



A Path Toward Successful Supplier Diversity by Utility Companies

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Illinois Commerce Commission

Supplier Diversity Series: Policy Session 2

Chicago, Illinois



Hispanics In Energy

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Fact

The California Public Utilities Commission has, since 2003, led the country's most robust and highly successful supplier diversity initiative in America. Overall supplier diversity spend has climbed from \$1 billion in 2003 to \$8.5 billion in 2014.

2013 Supplier Diversity Spend

• Pacific Gas & Electric	42.1%	\$2.3 billion
• Southern California Edison	41.0%	\$1.4 billion
• Southern California Gas	45.4%	\$0.4 billion
• San Diego Gas & Electric	44.9%	\$0.5 billion

Detailed reports may be viewed in their entirety at www.cpuc.ca.gov



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LAYING A FOUNDATION

Former California
Assemblymember
Gwen Moore, Author



- **Legislation in 1988 required the California Public Utilities Commission (CPUC) to create General Order 156 in 1988**
 - Established supplier diversity goals
 - Created a process to validate diversity
 - Created a data gathering system to collect supplier diversity spend from utilities
 - Requires utilities to submit supplier diversity spend information by March 1
- **Michael R. Peevey**, appointed president of the CPUC in 2002, champions General Order 156. He held the first all day CPUC hearing on the subject. Every year he invites company CEOs to join in the public conversation. He has done this, with the support of the four commissioners, for 11 straight years.
- **California Utilities Diversity Council (CUDC)**, an ad hoc group of stakeholder representatives, was created in 2003 to harness the good-will and interest in promoting diversity in five key areas: procurement, employment, governance, philanthropy and customer service.

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LAYING A FOUNDATION

- **Assessing the landscape** by reviewing the ethnic, gender and racial profiles of diverse businesses in the State from the U.S. Census
- **Creating executive corporate commitment** “It’s in the company’s DNA” is a common corporate executive statement.
- **Creating effective outreach** is paramount to a robust supplier diversity program this may mean allocating sufficient resources to reach out to diverse trade associations, attend their events and organize match-making sessions
- **Metrics to measure progress**, this includes having a Clearinghouse Certification or similar resource that is connected to the supply chain making decisions and thus becomes reportable to the Commission’s ability to assess progress in supplier diversity

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An Executive Discussion about Commitment

- **Annual Public Conversations with Utility Executives and members of the Illinois Commerce Commission with community participation can go a long way ...**



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Create Effective Outreach

- **Legal Services**
- **Consulting Services**
- **Power Purchasing Agreements**
- **Construction**
- **Financial Services**
- **Advertising and Media**

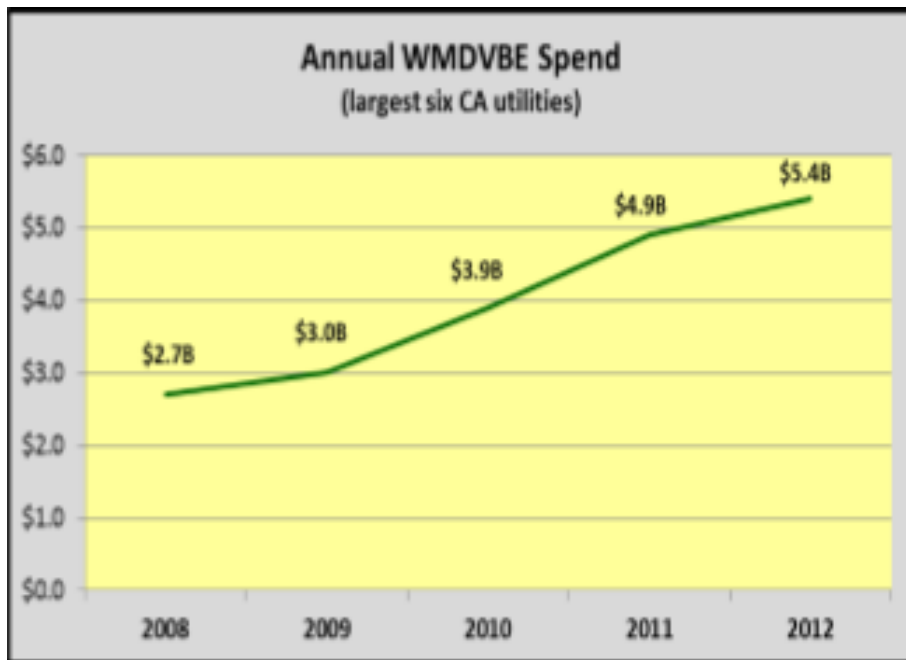


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Metrics is how you measure progress:



Company	Total Procurement Spend Billions	Total Diversity Spend Billions	African American Spend Millions	Asian American Spend Millions	Latino/Hispanic Spend Millions	Native American Spend Millions	Women Owned Spend Millions	DVBE Spend Millions	Other Spend Millions
SCE	4.0	1.5	183.6	240.8	359.7	38.3	655.7	40.8	2.8
PG&E	5.3	2.1	355.8	289.8	460.6	171.6	658.9	115.1	None
SDG&E	1.2	0.4	46.5	47.8	122.5	31.7	144.6	42.0	3.9
SoCal Gas	0.8	0.3	53.6	38.2	125.5	7.6	107.5	14.9	0.7
AT&T	2.3	1.0	108.7	137.7	375.0	12.4	267.6	113.2	0.5
Verizon	0.2	0.1	11.7	10.0	215.5	6.8	59.7	4.1	None
Spend \$	\$13.8	\$5.4	\$759.9	\$764.3	\$1,658.8	\$268.4	\$1,894.0	\$330.1	\$7.9
Spend %		39.6%	13.8%	13.9%	26.6%	4.9%	34.4%	6.0%	0.1%

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Suggestions for the Illinois Commerce Commission and Utility Executives

- **Mr. Ron Litzinger**, president of Southern California Edison (SCE), is available to speak by phone about SCE's experience in supplier diversity
- Consider creating an ad hoc **Illinois Utilities Diversity Council** with key stakeholder representatives to map out a course for a robust supplier diversity program
- We are available to provide consultation for public, private and community sectors to help develop a robust supplier diversity program for Illinois



We thank the
Illinois Commerce Commission
for inviting us to share our
experiences and perspectives.

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