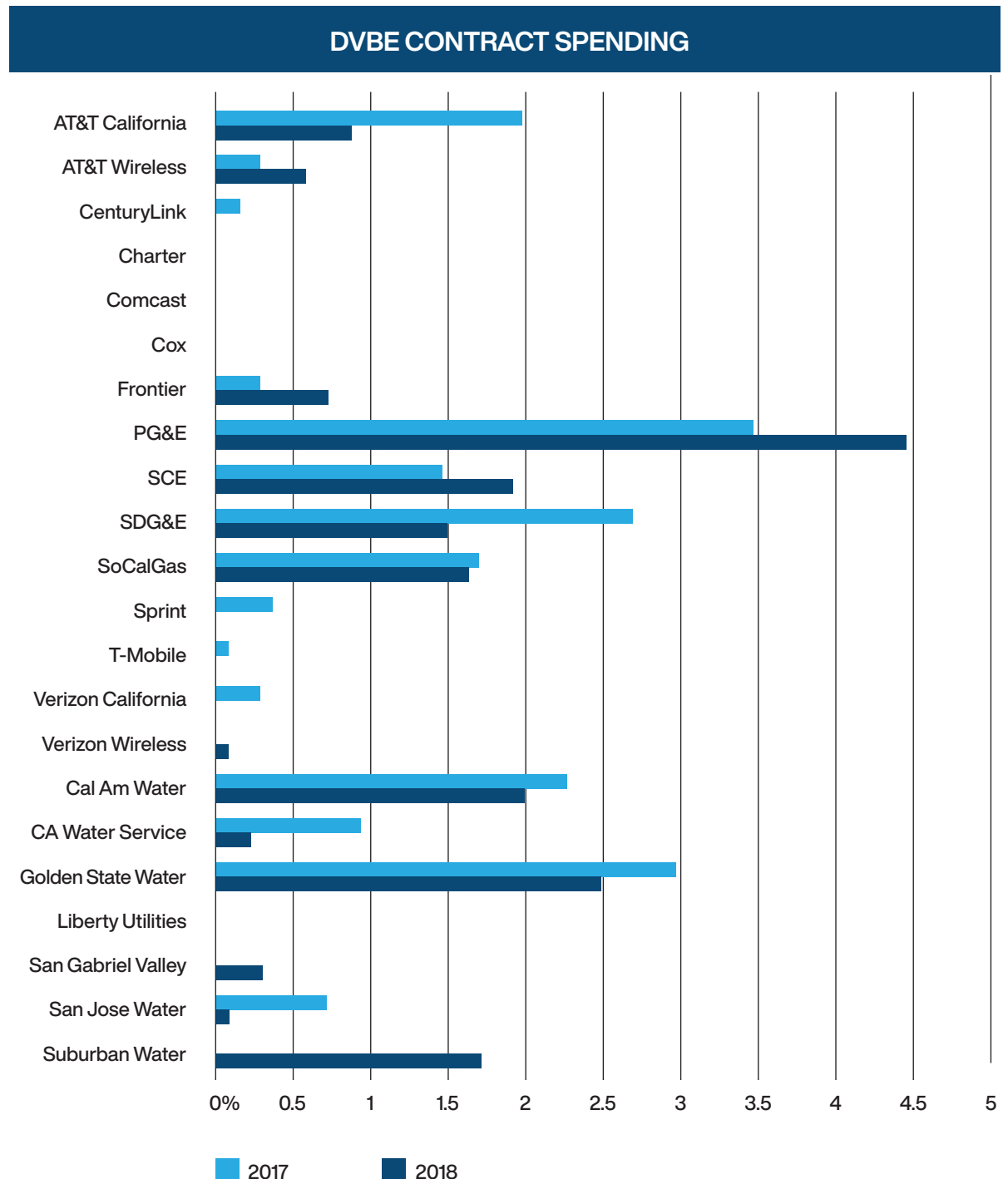
WATER

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Suburban Water Systems	\$4.9	15.27%	A
San Gabriel Valley Water	\$2.2	3.28%	A-
Golden State Water	\$2.5	1.88%	B
Cal Am Water	\$0.5	0.52%	B
CA Water Service	\$0.2	0.08%	C
San Jose Water	\$0.0	0.02%	D
Liberty Utilities	\$0.0	0.00%	F
INDUSTRY OVERALL	\$10.4	1.36%	B-

Suburban Water Systems had the second highest dollar spending among all the companies and the highest spending percentage of any company. Liberty Utilities' LGBT spending dropped precipitously from 9.28 percent in 2017 to 0.00 percent in 2018.

Disabled Veteran-Owned Business Enterprise Spending

13 of the 22 companies reported declining percentage spending on disabled veteran owned-suppliers in 2018, and nine companies received F grades. As with many years in the past, companies need to pay more focused attention to DVBE spending, particularly among those companies reporting little or no spending.





ENERGY

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
PG&E	\$321.7	4.47%	A
SCE	\$88.5	1.93%	C+
SoCalGas	\$25.1	1.63%	C
SDG&E	\$27.4	1.53%	C-
INDUSTRY OVERALL	\$462.6	3.07%	B-

While its overall performance was not stellar, the energy industry significantly outperformed the other industries in spending percentage. PG&E had the best percentage of any company in this category for the second year in a row.

PHONE AND CABLE

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
AT&T California	\$21.5	0.89%	D
Frontier	\$1.5	0.77%	D
Verizon California	\$1.1	0.12%	D
Cox	\$1.6	0.06%	F
CenturyLink	\$0.0	0.00%	F
Charter	\$0.0	0.00%	F
Comcast	\$1.1	0.00%	F
INDUSTRY OVERALL	\$26.9	0.31%	F

The phone and cable companies' DVBE percentage spending declined broadly, with only a modest improvement from Cox (0.02 percent) and a significant improvement from Frontier (0.45 percent). Charter reported no DVBE spending at all.

WIRELESS

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
AT&T Wireless	\$9.3	0.62%	D
Sprint	\$1.4	0.06%	F
T-Mobile	\$1.9	0.06%	F
Verizon Wireless	\$5.8	0.02%	F
INDUSTRY OVERALL	\$18.4	0.12%	F

The wireless companies' DVBE spending was relatively unchanged from last year.

WATER

COMPANY	MONEY SPENT IN MILLIONS	SPENDING PERCENTAGE	GRADE
Golden State Water	\$3.4	2.48%	B
Cal Am Water	\$2.0	1.97%	C
Suburban Water Systems	\$0.6	1.73%	C
San Gabriel Valley Water	\$0.2	0.33%	D
CA Water Service	\$0.7	0.28%	D
San Jose Water	\$0.2	0.13%	F
Liberty Utilities	\$0.0	0.01%	F
INDUSTRY OVERALL	\$7.0	0.92%	D

Golden State Water had the second highest spending percentage of any company in this category. The water industry had the greatest decline of any industry, with five of the seven companies reporting percentage reductions.

Recommendations



Overall Recommendations

1. While companies generally meet or exceed the state's supplier diversity goals, they must remain vigilant: The companies performed well overall, but some categories still need improvement. Companies need to focus specifically on increasing their spending with Native American and Minority Women-owned suppliers.
2. Companies must plan ahead for supplier diversity spending on special projects. Tragically, climate change has resulted in more frequent and more devastating wildfires and other natural disasters. Responding to these now-regular occurrences will require upgrading California's infrastructure to increase redundancy and resiliency. When planning these infrastructure upgrades, companies must consider supplier diversity opportunities at the outset.
3. Supplier diversity programs must evolve to respond to a rapidly shifting regulatory landscape. The energy, phone & cable and wireless industries are all experiencing rapid regulatory shifts, some of which may change the core focus of their business. Evolution should never be used to justify a backslide in supplier diversity or to weaken a company's commitment to diversity. As technology evolves, supplier diversity efforts will also need to evolve in kind.

Company-Specific Recommendations: Energy

Pacific Gas & Electric

PG&E must reverse its slowdown and maintain its commitment to supplier diversity. PG&E's spending fell slightly in virtually every category in 2018. PG&E continues to have the infrastructure and resources to be an industry leader, but its declaration of bankruptcy in January 2019 raises serious concerns about the company's commitment to supplier diversity going forward. Whether PG&E resumes its place as an industry leader remains to be seen.

All MBEs	B
African American	B
Asian American/Pacific Islander	B+
Latino	C
Native American	C
Minority Women (women of color/multi-ethnic)	A-
WBE	B
LGBT	F
Disabled Veteran	A

Southern California Edison

SCE must redouble its efforts to identify and contract with women-owned suppliers. SCE's spending stayed relatively flat across all categories, except for a notable drop in spending with women-owned suppliers. SCE should focus its outreach efforts to reverse that decline.

All MBEs	A-
African American	C
Asian American/Pacific Islander	B-
Latino	A-
Native American	A-
Minority Women (women of color/multi-ethnic)	B+
WBE	A-
LGBT	C
Disabled Veteran	C+

San Diego Gas & Electric

SDG&E must renew its focus on areas that are leveling off. SDG&E posted an incremental increase in spending this year, offset by a notable decline in spending with women of color-based suppliers. SDG&E should renew its attention to all categories in order to continue its performance.

All MBEs	B+
African American	C
Asian American/Pacific Islander	C-
Latino	B+
Native American	A
Minority Women (women of color/multi-ethnic)	C-
WBE	B+
LGBT	C
Disabled Veteran	C-

Southern California Gas

SoCalGas must be vigilant to maintain steady growth. SoCalGas' flat performance in 2018 put it in last place among energy companies. Historically, SoCalGas has shown steady growth from year to year. The company should review its supplier diversity efforts and make the changes necessary to increase its supplier diversity numbers in 2019.

All MBEs	B
African American	C
Asian American/Pacific Islander	D
Latino	A
Native American	B+
Minority Women (women of color/multi-ethnic)	B
WBE	B
LGBT	F
Disabled Veteran	C

Company-Specific Recommendations: Phone and Cable

AT&T California

AT&T California must set new goals for minority contracting and focus on smart growth. AT&T California's minority contracting this year was disappointing. As an industry leader, the company has the capacity and best practices to achieve supplier diversity success amid rapid industrial change, but we have yet to see it do so.

All MBEs	C
African American	C
Asian American/Pacific Islander	D
Latino	B
Native American	F
Minority Women (women of color/multi-ethnic)	C
WBE	B-
LGBT	F
Disabled Veteran	D

CenturyLink

CenturyLink must take its supplier diversity obligations seriously. CenturyLink was one of the worst performers overall this year, with little or no improvement over its already poor 2017 numbers. CenturyLink needs to devote significantly more resources to its supplier diversity program.

All MBEs	F
African American	F
Asian American/Pacific Islander	D
Latino	F
Native American	F
Minority Women (women of color/multi-ethnic)	F
WBE	F
LGBT	F
Disabled Veteran	F

Charter

Charter must expand its best practices to ensure that supplier diversity remains a priority. When it acquired Time Warner Cable in 2016, Charter argued that the purchase would allow the company to increase its supplier diversity spend. Charter has failed to do so.

All MBEs	F
African American	F
Asian American/Pacific Islander	C
Latino	C
Native American	F
Minority Women (women of color/multi-ethnic)	D
WBE	F
LGBT	F
Disabled Veteran	F

Comcast

Comcast must pay direct attention to producing results, not just efforts. In recent years, Comcast has shown incremental improvement. However, this year Comcast's performance declined precipitously. In California, Comcast is surrounded by examples of best practices, and should avail itself of the expertise of its peers to improve its performance.

All MBEs	F
African American	D
Asian American/Pacific Islander	F
Latino	F
Native American	F
Minority Women (women of color/multi-ethnic)	D
WBE	D
LGBT	F
Disabled Veteran	F

Cox

Cox should continue its commitment to and investment in supplier diversity. Cable companies consistently argue that because of the unique circumstances of their business models, they are unable to increase their supplier diversity spend. Over the past several years, Cox has disproven this claim. Cox continues to move in the right direction, and we encourage continued efforts and progress.

All MBEs	B
African American	A
Asian American/Pacific Islander	F
Latino	D
Native American	D
Minority Women (women of color/multi-ethnic)	D
WBE	C
LGBT	C
Disabled Veteran	F

Frontier

Frontier should continue setting an example for other phone & cable companies. In 2018, Frontier faced significant financial and competitive challenges. Despite these challenges, Frontier nearly doubled its MBE spending from 8.54 percent in 2017 to 15.97 percent in 2018. Frontier's supplier diversity team continues to show not just a commitment to supplier diversity, but also results.

All MBEs	B
African American	D
Asian American/Pacific Islander	D
Latino	A
Native American	F
Minority Women (women of color/multi-ethnic)	B+
WBE	A
LGBT	F
Disabled Veteran	D

Verizon California

Verizon California has historically been a high performer in supplier diversity spending, and this year is no exception. However, the company did report a severe decline in its spending with woman of color-owned suppliers. Verizon California must increase its efforts in this category.

All Minorities (including Multi Ethnic/Other)	A
African American	A
Asian American/Pacific Islander	B
Latino	D
Native American	F
Minority Women (women of color/multi-ethnic)	B-
WBE	D-
LGBT	F
Disabled Veteran	D

Company-Specific Recommendations: Wireless

AT&T Wireless

AT&T Wireless must reverse its sudden and drastic tailspin. AT&T Wireless' MBE spend dropped precipitously this year, and the company continues to show dismal performance in the Asian American/Pacific Islander category. All categories are in dire need of attention to bring AT&T Wireless in line with its competitors.

All MBEs	C
African American	C
Asian American/Pacific Islander	F
Latino	C
Native American	F
Minority Women (women of color/multi-ethnic)	F
WBE	D
LGBT	C
Disabled Veteran	D

Sprint

Sprint should continue its strong performance by focusing on areas where its spending lags behind. Sprint remains one of the highest-performing companies in this report, demonstrating a consistent commitment to supplier diversity over the past four years. Sprint's continued success will require that the company focus on areas where it is weaker, particularly in the Minority Women business enterprise category.

All MBEs	A
African American	A
Asian American/Pacific Islander	A
Latino	D
Native American	C
Minority Women (women of color/multi-ethnic)	D
WBE	D
LGBT	F
Disabled Veteran	F

T-Mobile

T-Mobile must focus on areas that have shown limited growth. T-Mobile's overall improvement was the result of strong performance in the Asian American/Pacific Islander category, while its performance in other categories remained flat. T-Mobile must increase its minority contracting across the board, facilitated by the program improvements, staffing infrastructure and outreach efforts it has implemented in recent years.

All MBEs	C
African American	F
Asian American/Pacific Islander	A
Latino	F
Native American	F
Minority Women (women of color/multi-ethnic)	F
WBE	D
LGBT	A
Disabled Veteran	F

It should be noted that T-Mobile is seeking regulatory approval of the purchase of Sprint, and we expect a decision early in 2020. T-Mobile states that if the merger is approved, it will adopt Sprint's supplier diversity best practices, which could conceivably result in significantly better performance. However, T-Mobile has committed to maintaining the same level of spending and has not guaranteed any increases.

Verizon Wireless

Verizon Wireless should continue to lead in supplier diversity across all industries. Five years ago, Verizon Wireless' supplier diversity performance was lackluster, and the company appeared to have no real strategy for increasing its spending. In that time, Verizon Wireless has become a supplier diversity leader, with a higher spending percentage than any other company across all industries. However, Verizon Wireless reported a small but significant decline in spending in the Asian American/Pacific Islander category, which the company should address over the coming year.

All MBEs	A
African American	B
Asian American/Pacific Islander	A
Latino	A
Native American	F
Minority Women (women of color/multi-ethnic)	A
WBE	D
LGBT	C
Disabled Veteran	F



Company-Specific Recommendations: Water

California American Water

California American Water must focus on specific categories. While California American Water showed strong performance in some categories, its performance in the African American and WBE categories is in dire need of improvement. California American Water should focus its efforts on those areas.

All MBEs	C
African American	F
Asian American/Pacific Islander	C
Latino	A
Native American	A
Minority Women (women of color/multi-ethnic)	A
WBE	C
LGBT	B
Disabled Veteran	C

California Water Service

California Water Service must balance its spending across categories. California Water Service showed nominal improvement in the LGBT and Asian American Categories but slipped in the other MBE categories. California Water Service needs to redouble its efforts to reach suppliers in all categories.

All MBEs	C
African American	C+
Asian American/Pacific Islander	B
Latino	D
Native American	D
Minority Women (women of color/multi-ethnic)	C
WBE	D
LGBT	C
Disabled Veteran	D

Golden State Water

Golden State Water should continue its supplier diversity leadership in the water industry. Golden State Water showed impressive improvement overall in 2018. Additionally, it appears that Golden State Water is balancing its spending across demographic groups and spending categories to ensure steady progress.

All MBEs	B
African American	D
Asian American/Pacific Islander	A
Latino	D
Native American	F
Minority Women (women of color/multi-ethnic)	C
WBE	C-
LGBT	B
Disabled Veteran	B

Liberty Utilities

Liberty Utilities must focus on areas in decline. Liberty Utilities performed poorly this year, with a precipitous drop in spending in the Latino category only partially offset by an increase in spending in the WBE category. Liberty Utilities must focus on neglected categories to reverse this decline.

All MBEs	D-
African American	F
Asian American/Pacific Islander	C
Latino	F
Native American	F
Minority Women (women of color/multi-ethnic)	C
WBE	A
LGBT	F
Disabled Veteran	F

San Gabriel Valley Water Company

San Gabriel Valley Water Company must be vigilant to maintain steady growth. San Gabriel Valley Water Company must be commended for increasing its spending in every single category this year. If San Gabriel Valley Water Company continues to focus on supplier diversity, it will likely emerge as an industry leader in the next several years.

All Minorities (including Multi Ethnic/Other)	C
African American	A-
Asian American/Pacific Islander	C
Latino	A
Native American	A
Minority Women (women of color/multi-ethnic)	D
WBE	B
LGBT	A-
Disabled Veteran	D

San Jose Water

San Jose Water must increase its efforts or its supplier diversity numbers will remain stagnant. San Jose Water's supplier diversity spending remained essentially flat this year, except for a disturbing decline in spending with women-owned suppliers from 4.42 percent in 2017 to 2.59 percent in 2018. San Jose Water should look to the best practices identified by other water utilities.

All MBEs	D-
African American	D
Asian American/Pacific Islander	C
Latino	C
Native American	C
Minority Women (women of color/multi-ethnic)	F
WBE	F
LGBT	D
Disabled Veteran	F

Suburban Water Systems

Suburban Water Systems must be more consistent across all categories. Suburban Water Systems reported considerable growth overall in 2018, primarily driven by improvements in the Latino and Disabled Veteran categories. However, apart from those categories, the company's spending was flat. Suburban Water Systems must work to increase its diversity spending across all categories.

All MBEs	A
African American	F
Asian American/Pacific Islander	A
Latino	F
Native American	F
Minority Women (women of color/multi-ethnic)	F
WBE	F
LGBT	A
Disabled Veteran	C



Acknowledgments

About The Greenlining Institute

Founded in 1993, The Greenlining Institute (Greenlining) 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. The Greenlining Institute 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, The Greenlining Institute views them as interconnected threads in a web of opportunity.

Technology Equity

The Greenlining Institute's Technology Equity team works to make sure that people at all income levels have access to the information and communications technology that is so vital in today's economy, and to ensure that technology companies are responsive to the needs of communities of color.

Energy Equity

Energy Equity addresses the electric and gas services upon which homes and businesses depend, seeking to ensure that low-income ratepayers are protected, and that race, language or income are never barriers to these essential services.



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Paul Goodman, Technology Equity Director

Paul Goodman directs The Greenlining Institute's work in technology policy. His work is grounded in the belief that all technology policy has racial equity impacts. Paul advocates for affordable and reliable telephone and high-speed broadband service for communities of color, including critical consumer protections like data privacy and net neutrality. His most recent work involves fighting algorithmic bias, ensuring that computerized decision-making does not have disparate effects on communities of color. While at The Greenlining Institute, Paul has successfully opposed the highly anti-consumer AT&T/T-Mobile and Comcast/Time Warner Cable mergers; helped obtain a \$33 million settlement from Comcast for privacy violations, and advised the Federal Trade Commission and the Consumer Financial Protection Bureau on the use of big data to create alternatives to traditional credit scores. Paul currently serves as Board President of the Conference of California Public Utility Counsel.

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Lisa's research, advocacy, and coalition-building efforts center environmental justice communities in clean energy programs, investments, and opportunities across California. Lisa works to incorporate most impacted communities in goal-setting, decision-making, implementation and community benefits from clean energy investments. She leads the Clean Energy Access Working Group, co-convened with Southern California Edison, currently driving a community solar project in unincorporated Los Angeles County near Compton and Watts. Lisa serves on the Technical Advisory Committee for the California Energy Commission's Electric Program Investment Charge Symposium 2020 and co-authored Equitable Building Electrification: A Framework for Powering Resilient Communities. She has previously contributed to AB 1550 legislative advocacy, co-facilitated Environmental Justice Advisory Committee meetings, and co-authored recommendations to the SB 350 Barriers Study on jobs, workforce, and small business opportunities for low-income communities of color. Raised between Boston and the Bay, Lisa graduated from Macalester College with a B.A. in Geography, Environmental Studies, Community and Global Health, and Political Science. Lisa currently serves on the Boards of Malikhah, GAPA Foundation, and New Leaders Council Oakland.

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Endnotes

- 1 Given the insufficient and uneven supplier diversity data currently voluntarily reported by CCAs due to Proposition 209, we have not included CCAs in this analysis. We will specifically research CCAs in an upcoming publication.
- 2 Minority-Owned Business Enterprises (MBEs) are companies that have at least 51% ownership by ethnic/racial minorities




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