2020 Supplier Diversity Report Card: Uneven Progress in Challenging Times

SUPPLIER DIVERSITY

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The Greenlining Institute

2020
Supplier Diversity Report Card:

Uneven Progress in Challenging Times

A message from Greenlining Institute President Debra Gore-Mann

For over 27 years, we have advanced greenlining, the affirmative and proactive practice of providing economic opportunities to communities of color. We envision communities of color with the full potential, power and influence to actively shape their lives and neighborhoods. We work to harness that power to bring forward solutions that advance racial equity—among other things, by publishing research and policy frameworks, advancing practical policy solutions, and monitoring and influencing actual implementation of policies.

This year has made that work more critical than ever. The Greenlining Institute uplifts the lived experiences of frontline Black-led organizations and the grassroots movement leaders across the country who have championed transformative and revolutionary visions around the future of policing. As racial equity advocates, we need to continue to embrace anti-racist solutions to transform how decision-makers invest in Brown and Black communities.

During these turbulent and awakening times, we say, "Black Lives Matter." And we say their names:
George Floyd. Breonna Taylor. Atatiana Jefferson. Aura Roser. Botham Jean. Philando Castille. Michelle Cusseaux. And so many more.

The deaths of these Black individuals and countless others at the hands of police have brought renewed attention to the institutional racism and systemic discrimination that continue to thrive in this country. Promisingly, many corporations (including those included in this report) have spoken out against racism, called for reform and equity, and pledged to uplift Black lives.

Systemic racism and historical discrimination created the racial wealth and income gaps that persist today, and deprived Black business owners of economic opportunity. Robust supplier diversity programs help diverse companies, including Black-owned companies, access economic opportunity, expand their businesses, and

help their communities thrive. Every year, energy, phone and cable, wireless and water companies report their outside spending with historically marginalized communities, including spending with Black-owned businesses. Greenlining's Supplier Diversity Report Card evaluates the companies' spending, highlighting successes and pointing out areas in need of improvement.

While most of these companies have increased their spending with Black-owned businesses, there is still a long way to go. 2019 was a disappointing year, with the companies' spending with Black-owned businesses declining almost 10 percent and spending with Black women-owned suppliers declining almost 37 percent.

The COVID-19 pandemic has had a disproportionate impact on Black and Brown business owners. The good news is that many of the reporting companies have stepped up to help businesses of color. For example, many companies sought out diverse businesses to help acquire, store and distribute personal protective equipment for utility workers. These companies' efforts—efforts which other industries should emulate—have helped Black and Brown businesses stay afloat through the economic downturn.

As a society, we must continue to fight against systemic racism and ensure that communities of color can thrive in today's economy. Robust supplier diversity programs are a key tool in achieving those goals. At Greenlining, we look forward to continuing to work with the utilities to build wealth in communities of color and create a just, equitable society.

Sincerely,

Debra Gore-Mann, President & CEO

2019 Supplier Diversity Results and Rankings

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, companies could still do more to increase their contracting with diverse suppliers. In 2019, figures reported by the companies to the California Public Utilities Commission show that:

- Only eight of the 22 companies included in our report improved their percentage of procurement dollars spent with Minority Business Enterprises in 2018. A broad gap remains between high performers and low performers—eight companies' combined $593 million increase in dollar spending with MBEs offset the combined $372 million decrease by the other 14 companies.
- With the exception of AT&T California, AT&T Wireless and California American Water, the companies' spending with Black-Owned Business Enterprises continued to be a challenge. The companies' combined spending with Black-owned suppliers fell almost 10 percent, while the companies' combined dollar spending with Black women-owned suppliers dropped almost 37 percent.
- While the companies' spending on Asian American/Pacific Islander suppliers remained steady, just half of the companies showed improvement in this category.
- Less than half of the companies increased their spending with Latino suppliers. Overall dollar spending in this category declined by over $32 million and remains unacceptably low.
- The companies' spending with Native American suppliers continued to see improvement, with 50 percent of companies reporting increased spending.
- The companies' spending with women-owned suppliers stayed relatively flat in 2019, dropping by almost $13 million. Promisingly, dollar spending with minority women-owned suppliers increased by almost $201 million.
- The companies' spending on LGBTQ-owned suppliers remained flat and still has a long way to go.
- The companies' spending with disabled veteran-owned suppliers continued to slip.

This year, only two companies (Verizon/MCI and Verizon Wireless) exceeded 30 percent procurement with minority-owned businesses. While their results were inconsistent, the companies spent a combined $9.4 billion with businesses owned by people of color, a $220 million increase over 2018. For the past several years, the water companies have engaged in a joint effort to create data-driven best practices that are showing measurable results. The water companies' grades reflect this increased commitment.

About Our Report

America's racial wealth gap was created by deliberate policy choices 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 CPUC'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.

Greenlining'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.[1] We break down spending by ethnic categories, as well as minority women-, disabled veteran-, and LGBTQ-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

Greenlining determines grades by comparing the supplier diversity results of all 22 companies. We then disaggregate these results into four sectors: energy, phone and cable, wireless, and water. We believe that doing so will more accurately identify areas that need improvement, and create external incentives for improved performance.

1	2	3	4
COMPANY	**% SPEND**	**$ SPEND**	**GRADE**
Company 1	36.05%	$2,241.900	A
Company 2	19.49%	$804.000	A
Company 3	15.47%	$1,437.900	C
Company 4	13.14%	$633.800	C
INDUSTRY OVERALL	**23.94%**	**$5,117.600**	**B**

1. Companies are sorted into four categories: energy companies, phone and cable companies, wireless companies, and water companies.
2. The percentage of the utilities' total spending on external suppliers that went to diverse businesses or a subset of diverse businesses.
3. The amount the company spent in a particular category of supplier, in dollars
4. Greenlining assigns a grade to each company based on its spending and performance compared to previous years.

“We cannot commit to a brand purpose of moving the world forward unless we are committed to helping ensure we move it forward for everyone. We stand united as one Verizon.”

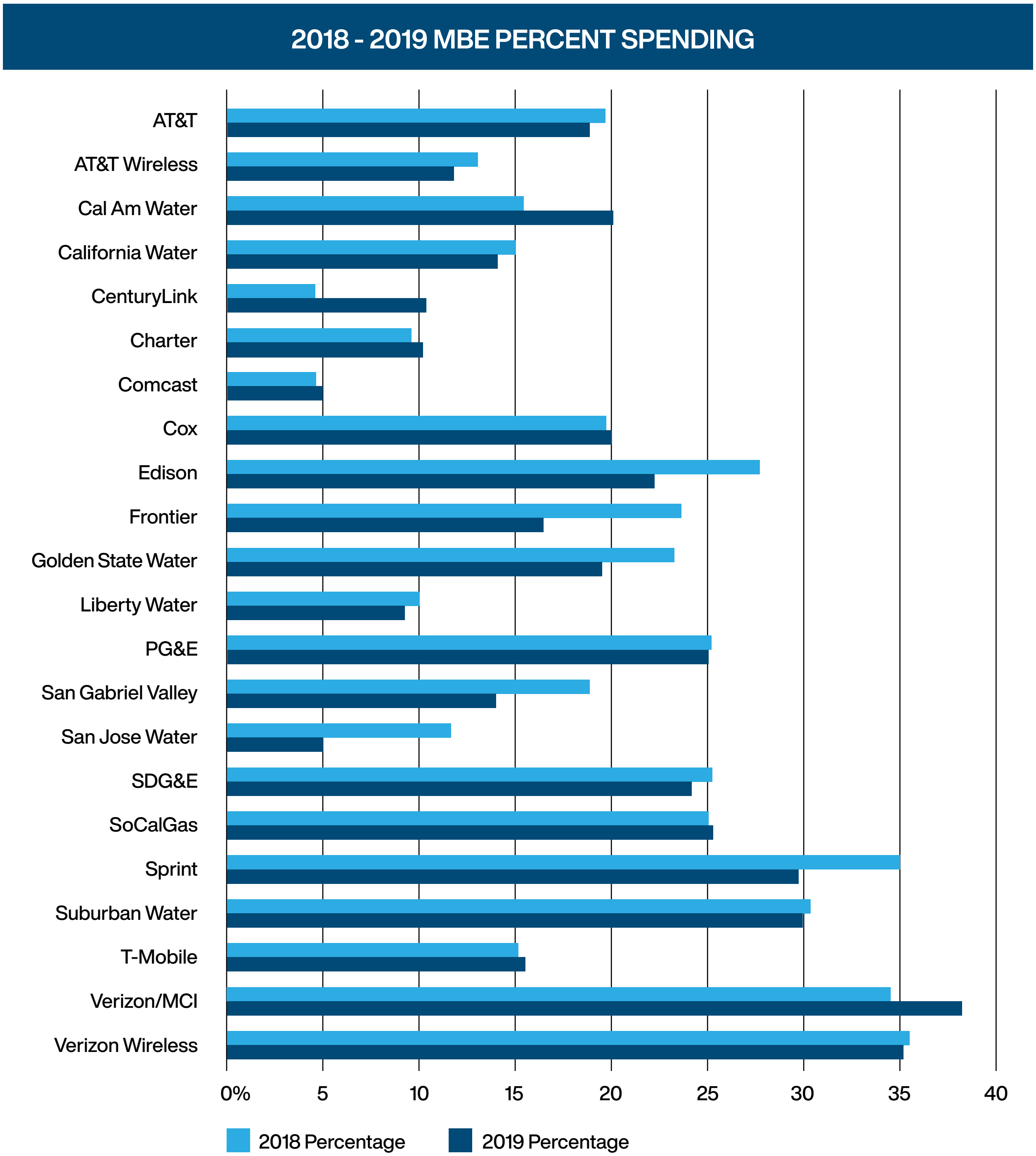
—Verizon Communications CEO Hans Vestberg

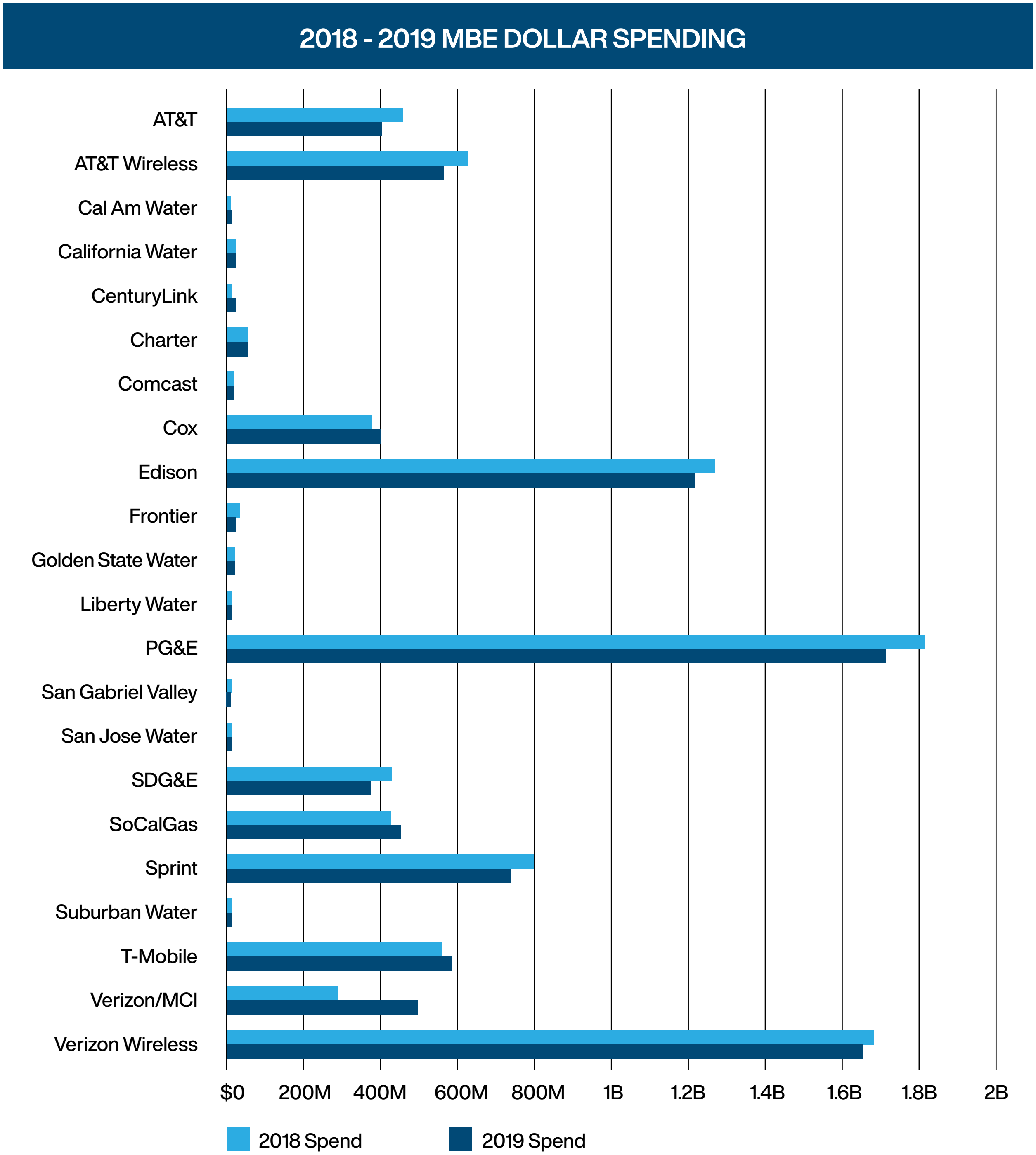
2019 Supplier Diversity Results and Rankings

2019 Overall Minority Business Enterprise Results

Strong performance for a few companies; disappointing results for most.

Only eight of the 22 companies reported an increase in their percentage spending in this category. Fourteen companies reported decreased dollar spending with MBEs, but strong increases by PG&E ($260 million) and Verizon ($211 million) offset those losses.




2018 - 2019 MBE DOLLAR SPENDING
AT&T
AT&T Wireless
Cal Am Water
California Water
CenturyLink
Charter
Comcast
Cox
Edison
Frontier
Golden State Water
Liberty Water
PG&E
San Gabriel Valley
San Jose Water
SDG&E
SoCalGas
Sprint
Suburban Water
T-Mobile
Verizon/MCI
Verizon Wireless
$0
200M
400M
600M
800M
1B
1.2B
1.4B
1.6B
1.8B
2B
2018 Spend
2019 Spend

ENERGY

COMPANY	% SPEND	$ SPEND	GRADE
SoCalGas	25.71%	$446,711,810	B+
PG&E	25.20%	$2,087,649,454	B
SDG&E	23.72%	$369,060,373	B-
Southern California Edison	22.23%	$1,225,048,814	B
INDUSTRY OVERALL	22.70%	$4,128,470,451	B-

PG&E's increased spending on MBEs of more than $260 million offset significantly reduced spending by SDG&E ($50 million) and Southern California Edison ($54 million). SoCalGas was the only energy utility to increase both its dollar spending and percentage spending in this category.

PHONE AND CABLE

COMPANY	% SPEND	$ SPEND	GRADE
Verizon/MCI	38.12%	$500,966,574	A+
Cox	19.70%	$593,673,387	C
AT&T	17.78%	$404,043,725	C-
Frontier	16.89%	$33,116,334	C-
CenturyLink	10.79%	$40,156,560	D+
Charter	10.53%	$63,877,056	D+
Comcast	4.53%	$24,373,335	F
INDUSTRY OVERALL	19.97%	$1,660,206,971	C-

Verizon/MCI continued to deliver impressive improvements in the MBE category in both dollar spending (from $290 million in 2018 to $501 million in 2019) and percentage spending (from 33.92 percent to 38.12 percent), putting Verizon/MCI in first place in this category. The cable industry continues to neglect supplier diversity. CenturyLink, Charter and Comcast continue to languish at the bottom of this category, although CenturyLink did increase its MBE percentage spending from 4.03 percent (2018) to 10.79 percent (2019).

WIRELESS

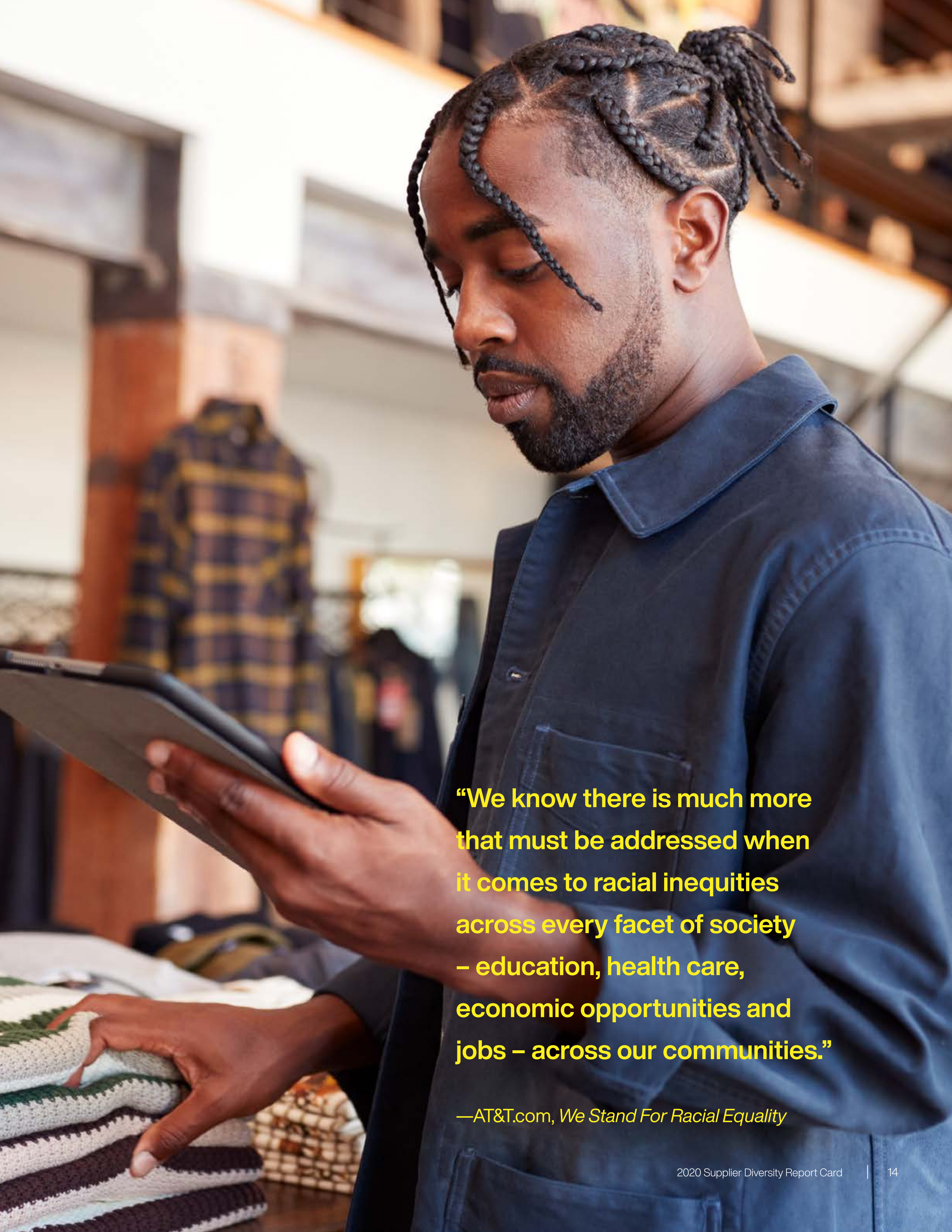
COMPANY	% SPEND	$ SPEND	GRADE
Verizon Wireless	35.65%	$1,673,949,238	A
Sprint	29.50%	$732,318,854	A-
T-Mobile	16.26%	$580,784,732	C+
AT&T Wireless	11.84%	$549,162,786	D-
INDUSTRY OVERALL	22.98%	$3,536,215,610	C+

Verizon Wireless and Sprint continued to deliver strong results in MBE spending in 2019, while AT&T Wireless and T-Mobile continued to struggle. Whether T-Mobile's acquisition of Sprint in 2020 will have a positive effect on the company's supplier diversity spending remains to be seen.

WATER

COMPANY	% SPEND	$ SPEND	GRADE
Suburban Water	29.97%	$8,324,887	A-
Cal Am Water	19.91%	$18,820,318	C+
Golden State Water	19.18%	$30,083,392	C-
California Water Service	13.86%	$35,924,420.29	D-
San Gabriel Valley Water	13.51%	$10,735,438	D-
Liberty Water Company	8.49%	$2,937,493	D-
San Jose Water	4.27%	$6,673,126	F
INDUSTRY OVERALL	14.30%	$113,499,074	D

Over the past few years, water utilities have brought renewed focus to their supplier diversity programs. While their progress is promising, there is still much to do. San Jose Water significantly reduced its spending (from 12.27 percent in 2018 to 4.72 percent in 2019), as did San Gabriel Valley Water (from 18.42 percent in 2018 to 13.51 percent in 2019. California American Water increased its spending in the MBE category by $3.3 million in 2019, making it the second-best performer among the water utilities in this category.



"We know there is much more that must be addressed when it comes to racial inequities across every facet of society – education, health care, economic opportunities and jobs – across our communities."

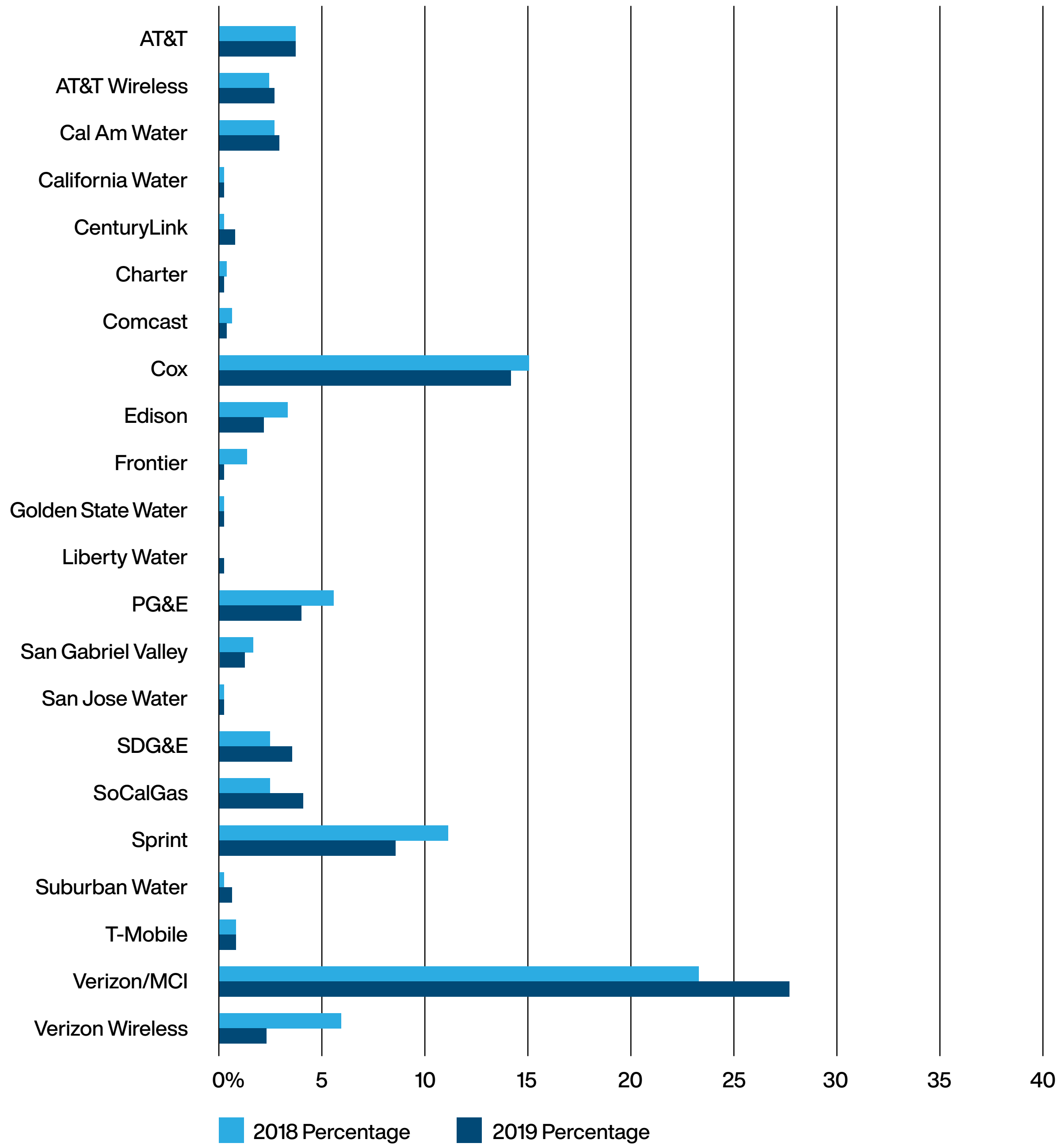
—AT&T.com, *We Stand For Racial Equality*

Black-Owned Contract Spending[2]

Disappointing performance except for a few standouts.

With the exception of AT&T California, AT&T Wireless and California American Water, the companies' spending with Black-Owned Business Enterprises continued to be a challenge. The companies' combined spending with Black-owned suppliers fell almost 10 percent, while the companies' combined dollar spending with Black women-owned suppliers dropped almost 37 percent (see p. 36).

BLACK-OWNED CONTRACT SPENDING



ENERGY

COMPANY	% SPEND	$ SPEND	GRADE
PG&E	4.15%	$343,936,754	C-
SoCalGas	3.91%	$67,932,367	C-
SDG&E	3.50%	$54,457,830	C+
Southern California Edison	1.95%	$107,682,059	D-
INDUSTRY OVERALL	22.70%	$573,955,010	C-

Decreased spending by PG&E ($68.2 million) and Southern California Edison ($41.9 million) offset increased spending by SDG&E ($ 13.9 million) and SoCalGas ($27 million).

PHONE AND CABLE

COMPANY	% SPEND	$ SPEND	GRADE
Verizon/MCI	27.71%	$364,094,649	A+
Cox	13.62%	$410,491,139	A-
AT&T	3.23%	$73,300,056	C
CenturyLink	0.89%	$3,323,101	D+
Comcast	0.64%	$3,461,511	D
Charter	0.50%	$3,009,115	D
Frontier	0.24%	$470,099	F
INDUSTRY OVERALL	10.32%	$858,149,670	C-

Verizon/MCI had the highest percentage spending (27.71 percent) in the Black-owned category, more than twice the spending of any other Company. Cox (13.62 percent) had the second highest percentage spending in this category.

WIRELESS

COMPANY	% SPEND	$ SPEND	GRADE
Sprint	8.37%	$207,643,979	B-
AT&TWireless	2.71%	$125,759,020	C
Verizon Wireless	2.38%	$111,805,707	C-
T-Mobile	0.82%	$29,171,489	D
INDUSTRY OVERALL	3.08%	$474,380,195	C-

Sprint, AT&T Wireless, and Verizon Wireless all reported decreased spending in this category, including a mind-boggling decrease of $170 million by Verizon Wireless. T-Mobile reported a very modest increase, from 0.80 percent to 0.82 percent.

WATER

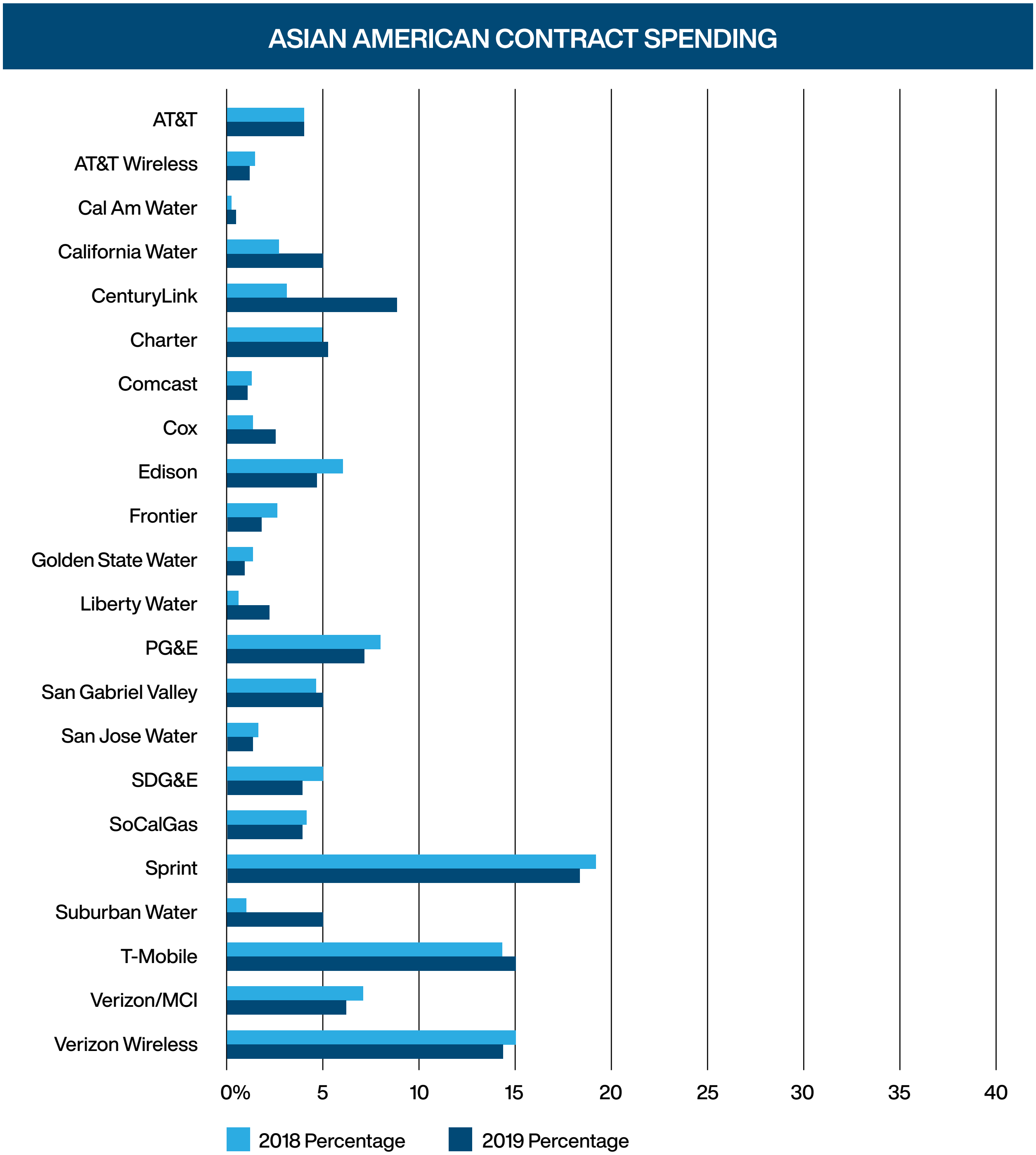
COMPANY	% SPEND	$ SPEND	GRADE
Cal Am Water	3.25%	$3,076,862	C
San Gabriel Valley Water	1.33%	$1,060,523	D
Suburban Water	0.65%	$180,780	D+
San Jose Water	0.16%	$232,008	F
Liberty Water Company	0.08%	$26,762	F
California Water Service	0.06%	$142,571.69	F
Golden State Water	0.05%	$78,460	F
INDUSTRY OVERALL	0.60%	$4,797,966.69	F

San Gabriel Valley Water, Golden State Water and California Water Service all reported a slight drop in spending in the Black-owned business category. The remaining four companies reported modest increases.

Asian American Contract Spending

Uneven results thwart progress.

The companies' spending on Asian American/Pacific Islander suppliers remained steady but inconsistent in 2019, with 50 percent of the companies reporting a decrease in spending.



ENERGY

COMPANY	% SPEND	$ SPEND	GRADE
PG&E	7.32%	$606,497,993	C-
Southern California Edison	4.66%	$256,921,852	C-
SDG&E	3.56%	$55,317,095	C-
SoCalGas	3.46%	$60,037,473	D
INDUSTRY OVERALL	7.16%	$937,423,306	D

All energy companies failed to increase their dollar spending with AAPI businesses except for PG&E, which increased its spending by $62.1 million—but, like the rest, decreased its percentage spending. Overall, there was no significant improvement with AAPI businesses and energy companies.

PHONE AND CABLE

COMPANY	% SPEND	$ SPEND	GRADE
CenturyLink	8.75%	$32,562,515	B+
Verizon/MCI	6.11%	$80,330,074	C-
Charter	5.27%	$31,943,428	C
AT&T	3.60%	$81,721,349	C
Cox	2.36%	$71,087,628	D+
Frontier	1.92%	$3,767,313	D-
Comcast	1.13%	$6,098,866	D
INDUSTRY OVERALL	3.70%	$307,511,173	C-

CenturyLink had an impressive percentage spending increase from 3.31 percent (2018) to 8.75 percent (2019), making it the top performer among phone and cable companies. Cox reported a significant dollar spending increase from $40 million in 2018 to $71 million in 2019. Frontier and Comcast, already poor performers in this category, reported decreased spending of $1.4 million and $1.5 million, respectively.

WIRELESS

COMPANY	% SPEND	$ SPEND	GRADE
Sprint	18.53%	$459,849,936	A-
T-Mobile	14.76%	$527,076,053	A+
Verizon Wireless	14.13%	$663,451,682	A-
AT&T Wireless	1.22%	$56,550,009	F
INDUSTRY OVERALL	**11.09%**	**$1,706,927,680**	**B-**

T-Mobile was the only wireless company to increase both its dollar spending and percentage spending in 2019, with the other three companies reporting decreased percentage spending. Most notably, Verizon Wireless reported a disappointing $39 million decrease in dollar spending in 2019.

WATER

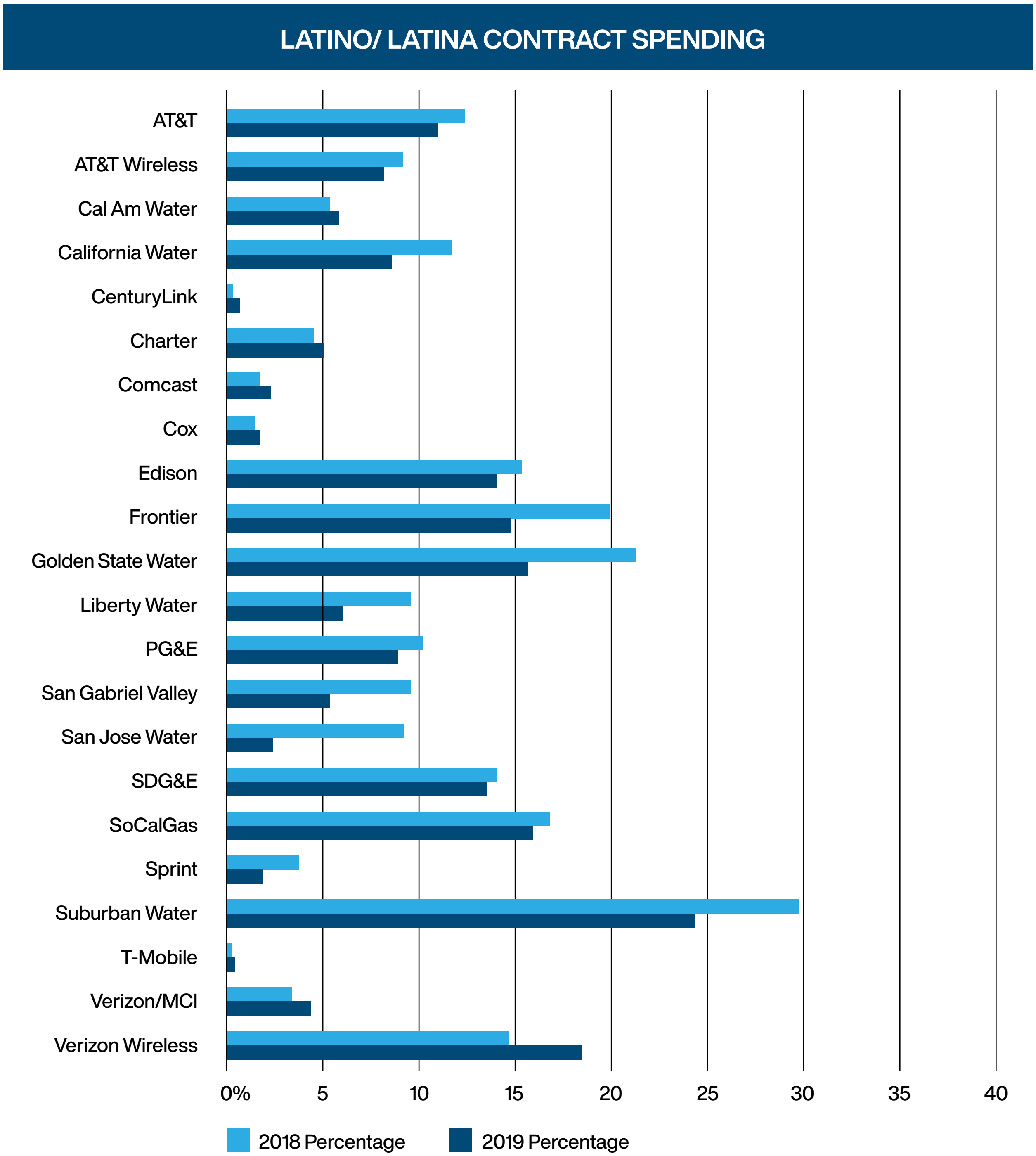
COMPANY	% SPEND	$ SPEND	GRADE
San Gabriel Valley Water	5.18%	$4,112,073	C+
Suburban Water	5.11%	$1,420,555	C+
California Water Service	4.95%	$12,824,773.58	C+
Liberty Water Company	2.24%	$775,218	D+
San Jose Water	1.56%	$2,208,580	D
Golden State Water	1.00%	$1,568,823	F
Cal Am Water	0.60%	$566,560	F
INDUSTRY OVERALL	**2.96%**	**$23,476,591.58**	**D**

San Gabriel Valley Water showed a second year of improvement in the AAPI category, increasing from 4.56 percent in 2018 to 5.18 percent in 2019. Suburban Water reported an impressive increase in its percentage spending from 1.13 percent in 2019 to 5.11 percent in 2019. Disappointingly, both San Jose Water and Golden State Water reported decreased dollar spending of more than $300,000.

Latino/Latina Contract Spending

Declines in spending reverse last year's progress.

Less than half of the companies improved their spending with Latino suppliers. Overall dollar spending in this category declined by over $32 million and remains unacceptably low.



ENERGY

COMPANY	% SPEND	$ SPEND	GRADE
SoCalGas	16.12%	$280,081,701	B-
SDG&E	13.31%	$207,129,401	B-
Southern California Edison	13.24%	$729,448,565	B-
PG&E	11.97%	$991,585,141	C+
INDUSTRY OVERALL	**8.97%**	**$1,921,917,876**	**C+**

While Southern California Edison was the only company to increase its dollar spending in 2019 (by $13.4 million), its percentage spending with Latino/Latina businesses dropped from 15.66 percent in 2018 to 13.24 percent in 2019. PG&E increased its spending by $234.7 million, an increase from 10.52 percent in 2018 to 11.97 percent in 2019.

PHONE AND CABLE

COMPANY	% SPEND	$ SPEND	GRADE
Frontier	14.72%	$28,877,105	B-
AT&T	10.68%	$242,729,653	C-
Charter	4.77%	$28,924,113	D
Verizon/MCI	4.30%	$56,541,851	D+
Comcast	2.45%	$13,157,725	D+
Cox	1.93%	$58,068,118	F
CenturyLink	1.15%	$4,259,694	D
INDUSTRY OVERALL	**5.20%**	**$432,558,259**	**D**

The majority of the phone and cable companies increased both their dollar spending and percentage spending with Latino/Latina businesses with the notable exception of Frontier and AT&T. Despite having the highest percentage spending of the phone and cable companies, Frontier had a startlingly sharp decline from 19.74 percent to 14.72 percent.

WIRELESS

COMPANY	% SPEND	$ SPEND	GRADE
Verizon Wireless	18.73%	$879,803,077	A+
AT&T Wireless	7.75%	$359,299,284	C-
Sprint	2.07%	$51,382,539	D-
T-Mobile	0.50%	$17,866,854	F
INDUSTRY OVERALL	8.50%	$1,308,351,754	D

Verizon Wireless impressively increased its dollar spending in this category by $190.1 million and its percentage spending by four percent. Unfortunately, AT&T Wireless and Sprint each decreased their dollar spending by more than $27 million.

WATER

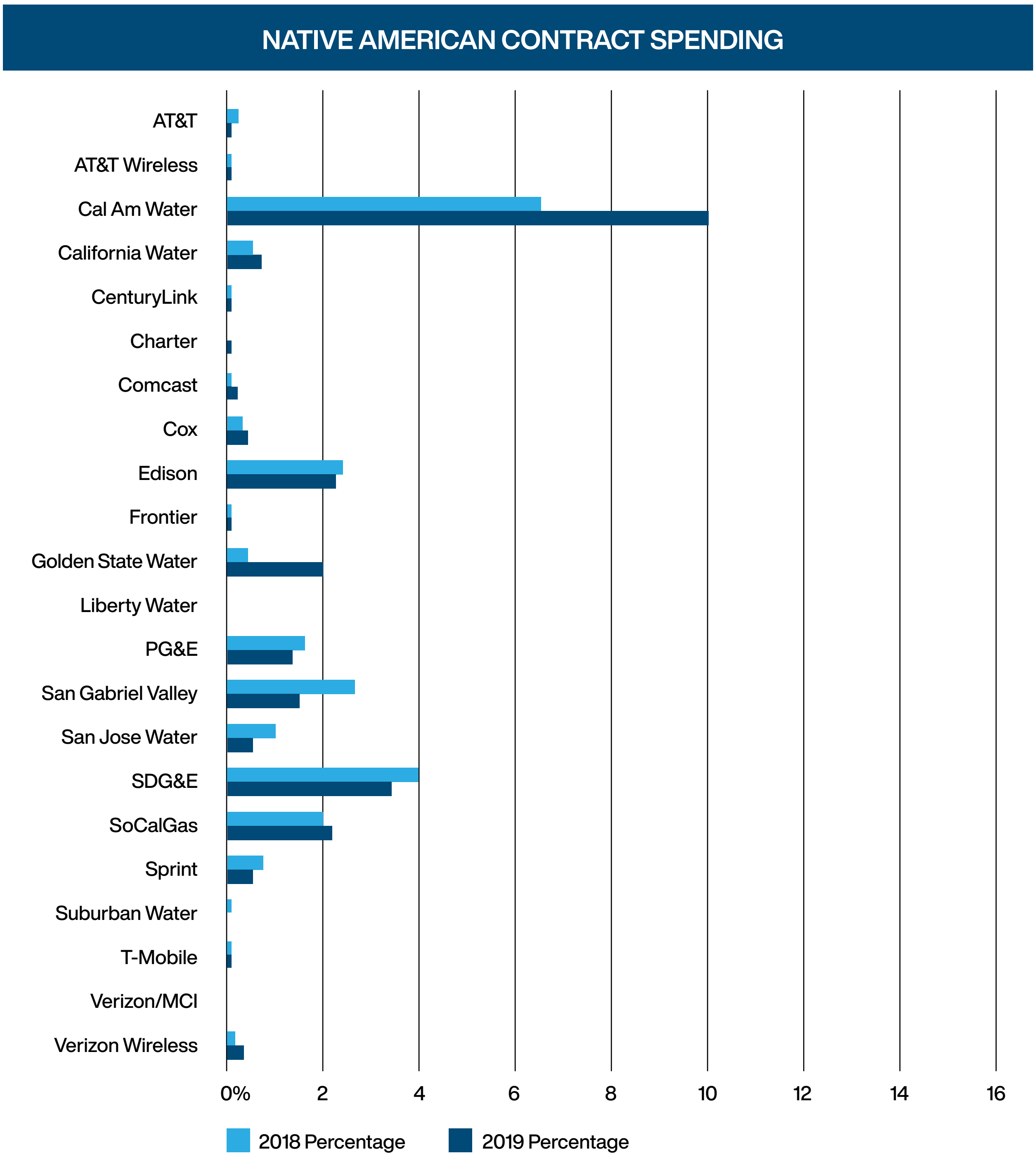
COMPANY	% SPEND	$ SPEND	GRADE
Suburban Water	24.20%	$6,723,552	A-
Golden State Water	16.07%	$25,205,572	B-
California Water Service	8.09%	$20,981,839.65	C-
Liberty Water Company	6.18%	$2,135,513	C-
Cal Am Water	6.08%	$5,749,074	C
San Gabriel Valley Water	5.54%	$4,398,748	D-
San Jose Water	2.51%	$3,541,551	D-
INDUSTRY OVERALL	8.66%	$68,735,849.65	C-

All of the water companies failed to increase their dollar spending and had sharp declines in percentage spending with the exception of Cal Am Water, which marginally increased its percentage spending by 0.19 percent. Both Suburban Water and San Jose Water both reported decreases in percentage spending of over 5.5 percent.

Native American Contract Spending

Overall progress despite some neglect.

The companies' spending with Native American suppliers continued to see improvement, with 50 percent of companies reporting increased spending. Three companies—Liberty Water Company, Suburban Water Company and Verizon/MCI—reported zero spending in this category in 2019.



ENERGY

COMPANY	% SPEND	$ SPEND	GRADE
SDG&E	3.35%	$52,156,047	A-
Southern California Edison	2.38%	$131,050,338	B
SoCalGas	2.22%	$38,660,269	B
PG&E	1.76%	$145,629,568	C
INDUSTRY OVERALL	1.00%	$334,628,379	B-

SDG&E remained the top performer among energy companies (and second highest performer overall) in this category despite a decrease in dollar spending of $11.9 million in 2019. Southern California Edison's $12.3 million spending increase made it the second highest performer among energy companies. SoCalGas was the only energy company to both increase its dollar spending and percentage spending with Native American businesses.

PHONE AND CABLE

COMPANY	% SPEND	$ SPEND	GRADE
Cox	0.60%	$17,967,538	C
Comcast	0.31%	$1,655,233	D
AT&T	0.16%	$3,734,478	D
CenturyLink	0.00%	$11,250	F
Frontier	0.00%	$1,817	F
Charter	0.00%	$400	F
Verizon/MCI	0.00%	$0	F
INDUSTRY OVERALL	0.28%	$23,370,716	F

Comcast's dollar spending in the Native American category increased impressively from $100.9k in 2018 to $1.5 million in 2019. For the second year in a row, CenturyLink, Frontier, Charter and Verizon/MCI reported zero spending in this category.

WIRELESS

COMPANY	% SPEND	$ SPEND	GRADE
AT&T Wireless	0.07%	$3,206,999	C
Sprint	0.54%	$13,442,400	C
T-Mobile	0.19%	$6,670,336	D
Verizon Wireless	0.40%	$18,888,772	D
INDUSTRY OVERALL	0.27%	$42,208,507	D

AT&T Wireless and T-Mobile reported modest increases in their dollar spending in this category. Verizon Wireless increased its dollar spending by $5.9 million in 2019, while Sprint, the only wireless company to decrease its dollar spending in 2019, decreased its spending by $2.9 million.

WATER

COMPANY	% SPEND	$ SPEND	GRADE
Cal Am Water	9.97%	$9,427,822	A+
Golden State Water	2.06%	$3,230,537	B+
San Gabriel Valley Water	1.47%	$1,164,094	C-
California Water Service	0.76%	$1,975,235.37	C
San Jose Water	0.49%	$690,987	C-
Liberty Water Company	0.00%	$0	F
Suburban Water	0.00%	$0	F
INDUSTRY OVERALL	2.08%	$16,488,675.37	C-

Cal Am Water increased its dollar spending in 2019 by $2.9 million and reported an impressive increase in percentage spending from 6.55 percent to 9.97 percent, almost triple the percentage spending of any other company. Golden State Water increased their percentage dollar spending impressively from $728,000 in 2018 to $2.5 million in 2019. San Gabriel Valley Water and San Jose Water both decreased their dollar spending by more than $700,000. For the second year in a row, Liberty Water Company and Suburban Water did not spend a single dollar with Native American companies.

Multiracial Contract Spending

Only three companies reported any spending in the Multiracial category this year. However, this is probably not a sign that companies are not doing business with multiracial-owned businesses but rather a function of how businesses are categorized. It is our understanding that the companies often assign multiracial- or multiethnic-owned businesses to other MBE categories: for example, in the case of a Black and AAPI-owned business, a company might choose to assign that business to either the Black or AAPI category (but not both; companies are not allowed to "double report" their spending).

The companies often express frustration about the requirement that they place a diverse company in only one category beyond only contracting with multiracial or multiethnic companies. Some companies specifically cited contracts with companies that were both MBEs and Disabled Veteran Business Enterprises (DVBEs), noting that because the companies had to choose between one category and another, their reporting did not accurately reflect the diversity of their suppliers.

Given that the companies' reporting likely does not reflect their actual spending with multiracial-owned businesses, we do not assign grades in this category. However, it is important to acknowledge the existence and contributions of multiracial- and multiethnic-owned companies, and for that reason we are reporting the data that was available.

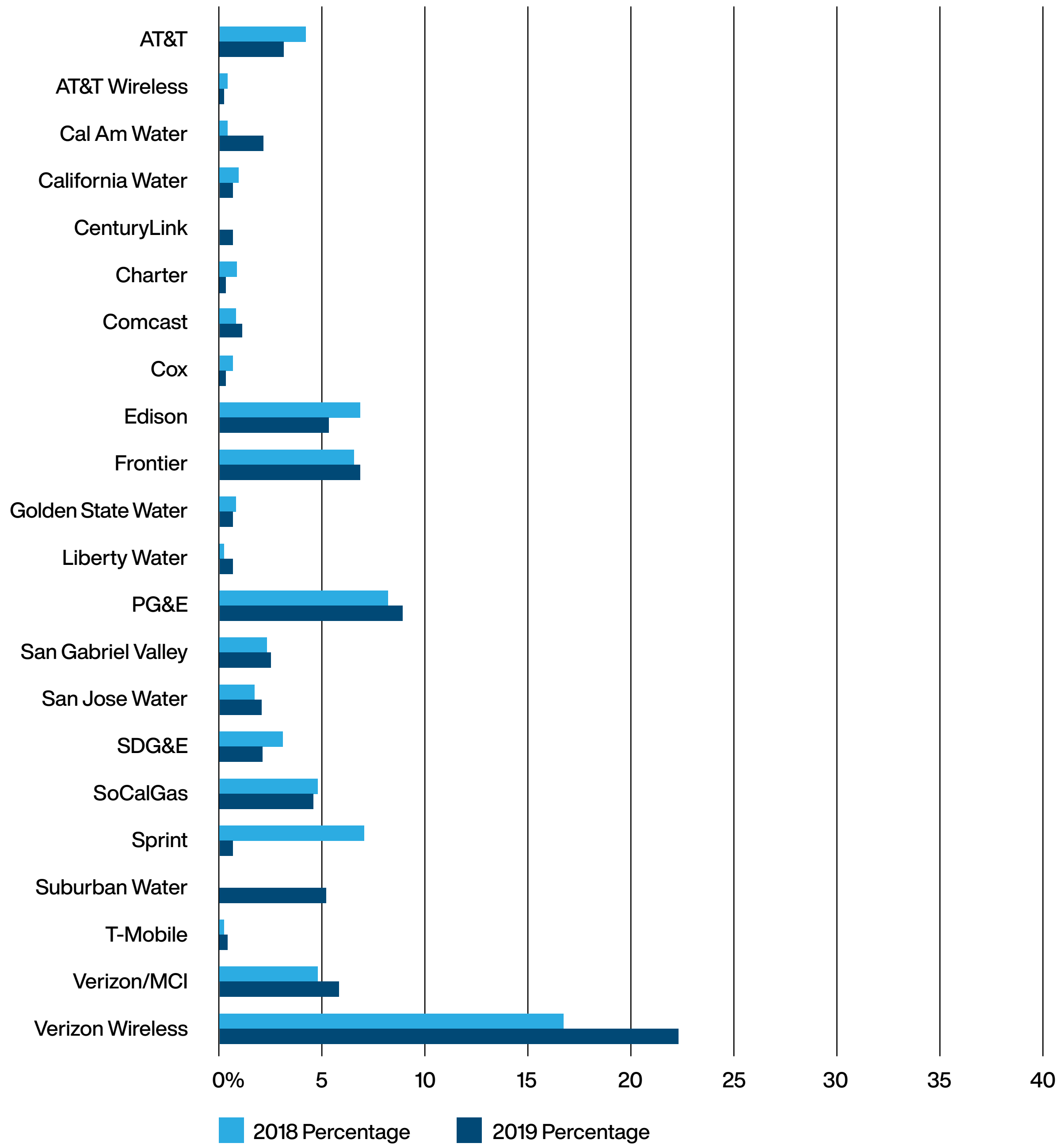
COMPANY	% SPEND	$ SPEND
AT&T	0.11%	$2,558,189
AT&T Wireless	0.09%	$4,347,474
Cox	1.20%	$36,058,964

Minority Women Contract Spending

Promising progress by a few companies, but not others.

Overall dollar spending with minority women-owned suppliers increased by almost $201 million in 2019, a modest increase over the previous year. Verizon Wireless continues to show strong results in this category. As described in further detail below, not every subcategory saw improvement.

MINORITY WOMEN CONTRACT SPENDING



ENERGY

COMPANY	% SPEND	$ SPEND	GRADE
PG&E	9.02%	$746,938,940	A+
Southern California Edison	5.34%	$294,195,117	B-
SoCalGas	4.57%	$79,351,555	C
SDG&E	2.04%	$31,811,790	C-
INDUSTRY OVERALL	**5.86%**	**$1,152,297,402**	**C+**

In first place, PG&E was the only energy company to increase its dollar spending, doing so by a whopping $168.3 million. The other three companies reported a decrease in dollar spending in 2019.

PHONE AND CABLE

COMPANY	% SPEND	$ SPEND	GRADE
Frontier	7.08%	$13,889,161	B
Verizon/MCI	6.09%	$79,971,345	B+
AT&T	2.93%	$66,592,215	C-
Comcast	1.41%	$7,580,496	D
CenturyLink	0.93%	$3,470,200	D+
Charter	0.47%	$2,838,765	F
Cox	0.46%	$13,889,365	D
INDUSTRY OVERALL	**2.26%**	**$188,231,547**	**D**

Frontier increased both its dollar spending and percentage spending in the MWBE category in 2019, making it the best performer of all of the phone and cable companies. Verizon's $39.1 million increase in spending in this category was offset by AT&T California's disappointing decrease of $34.9 million. Charter and Cox continue to languish at the bottom of the rankings in this category.

WIRELESS

COMPANY	% SPEND	$ SPEND	GRADE
Verizon Wireless	22.28%	$1,046,522,482	A+
Sprint	0.78%	$19,292,066	D-
AT&T Wireless	0.35%	$16,172,003	F
T-Mobile	0.05%	$1,910,841	F
INDUSTRY OVERALL	7.04%	$1,0893,897,392	D

Verizon Wireless is the undisputed leader in the WMBE category, reporting a 2019 percentage spending of 22.29 percent, 13.26 points higher than any other company. Sprint reported the sharpest decline of any company in this category, decreasing its dollar spending by $145.1 million and its percentage spending by 6.34 percent.

WATER

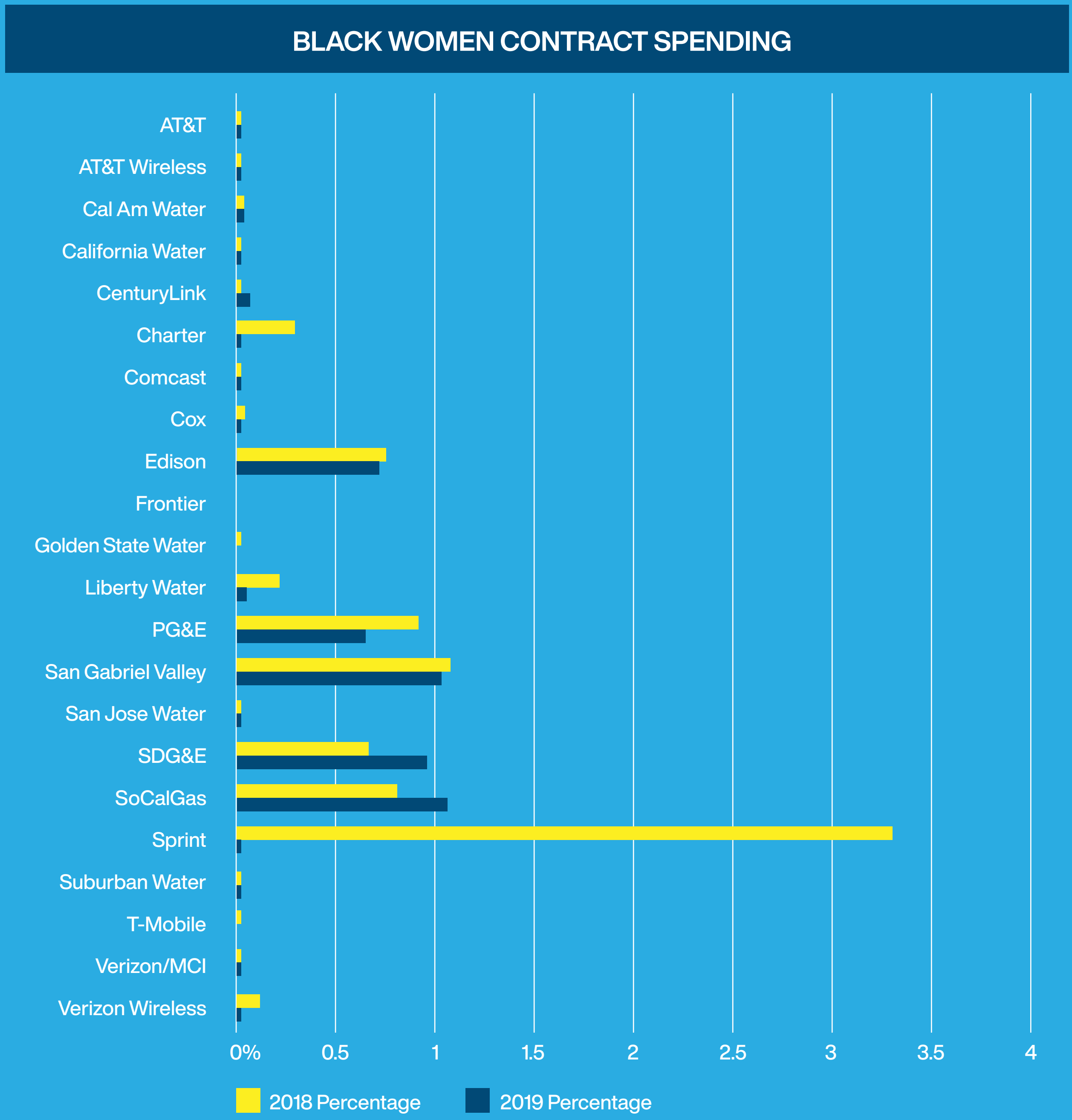
COMPANY	% SPEND	$ SPEND	GRADE
Suburban Water	5.29%	$1,469,946	B+
San Gabriel Valley Water	2.63%	$2,093,526	C
San Jose Water	2.38%	$3,356,032	C+
Cal Am Water	2.26%	$2,133,568	C+
Liberty Water Company	0.95%	$327,069	D+
Golden State Water	0.85%	$1,338,142	D
California Water Service	0.76%	$1,976,808.89	D
INDUSTRY OVERALL	1.60%	$12,695,091.89	C-

Suburban Water amazingly increased its percentage spending with WMBEs from 0 percent (2018) to 5.29 percent (2019). Cal Am Water increased its percentage spending from 0.64 percent (2018) to 2.26 (2019). Golden State Water and California Water Service both reported decreased dollar spending and percentage spending.

Black Women-Owned Contract Spending

Industry-wide spending with Black women-owned businesses declined by $78.3 million in 2019.

The Companies' contracting with women of color-owned businesses has always lagged significantly behind other categories, although 2019 did show marked improvement. However, any increased spending with women of color-owned businesses has consistently neglected one category: Black women-owned suppliers. The companies' spending with Black women-owned suppliers dropped 36.43 percent in 2019. Eight of the 22 companies reported increased spending with Black women-owned suppliers in 2019; combined, they increased dollar spending by slightly more than $14.1 million. The other 14 companies reported a combined decrease in dollar spending of $92.4 million.



“Together, we hope to help create a more equitable, just and inclusive society.”

—Comcast CEO Brian Roberts, June 8, 2020.

ENERGY

COMPANY	% SPEND	$ SPEND	GRADE
SoCalGas	1.09%	$18,958,145	C
SDG&E	0.94%	$14,667,463	D
Southern California Edison	0.73%	$40,016,229	F
PG&E	0.69%	$56,215,626	F
INDUSTRY OVERALL	**0.33%**	**$129,857,463**	**F**

The energy companies had the first (SoCalGas), third (SDG&E), fourth (Southern California Edison) and fifth (PG&E) highest percentage spending with Black women-owned businesses in 2109. All energy companies increased their dollar spending except for PG&E, which reported an $8.3 million-dollar decline between 2018 and 2019. SoCal Gas and SDG&E were the only energy companies who both saw an increase in dollars spent and percentage spending.

PHONE AND CABLE

COMPANY	% SPEND	$ SPEND	GRADE
Centur Link	0.11%	$417,486	F
Cox	0.05%	$1,555,601	F
AT&T	0.03%	$581,165	F
Charter	0.00%	$2,748	F
Comcast	0.00016736%	$900	F
Verizon/MCI	0.00000685%	$90	F
Frontier	0.00%	$0.00	F
INDUSTRY OVERALL	**0.03%**	**$2,557,990**	**F**

Only one of the seven phone and cable companies reported an increase in spending with Black women-owned businesses in 2019: CenturyLink, which increased its dollar spending from $23k to almost $400k and its percentage from .01 percent to .11 percent. Charter had the steepest decline in 2019, its percentage spending decreasing from .28% to 0. Frontier has spent $0 with Black women-owned business in the last two years.

WIRELESS

COMPANY	% SPEND	$ SPEND	GRADE
VerizonWireless	0.04%	$1,908,715	F
AT&T Wireless	0.02%	$821,653	F
Sprint	0.02%	$375,640	F
T-Mobile	0.00%	$0	F
INDUSTRY OVERALL	0.02%	$3,106,008	F

All four wireless companies both decreased their dollar spending and percentage spending in this category, with Sprint having the largest decline from 3.08 percent ($77 million) to 0.02 percent ($375,640). Verizon Wireless had the highest spending with Black women business enterprises, an extremely disappointing 0.04 percent.

WATER

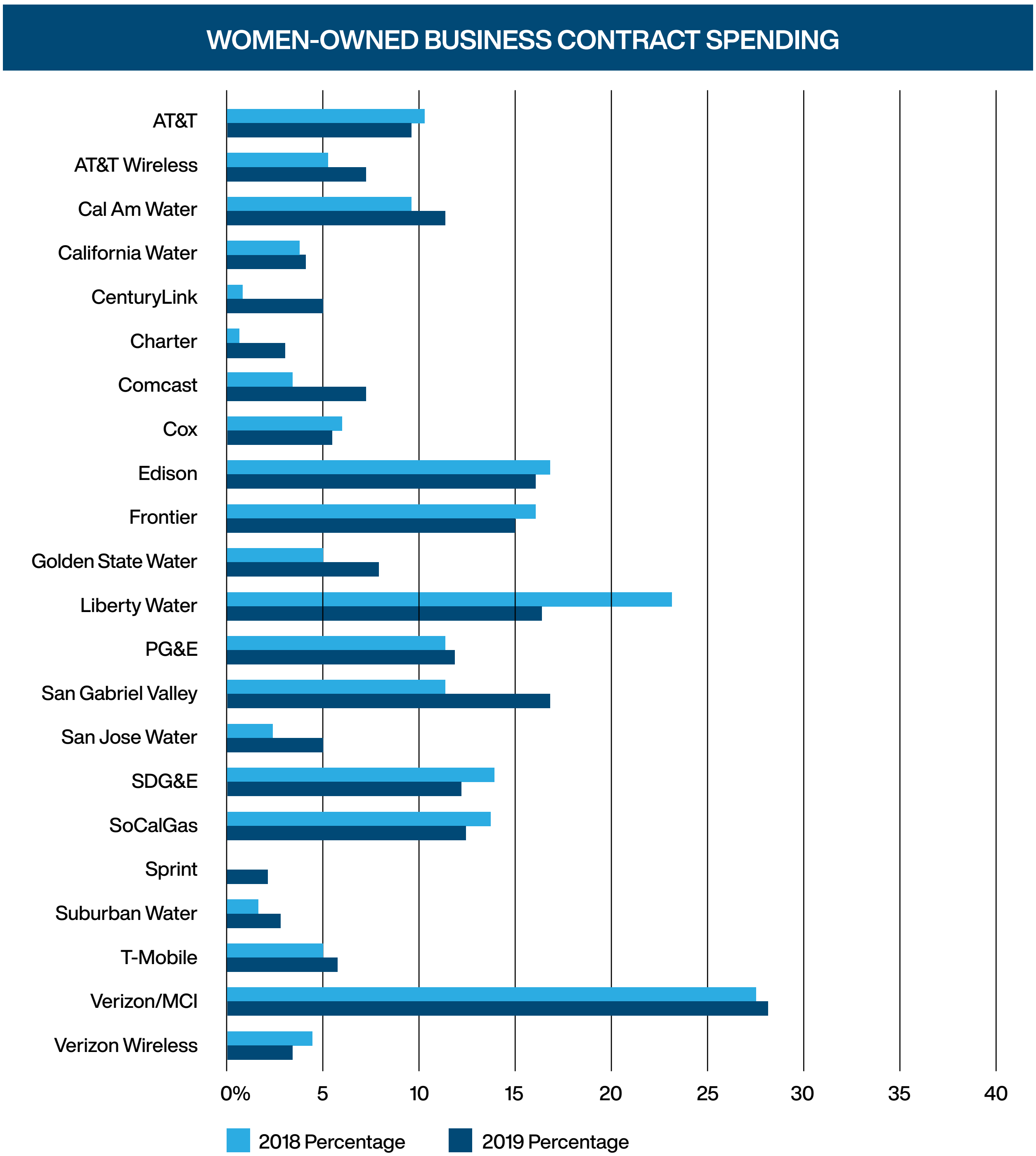
COMPANY	% SPEND	$ SPEND	GRADE
San Gabriel Valley Water	1.06%	$840,079	C
Liberty Water Company	0.08%	$26,762	F
Cal Am Water	0.07%	$65,924	F
California Water Service	0.04%	$105,910.11	F
San Jose Water	0.02%	$32,008	F
Suburban Water	0.02%	$4,580	F
Golden State Water	0.00%	$0	F
INDUSTRY OVERALL	0.14%	$1,075,263.11	F

San Gabriel Valley Water was the only water company to spend over one percent with Black Women Business Enterprises in 2019 while the remaining companies each spent less than .08 percent. Golden State Water had zero spending with Black Women Businesses. California Water and San Jose Water were the only two water companies that increased both their $ spending and percentage spending in this category by more than $26,000.

Women-Owned Business Contract Spending

Promising progress from half of the companies.

The companies' spending with women-owned suppliers stayed relatively flat, rising from 5.70 percent in 2018 to 5.86 percent in 2019, an increase of $201 million. Verizon/MCI maintained its position in first place, increasing from 27.40 percent in 2018 to 27.44 percent in 2019.



ENERGY

COMPANY	% SPEND	$ SPEND	GRADE
Southern California Edison	16.03%	$883,484,091	A-
SDG&E	12.00%	$186,732,772	A-
SoCalGas	12.62%	$219,290,592	A
PG&E	12.12%	$1,004,177,705	A-
INDUSTRY OVERALL	9.58%	$2,293,685,160	A-

PG&E surpassed $1 billion spending with WBEs in 2019 and was the only company to increase both its dollar spending and percentage spending. Both SDG&E and SoCalGas reported a disappointing decline in dollar spending of $40.5 million and $10.5 million, respectively.

PHONE AND CABLE

COMPANY	% SPEND	$ SPEND	GRADE
Verizon/MCI	27.99%	$367,769,230	A+
Frontier	14.99%	$29,387,446	A-
AT&T	9.35%	$212,399,357	B-
Comcast	7.39%	$39,721,722	B+
Cox	5.74%	$173,030,852	C-
CenturyLink	5.08%	$18,886,576	C+
Charter	3.32%	$20,119,762	D+
INDUSTRY OVERALL	10.36%	$861,314,945	B-

Verizon/MCI continued leading in spending with WBE and increased both its dollar spending and percentage spending in 2019. Comcast increased its percentage spending from 3.60 percent in 2018 to 7.39 percent in 2019, while CenturyLink increased its percentage spending from 1.36 percent in 2018 to 5.08 percent 2019. Both Frontier and Cox decreased their dollar spending in this category in 2019.

WIRELESS

COMPANY	% SPEND	$ SPEND	GRADE
AT&T Wireless	7.33%	$339,835,008	D+
T-Mobile	5.99%	$213,989,516	D+
Verizon Wireless	3.52%	$165,519,741	F
Sprint	2.01%	$49,886,874	F
INDUSTRY OVERALL	5.00%	$769,231,139	F

AT&T Wireless increased its spending from 5.30 percent in 2018 to 7.33 percent in 2019, making it the top performer of all of the phone and cable companies. T-Mobile increased its percentage spending from 5.16 percent in 2018 to 5.99 percent in 2019. Verizon Wireless disappointingly decreased its dollar spending in 2019 by $32 million.

WATER

COMPANY	% SPEND	$ SPEND	GRADE
San Gabriel Valley Water	16.75%	$13,307,886	A+
Liberty Water Company	16.47%	$5,696,617	A-
Cal Am Water	11.60%	$10,965,172	A+
Golden State Water	7.70%	$12,074,495	B+
San Jose Water	5.06%	$7,149,042	C+
California Water Service	3.95%	$10,242,386.41	C
Suburban Water	2.78%	$772,984	D+
INDUSTRY OVERALL	7.59%	$60,208,582.41	B-

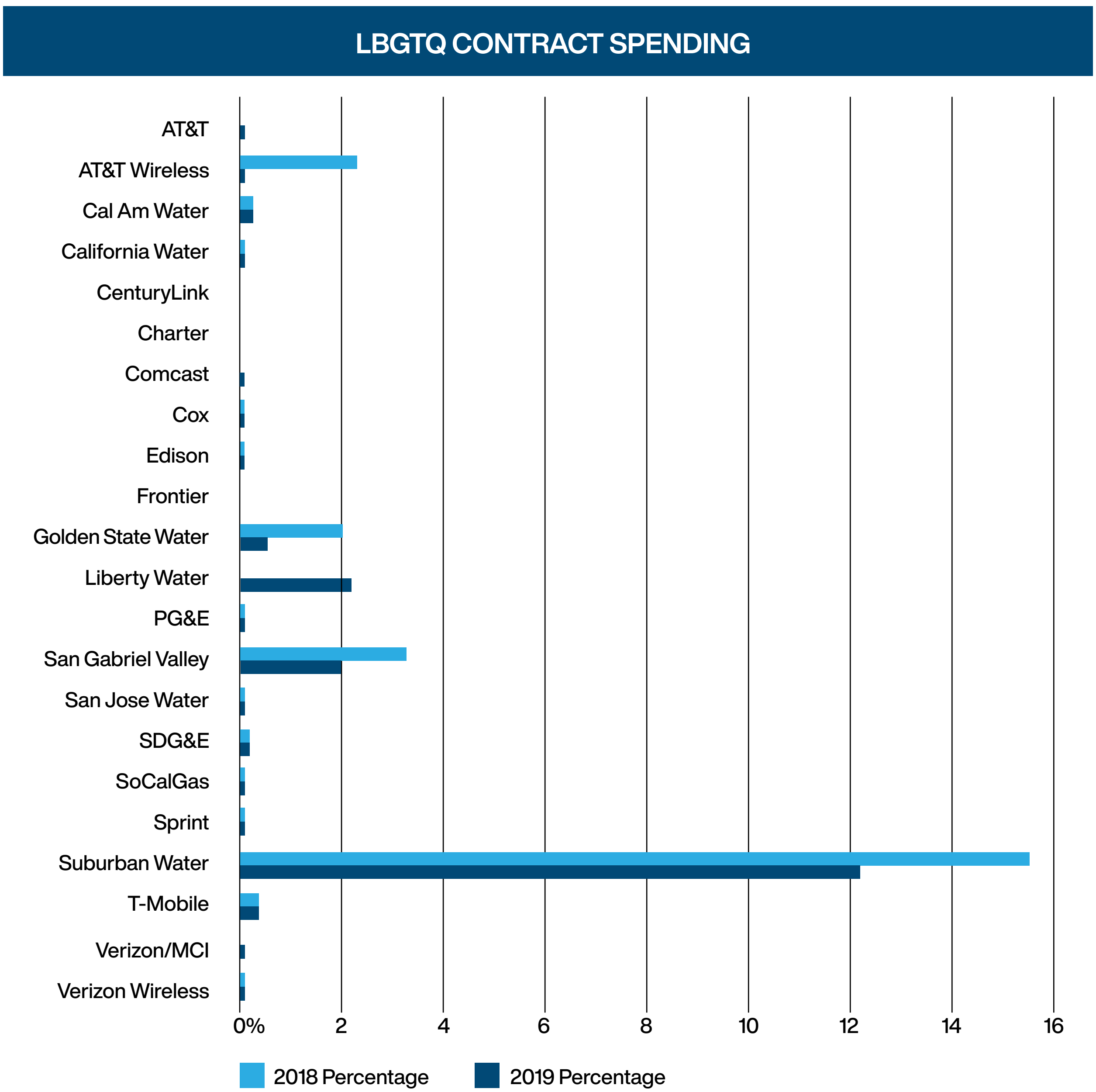
San Gabriel Valley Water Company astonishingly increased its percentage spending from 11.63 percent in 2018 to 16.75 percent in 2019, making it the second highest performer of all the companies in this category. Impressively, all of the water companies increased both their dollar spending and percentage spending except for Liberty Water Company, which reported a shockingly sharp decline in percentage spending from 23.07 percent in 2018 to 16.03 percent in 2019.

LBGTQ Contract Spending[3]

Increases from a slight majority of companies.

While 12 companies reported increased spending in the LGBTQ category, overall spending with LGBTQ-owned suppliers remained flat and still has a long way to go. Some companies reported that they worked with a number of uncertified LGBTQ-owned companies, but that the owners of those companies were reluctant to certify. Those companies stated two reasons for their reluctance: (1) ongoing discrimination against LGBTQ-owned companies in their communities and industries, and (2) feeling that the application process for certification was too burdensome.

For the second straight year, Suburban Water's percentage spending was more than 10 points higher than any other company, despite a $1.4 million decline in dollar spending between 2018 and 2019.



ENERGY

COMPANY	% SPEND	$ SPEND	GRADE
SDG&E	0.44%	$6,919,925	F
PG&E	0.21%	$17,619,689	F
SoCalGas	0.05%	$937,934	F
Southern California Edison	0.02%	$876,262	F
INDUSTRY OVERALL	**0.08%**	**$12,972,794**	**F**

PG&E, SDG&E, and SoCalGas all saw limited improvement in the LGBTQ category in 2019. Southern California Edison reported a slight drop in percentage spending in 2019.

PHONE AND CABLE

COMPANY	% SPEND	$ SPEND	GRADE
Cox	0.04%	$1,135,372	F
Verizon/MCI	0.02%	$296,776	F
AT&T	0.01%	$197,223	F
Comcast	0.00%	$1,650	F
CenturyLink	0.00%	$0	F
Charter	0.00%	$0	F
Frontier	0.00%	$0	F
INDUSTRY OVERALL	**0.02%**	**$1,631,021**	**F**

None of the seven Phone and Cable companies reported a significant improvement in 2019. For the second year in a row, CenturyLink, Charter and Frontier did not spend a dime with LGBTQ businesses. Comcast's dollar spending of $1,650 constituted .003 percent of its supplier contracting and .038 percent of its diverse spending.

WIRELESS

COMPANY	% SPEND	$ SPEND	GRADE
T-Mobile	0.57%	$20,202,030	C
Sprint	0.19%	$4,651,680	C
Verizon Wireless	0.09%	$4,318,921	C
AT&T Wireless	0.01%	$335,167	D
INDUSTRY OVERALL	0.19%	$29,507,798	C

T-Mobile had the best performance of the wireless companies in this category, spending over $15 million more than any other wireless company with LGBTQ businesses. AT&T Wireless reported a sharp decline in dollar spending, decreasing from $365 million in 2018 to $335,167 in 2019.

WATER

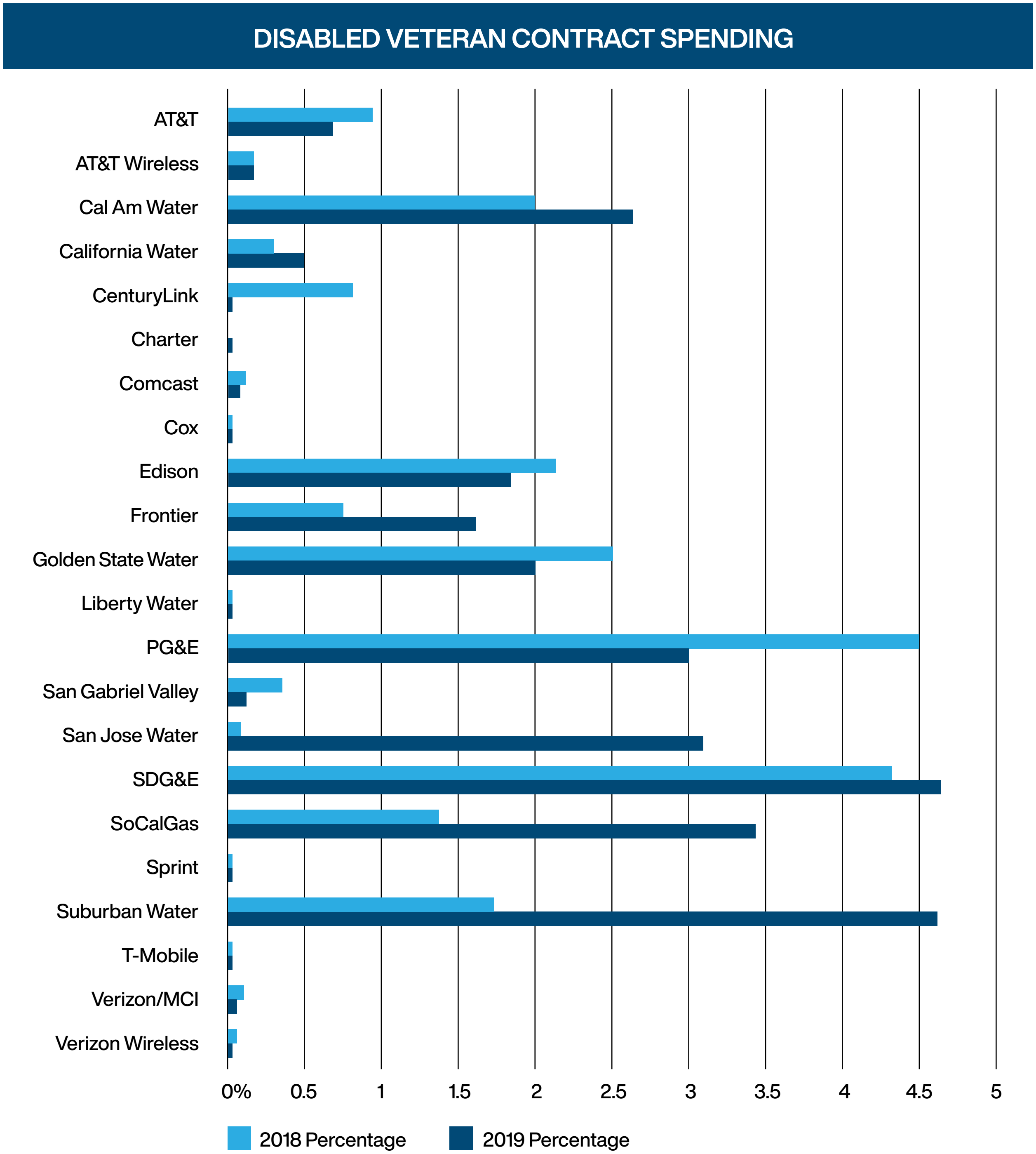
COMPANY	% SPEND	$ SPEND	GRADE
Suburban Water	12.38%	$3,439,839	A-
Liberty Water Company	2.24%	$774,360	D+
San Gabriel Valley Water	2.18%	$1,731,416	D-
Golden State Water	0.55%	$860,554	F
Cal Am Water	0.51%	$485,772	F
California Water Service	0.06%	$164,393.42	F
San Jose Water	0.00%	$5,130	F
INDUSTRY OVERALL	0.94%	$7,461,464.42	F

The water companies' overall performance in the LGBTQ category was strong, with Suburban Water (12.38 percent), Liberty Water Company (2.24 percent) and San Gabriel Valley Water Company (2.18 percent) reporting the first, second and third highest percentage spending of any company, despite Suburban Water's decreased spending of $1.4 million and decreased spending by Golden State Water, Cal Am Water, California Water Company and San Jose Water.

Disabled Veteran-Owned Business Enterprise Spending

Energy and water utilities lead in DVBE spending.

The companies' spending with disabled veteran-owned suppliers continued to slip in 2019. Despite this fact, the energy and water utilities made an impressive showing: seven of the top eight performers in this category were either energy or water companies.



ENERGY

COMPANY	% SPEND	$ SPEND	GRADE
SDG&E	4.69%	$73,018,248	A
SoCalGas	3.39%	$58,921,067	A+
PG&E	3.61%	$299,409,236	A-
Southern California Edison	1.83%	$100,876,167	C
INDUSTRY OVERALL	1.26%	$479,171,759	B

While SDG&E saw a modest increase in spending on DVBEs in 2019, SoCalGas had an impressive increase from $22.4 Million (1.34 percent) in 2018 to $58.9 million (3.39 percent) in 2019. PG&E's DVBE spending decreased from 4.47 percent to 3.61 percent, a reduction of $22.3 million.

PHONE AND CABLE

COMPANY	% SPEND	$ SPEND	GRADE
Frontier	1.64%	$3,220,114	C+
AT&T	0.70%	$15,853,956	C
Comcast	0.14%	$756,081	D
Verizon/MCI	0.10%	$1,352,160	D
Cox	0.05%	$1,393,156	D
Charter	0.01%	$79,539	F
CenturyLink	0.00%	$1,927	F
INDUSTRY OVERALL	0.27%	$22,656,933	D

Frontier was the only phone or cable company with significant improvement in this category in 2019, increasing its spending from $1.5 million (0.77 percent) in 2018 to $3.2 million (1.64 percent) in 2019. CenturyLink's dollar and percentage spending both cratered, dropping from $30.2 million in 2018 to $1,927 in 2019.

WIRELESS

COMPANY	% SPEND	$ SPEND	GRADE
AT&T Wireless	0.18%	$8,164,720	D
Verizon Wireless	0.08%	$3,625,045	D
T-Mobile	0.06%	$2,162,745	D
Sprint	0.00%	$24,659	F
INDUSTRY OVERALL	0.09%	$13,977,169	F

For the second year in a row, T-Mobile's DVBE spending was a disappointing 0.06 percent. AT&T Wireless, Verizon Wireless and Sprint all reported massive declines in DVBE spending, with a combined reduction in dollar spending of $4.7 million. Sprint had a particularly sharp decline in percentage spending, decreasing from $1.3 million to $24,659.

WATER

COMPANY	% SPEND	$ SPEND	GRADE
Suburban Water	4.67%	$1,298,324	A+
San Jose Water	3.11%	$4,387,120	B+
Cal Am Water	2.67%	$2,520,908	B+
Golden State Water	1.97%	$3,091,207	C-
California Water Service	0.49%	$1,279,260.39	D
San Gabriel Valley Water	0.20%	$161,767	D
Liberty Water Company	0.03%	$9,432	F
INDUSTRY OVERALL	1.61%	$12,748,018.39	C

San Jose Water significantly increased its spending from $187,000 (0.13 percent) in 2018 to $4.3 million in 2019 (3.11 percent). Suburban Water reported that 4.67 percent of its spending was in this category, the second highest percentage spending of all of the companies. Golden State Water and San Gabriel Valley Water were the only water companies that saw a decline in dollars spent and percentage spending.

Recommendations

Overall Recommendations

1. Companies must focus on all categories: The companies' overall performance in 2019 was for the most part adequate, but some categories still need improvement. Companies need to focus specifically on increasing their spending with Latino/Latina- and Black-owned suppliers, particularly Black women-owned suppliers.

2. Companies must address the marketplace availability of suppliers. The companies often report challenges with diverse spending in specific categories of work—for example, line construction and maintenance. This is especially challenging when a category of work with a lack of diverse suppliers constitutes a major portion of a company's spending. For example, wireless companies often complain that there are no diverse suppliers of telephone handsets, and that they spend more on telephone handsets than any other company. Some companies have implemented successful short- and long-term solutions for this challenge. In the short term, they compensate for low diverse spending in one category by increasing diverse spending in other categories. To address the problem in the long-term, they need to work with community-based organizations and national certifying organizations to identify diverse suppliers, technical assistance and capacity building for subcontractors, and speaking to investors about investing in diverse companies. All of the companies should be engaging in these best practices.

   The contracting needs of specific companies can vary wildly, particularly from sector to sector. For example, a large part of electric utilities' contracting involves electric line construction and maintenance work. There are, apparently, only two Black-owned contractors in the United States that do this work. While both of them are located in California, only one of them is certified as an MBE. This, of course, makes it difficult for electric utilities to contract with Black-owned suppliers for line construction work. In these instances, it is important for companies to identify, and help build the capacity of, companies that could potentially do the work.

3. Companies must address the marketplace availability of suppliers. The companies often report challenges with diverse spending in specific categories of work—for example, line construction and maintenance. This is especially challenging when a category of work with a lack of diverse suppliers constitutes a major portion of a company's spending. For example, wireless companies often complain that there are no diverse suppliers of telephone handsets, and that they spend more on telephone handsets than any other company. Similarly, some companies reported that they were not prepared to find diverse suppliers to perform wildfire mitigation and relief work, a challenge that has existed since at least 2017.

   Companies must implement short- and long-term solutions to address these challenges. In the short term, they must compensate for low diverse spending in one category by increasing diverse spending in other categories. In the long term, they must work with community-based organizations and national certifying organizations to identify diverse suppliers, provide technical assistance and capacity building for subcontractors, and speak to investors about investing in diverse companies. All of the companies should engage in these best practices.

4. Companies must plan ahead for supplier diversity spending. Some companies reported large drops in a category as a result of losing a contract with only one supplier, either as a result of a special project ending, a supplier's closing down, or a supplier's being acquired by a non-diverse company. Companies must plan early to identify diverse suppliers well in advance of these situations.

5. Supplier diversity programs must evolve to respond to the COVID-19 pandemic. The COVID-19 pandemic has severely disrupted companies' plans—every single company we spoke with described the changes they would have to make in response to the pandemic. We commend the companies for taking steps to ensure that their employees are healthy and safe and that their customers are not disconnected, and we encourage the companies to take action to provide the same security to their suppliers. Some companies reported planning to reduce or slow their spending in 2020 in response to the pandemic, and some reported having already done so.

   Other companies reported plans to increase their spending, especially on contracts for strengthening and resiliency measures for their infrastructure in anticipation of wildfire season. Companies that reduce their spending in 2020 must ensure that diverse businesses do not bear the brunt of those spending reductions. Similarly, companies that increase their spending in 2020 must be vigilant about identifying and working with diverse suppliers.

> The COVID-19 pandemic created a surge of demand for personal protective equipment for the companies' employees, many of whom are essential workers. Many of the companies identified the need for PPE as a supplier diversity opportunity and sought out diverse suppliers that could pivot to making, storing and distributing PPE. The companies' response to the need for PPE is a shining example of supplier diversity done right, and we thank them for recognizing the importance of contracting with diverse businesses, especially in times of crisis.
>
> Many of the companies also reported increased efforts to ensure that their contractors can weather the pandemic, including streamlining the invoicing process, accelerating payment, and in some instances, even making advance payments for work.

“I want to be clear that we at T-Mobile...stand for change, for justice and for equity.”

—T-Mobile CEO Mike Sievert

Company-Specific Recommendations: Energy

Pacific Gas & Electric

PG&E must continue to prioritize supplier diversity and focus on areas of weakness. In last year's report, we expressed concern about a slump in PG&E's numbers as well as the impact of a PG&E's bankruptcy on the company's supplier diversity efforts. Thankfully, this year PG&E increased spending in some categories. However, PG&E experienced a significant dip in MBE spending, and should focus its efforts on improvement in that area.

All MBEs	B
African American	C-
Asian American/Pacific Islander	B
Latino	B+
Native American	C
Minority Women	A+
Black Women	F
WBE	A+
LGBTQ	D
Disabled Veteran	B-

San Diego Gas & Electric

SDG&E must focus on increasing spending with women-owned suppliers. SDG&E saw significant decreases in both the WBE and MWBE categories in 2109, although it should be noted that SDG&E did increase its spending with Black women-owned companies by over 40 percent. SDG&E would also benefit from efforts to increase is spending in the AAPI category.

All MBEs	B-
African American	C+
Asian American/Pacific Islander	C-
Latino	B-
Native American	A-
Minority Women	C-
Black Women	D
WBE	A-
LGBTQ	F
Disabled Veteran	A

Southern California Gas

SoCalGas must continue its steady growth. SoCalGas appears to have rebounded from its somewhat flat growth in 2018, with notable increases in the Black-owned and DVBE categories. Additionally, SoCalGas should be commended for having the highest percentage spending in the Black Women-owned category. If the company is able to maintain this steady growth while also increasing spending in the Latino/Latina and MWBE categories, it should post impressive results in 2020.

All MBEs	B+
African American	C+
Asian American/Pacific Islander	D
Latino	B-
Native American	B
Minority Women	C
Black Women	C
WBE	A-
LGBTQ	F
Disabled Veteran	A+

Southern California Edison

Southern California Edison must be mindful to identify and contract with Black- and AAPI- owned suppliers. Southern California Edison's increased spending in the Latino/Latina, Native American and WBE categories in 2019 was impressive. Unfortunately, Southern California Edison's performance slipped in the Black and AAPI categories. Southern California Edison should rebound by focusing on those areas in 2020.

All MBEs	B
African American	D-
Asian American/Pacific Islander	C-
Latino	B-
Native American	B
Minority Women	B-
Black Women	F
WBE	A-
LGBTQ	F
Disabled Veteran	C

Company-Specific Recommendations: Phone and Cable

AT&T California

AT&T California must reverse course. AT&T California's spending declined in eight categories in 2019. In the remaining three categories, AT&T California's increased spending was negligible, resulting in a decrease of $209.7 million across all categories. If AT&T California wants to retake its place as an industry leader on supplier diversity, it must devote significant resources to increasing its spending in all categories.

All MBEs	C-
African American	C
Asian American/Pacific Islander	C
Latino	C-
Native American	D
Minority Women	C-
Black Women	F
WBE	B-
LGBTQ	F
Disabled Veteran	C

CenturyLink

CenturyLink must continue its efforts. CenturyLink's percentage spending remains generally low compared to its peers. However, those numbers do not reflect the enormous growth CenturyLink has achieved. CenturyLink's total DBE percentage spending leapt from 6.33 percent in 2018 to 16.8 percent in 2019. Last year, we described CenturyLink as one of the worst performers of 2018; this year, we describe CenturyLink as "Most Likely to Succeed."

All MBEs	D+
African American	D+
Asian American/Pacific Islander	B+
Latino	F
Native American	F
Minority Women	D+
Black Women	F
WBE	C+
LGBTQ	F
Disabled Veteran	F

Charter

Charter must follow through on its promise 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 spending. Charter has failed to do so, with only incremental improvement this year.

All MBEs	D+
African American	D
Asian American/Pacific Islander	C
Latino	D
Native American	F
Minority Women	F
Black Women	F
WBE	D+
LGBTQ	F
Disabled Veteran	F

Comcast

Comcast must take supplier diversity seriously. With the exception of significant improvement in the WBE category, Comcast continues to languish at the bottom of the rankings. As we noted last year, 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	D+
Native American	D
Minority Women	D
Black Women	F
WBE	B+
LGBTQ	F
Disabled Veteran	D

Cox

Cox should bring renewed focus to commitment to and investment in supplier diversity. Cox continues to move in the right direction, although its progress in 2019 was disappointing as compared to previous years. Cox continues to make at least some progress, and we encourage continued efforts.

All MBEs	C
African American	A-
Asian American/Pacific Islander	D+
Latino	F
Native American	C
Minority Women	F
Black Women	F
WBE	C-
LGBTQ	D
Disabled Veteran	D

It should be noted that Cox reports only its national DBE spending to the Commission; accordingly, we have no California-specific data on which to evaluate the company

Frontier

Frontier must work to maintain the impressive achievements it has made in the past five years. Frontier nearly doubled its MBE spending between 2017 and 2018, and while Frontier's 2019 numbers are not nearly as impressive, Frontier's supplier diversity team continues to show results. Frontier is currently undergoing restructuring, but is committed to maintaining its supplier diversity commitments. We appreciate the company's efforts to ensure that its supplier diversity program does not fall by the wayside.

All MBEs	C-
African American	F
Asian American/Pacific Islander	D-
Latino	B-
Native American	F
Minority Women	B
Black Women	F
WBE	A-
LGBTQ	F
Disabled Veteran	C+

Verizon/MCI

Verizon/MCI must build on its success while correcting its failures. Verizon/MCI is a reliably strong performer yet struggles with specific categories. In 2019, Verizon/MCI reported virtually no spending with Black women-owned companies, and zero spending with Native American-owned companies—two categories that the company has historically neglected. Verizon/MCI must increase its efforts in these categories.

All MBEs	A+
African American	A+
Asian American/Pacific Islander	C-
Latino	D+
Native American	F
Minority Women	B+
Black Women	F
WBE	A+
LGBTQ	F
Disabled Veteran	D

Company-Specific Recommendations: Wireless

AT&T Wireless

AT&T Wireless must take action to reverse its rapid decline. For a second year, AT&T Wireless' MBE spending dropped precipitously this year, and the company reduced its dollar spending with DBEs by over $100 million in 2019. AT&T must improve in all categories to bring itself in line with its competitors.

All MBEs	D-
African American	C
Asian American/Pacific Islander	F
Latino	C-
Native American	D-
Minority Women	F
Black Women	F
WBE	B+
LGBTQ	F
Disabled Veteran	D

Sprint

T-Mobile must fulfil its promise to adopt Sprint's best practices. Sprint, a reliably strong performer, and T-Mobile, a reliably weak performer, closed a merger of the two companies in April, creating concerns that the combined company would not carry on Sprint's legacy as an industry leader. Although T-Mobile did commit to "striving to meet" supplier diversity targets as a condition of the merger, it also argued that the Commission had no jurisdiction to impose conditions related to supplier diversity or, for that matter, the wireless merger entirely.[4] Accordingly, we have serious doubts whether T-Mobile will replicate the former Sprint's strong supplier diversity performance. We hope to be proven wrong.

All MBEs	A-
African American	B-
Asian American/Pacific Islander	A-
Latino	D-
Native American	C
Minority Women	D-
Black Women	F
WBE	D-
LGBTQ	F
Disabled Veteran	F

T-Mobile

All MBEs	C+
African American	D
Asian American/Pacific Islander	A+
Latino	F
Native American	D
Minority Women	F
Black Women	F
WBE	C+
LGBTQ	F
Disabled Veteran	D

Verizon Wireless

Verizon Wireless should continue to lead in supplier diversity across all industries. Verizon Wireless continues to be the industry leader in supplier diversity, with higher overall DBE percent spending than any other company and a particularly strong showing in the MWBE category. However, Verizon Wireless should concentrate on its areas of weakness, most notably the WBE, LGBT and DVBE categories.

All MBEs	A
African American	C-
Asian American/Pacific Islander	A-
Latino	A+
Native American	C
Minority Women	A+
Black Women	F
WBE	C-
LGBTQ	F
Disabled Veteran	D

Company-Specific Recommendations: Water

The water companies have always struggled to match the supplier diversity achievements of other industries, with slow but steady improvements over the years. While the water companies' percent spending continues to lag behind their peers, their commitment to increasing that spending is laudable. For the past several years, the water companies have engaged in a joint effort to create data-driven best practices that are showing measurable results. The water companies' grades reflect this increased commitment.

California American Water

California American Water should continue its supplier diversity leadership in the water industry. California American Water showed improvement in virtually every single category in 2019, with negligible decreases in the LGBT and Black women-owned categories. The company should stay the course.

All MBEs	C+
African American	C
Asian American/Pacific Islander	F
Latino	C
Native American	A+
Minority Women	C+
Black Women	F
WBE	A+
LGBTQ	F
Disabled Veteran	B+

California Water Service

California Water Service should balance its spending across categories. California Water Service continued to improve its supplier diversity spending in 2019. However, its progress was inconsistent from category to category, with decreases in the Latino/Latina and MBE categories offsetting increases in the AAPI category. The company should prioritize its efforts to reach suppliers in all categories.

All MBEs	D-
African American	F
Asian American/Pacific Islander	C+
Latino	C-
Native American	C
Minority Women	D
Black Women	F
WBE	C
LGBTQ	F
Disabled Veteran	D

Golden State Water

Golden State Water must bounce back. Golden State Water has been an emerging leader for the past few years, with consistent growth across all categories. Unfortunately, the company appears to have stumbled this year, reporting impressive improvements in the Native American owned- and WBE categories offset by declines in the other categories. Golden State Water must focus on neglected categories to ensure that it does not repeat this decline in 2020.

All MBEs	C-
African American	F
Asian American/Pacific Islander	F
Latino	B-
Native American	B+
Minority Women	D
Black Women	F
WBE	B+
LGBTQ	F
Disabled Veteran	C-

Liberty Water Company

Liberty Water Company must build on its success. Liberty Water Company bounced back from a lackluster 2018 to a very strong 2019, with notable improvements in the AAPI and LGBTQ categories. The company did see a rather sharp decline in WBE spending; Liberty Water Company should remain vigilant to reverse this trend.

All MBEs	D-
African American	F
Asian American/Pacific Islander	D+
Latino	C-
Native American	F
Minority Women	D+
Black Women	F
WBE	A-
LGBTQ	D+
Disabled Veteran	F

San Gabriel Valley Water Company

San Gabriel Valley Water Company must focus on neglected categories. San Gabriel Valley Water Company was a supplier diversity powerhouse in 2018, reporting improvement across every single category. While the company continued to increase its overall dollar spending in 2019, it showed very strong improvements in some areas (most notably, WBEs) and severe declines in others (MBEs, particularly the Latino/Latina category). If San Gabriel Valley Water Company focuses on areas of weakness, it will no doubt reemerge as an industry leader next year.

All MBEs	D-
African American	D
Asian American/Pacific Islander	C+
Latino	D-
Native American	C-
Minority Women	C
Black Women	C
WBE	A+
LGBTQ	D-
Disabled Veteran	D

San Jose Water

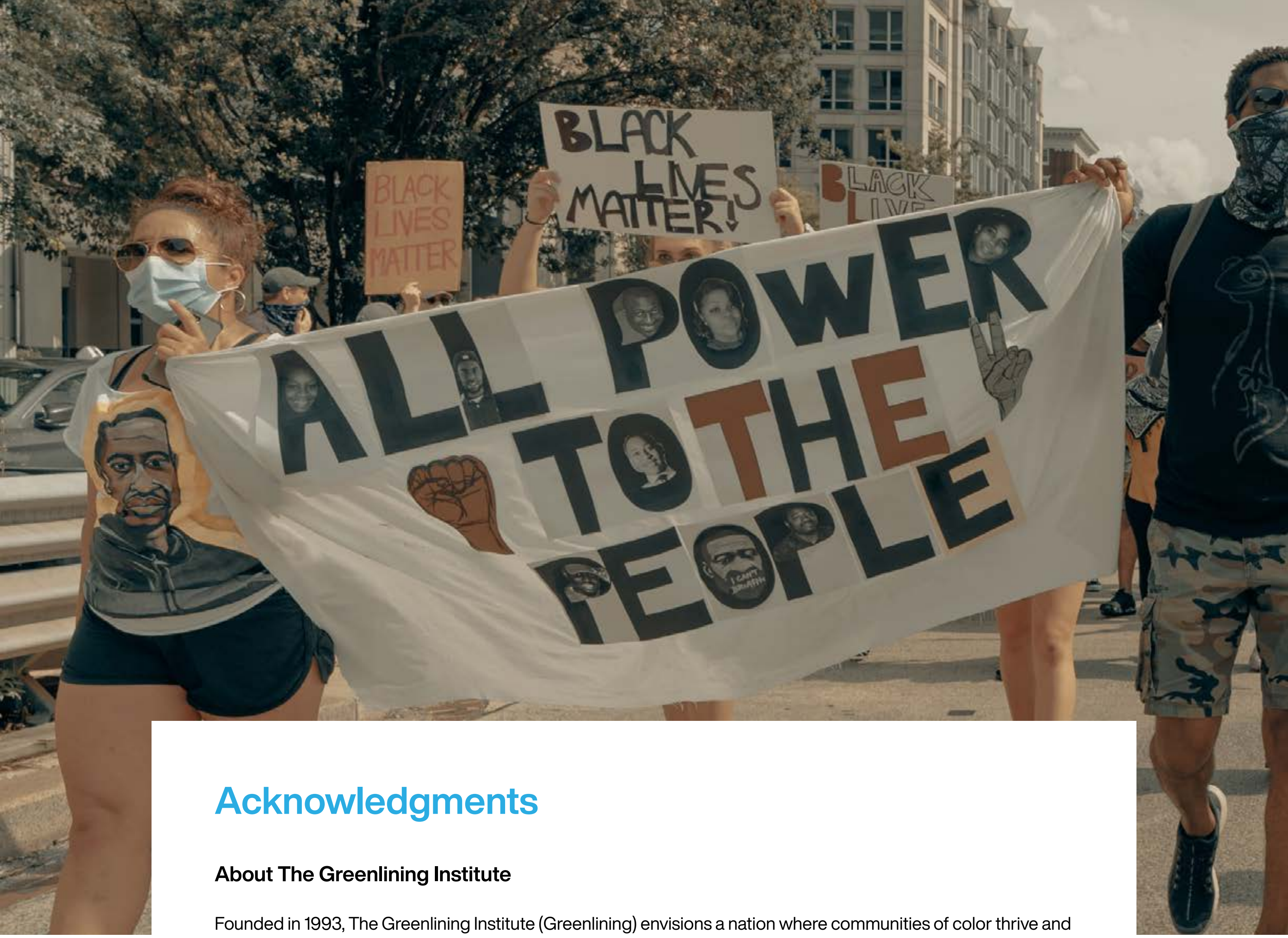
San Jose Water must increase its efforts, or its supplier diversity numbers will continue to decline. San Jose Water's spending slipped this year, primarily because of a nearly $9.3 million decline in the Latino/Latina-owned category. The company should continue to coordinate with the other water companies to reverse course.

All MBEs	F
African American	F
Asian American/Pacific Islander	D
Latino	D-
Native American	C-
Minority Women	C+
Black Women	F
WBE	C+
LGBTQ	F
Disabled Veteran	B+

Suburban Water Systems

Suburban Water Systems must be more consistent across all categories. Suburban Water Systems reported some growth overall in 2019, primarily driven by improvements in the AAPI and MWBE categories. However, those improvements could not offset declines in the Latino/Latina and LGBTQ categories. Suburban Water Systems must work to increase its diversity spending across all categories.

All MBEs	A-
African American	D+
Asian American/Pacific Islander	C+
Latino	A-
Native American	F
Minority Women	B+
Black Women	F
WBE	D+
LGBTQ	A-
Disabled Veteran	A+



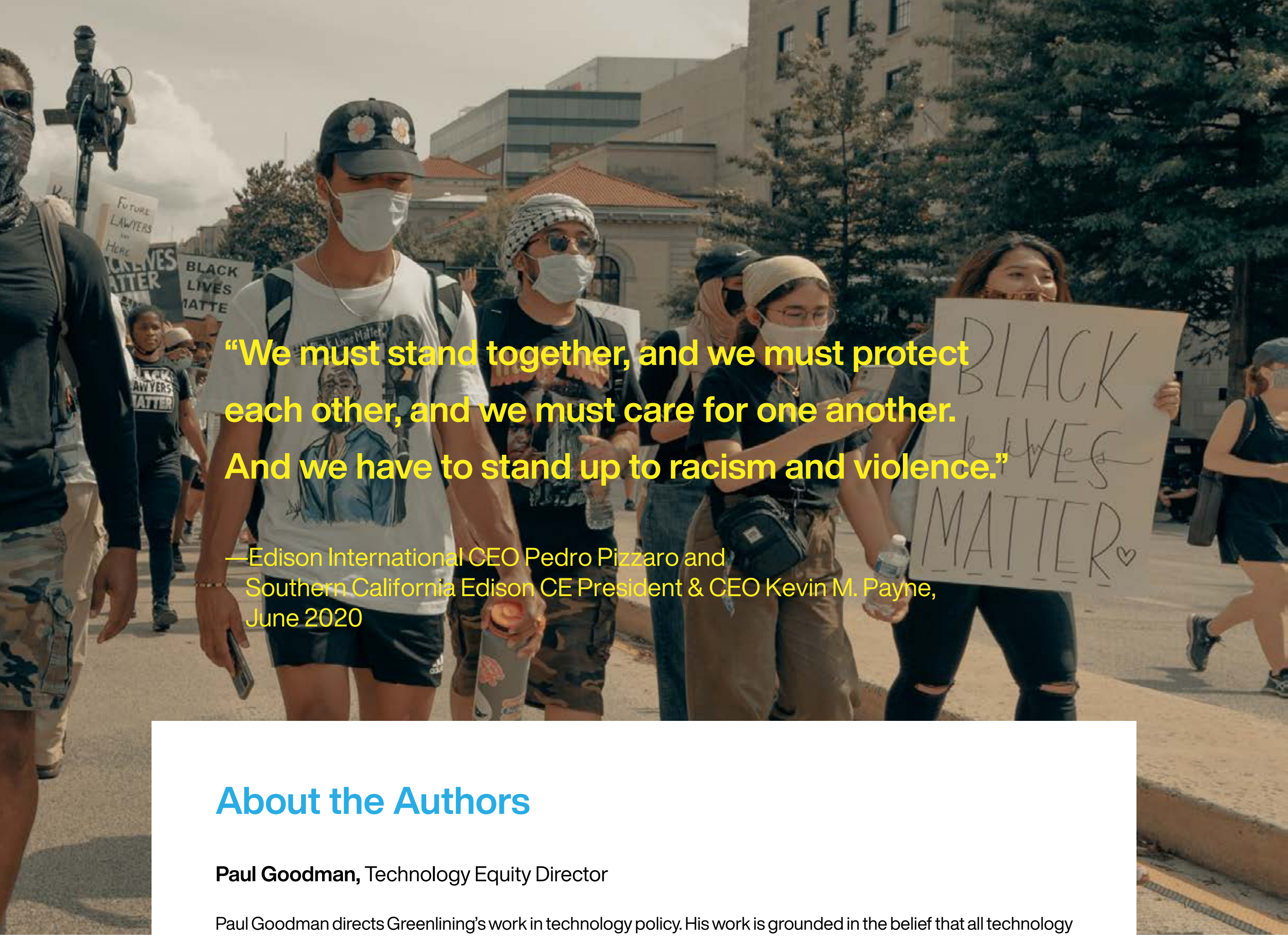
Acknowledgments

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. 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 Technology Equity Teams

The Greenlining Institute's Energy Equity and Technology Equity teams 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.



"We must stand together, and we must protect each other, and we must care for one another. And we have to stand up to racism and violence."

—Edison International CEO Pedro Pizzaro and
Southern California Edison CE President & CEO Kevin M. Payne,
June 2020

About the Authors

Paul Goodman, Technology Equity Director

Paul Goodman directs Greenlining'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 Greenlining, 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.

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Gissela Moya is Greenlining's 2019-20 Technology Equity Fellow and works with the Tech Equity team on issues including broadband access, privacy and algorithmic equity. She holds a B.A. in political science from UC Berkeley and strongly believes we must deliberately invest in communities of color to ensure an equitable future. She is the co-author of Greenlining's recent report, On the Wrong Side of the Digital Divide: Life Without Internet Access, and Why We Must Fix it in the Age of COVID-19. Her most recent work regarding broadband access and the impacts of the 2020 digital census on communities of color has been featured in the San Francisco Chronicle, The Progressive, Forbes and other media outlets.

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Endnotes

1 While the authors are responsible for analyzing the companies' performance and assigning grades, Greenlining's energy team does provide input into the performance of the energy companies and has the ability to adjust the grades for those companies.

2 GO 156 and California Public Utilities Code section 8281 refer to this category as "African American Business Enterprises." In this report, we refer to this category as Black-owned businesses, as the term is more inclusive of the collective experiences of the U.S. Black population.

3 GO 156 and California Public Utilities Code section 8281 refer to this category as "LGBT Business Enterprises" or "LGBTBEs." In this report, we refer to this category as LGBTQ, as it is more inclusive of those who, for personal or political reasons, do not feel represented by lesbian, gay, bisexual or transgender identifiers.

4 Joint Applicants' Reply Comments to Intervenor's Opening Comments on Proposed Decision, April 9, 2020 at p. 1, note 3, In the Matter of the Joint Application of Sprint Spectrum L.P. (U-3062-C), and Virgin Mobile USA, L.P. (U-4327-C) and T-Mobile USA, Inc., a Delaware Corporation for Review of Wireless Transfer Notification per Commission Decision 95-10-032, A.18-07-011 & A.18-07-012 (Apr. 9, 2020), available at https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M332/K175/332175027.PDF (last accessed Aug. 16, 2020); id. at p. 55. Additionally, less than three months after the Commission approved the merger, T-Mobile petitioned the Commission to remove some of the merger's conditions (unrelated to supplier diversity). Joint Applicants' Petition for Modification of Decision 20-04-008 (June 23, 2020), In the Matter of the Joint Application of Sprint Spectrum L.P. (U-3062-C), and Virgin Mobile USA, L.P. (U-4327-C) and T-Mobile USA, Inc., a Delaware Corporation for Review of Wireless Transfer Notification per Commission Decision 95-10-032, A.18-07-011 & A.18-07-012 (Apr. 9, 2020), available at https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M340/K668/340668671.PDF (last accessed August 16, 2020).

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