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**BEFORE THE PUBLIC UTILITIES COMMISSION OF  
THE STATE OF CALIFORNIA**

Order Instituting Rulemaking for the Purpose of Reviewing  
and Potentially Amending General Order 156 and to  
Consider Other Measures to Promote Economic  
Efficiencies of an Expanded Supplier Base and to Examine  
the Composition of the Utilities' Workforce.

Rulemaking 09-07-027  
(Filed July 30, 2009)

**COMMENTS OF THE GREENLINING INSTITUTE ON THE STAFF REPORT:  
WORKSHOP ON "UNDERUTILIZED AREAS"**

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June 10, 2010

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

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**I. INTRODUCTION**

The Greenlining Institute ("Greenlining") respectfully submits the following comments to the California Public Utilities Commission ("Commission"), in response to the Utility Supplier Diversity Program Staff Report on the Workshop on "Underutilized Areas" ("Staff Report") ("Workshop"). The workshop was held on May 5, 2010, in Los Angeles. Its purpose was to elicit solutions to the underutilization of diverse business enterprises ("DBEs") in the utilities' top five underutilized areas: Financial Services, Legal Services, Consultant Services, Insurance, and Advertising.<sup>1</sup>

**II. DISCUSSION**

Greenlining thanks the Supplier Diversity Program Staff for conducting the Underutilized Areas Workshop and for providing a comprehensive Staff Report. Several useful best practices were identified through the process, and Greenlining appreciates the opportunity to comment on them in these Comments. These Comments will first address one essential practice overlooked in the Staff Recommendations, and then proceed to address key aspects of the included Recommendations.

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<sup>1</sup> Staff Report, p. 1.

**A. Staff should emphasize the importance of facilitating relationships between company decision-makers and diverse businesses**

The Staff Report aptly notes that “supplier diversity is an economic development initiative.”<sup>2</sup> It is an evolution of business practices to reflect the diverse nature of the modern economy, and nowhere is this more true than in California. In business, a company’s established practices may be the arteries, but the blood flowing through them is relationships, between individuals and between businesses. In order for supplier diversity to succeed, the company’s commitment must extend not only through the procurement process, but all the way to the valuable interpersonal and inter-business networks between line-of-business decision-makers and potential business partners.

Several parties noted that utility supplier diversity departments can play a key role in facilitating these relationships,<sup>3</sup> yet the Staff Report’s recommendations make no mention of either the practice or the possibility of recommending that the Commission support it. This practice goes hand in hand with the practice of involving utility Supplier Diversity staff in the early stages of sourcing and procurement, which the Staff Report recommends.<sup>4</sup> Both work together to ensure that supplier diversity really is part of a company’s DNA, and not an afterthought. Greenlining urges staff to re-examine this essential solution, and find it worthy of Commission encouragement, at a minimum.

**B. Comments on Staff Recommendations**

Greenlining supports all of the recommendations included in the Staff Report. As such, though these comments focus on only a few areas on which there is more to be said, the absence of any specific comment should not be construed to indicate lack of support.

*i. Prime Contractor Programs*

Greenlining notes that generally speaking, the utilities with the most assertive Prime Contractor Programs are also those with the most successful supplier diversity programs

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<sup>2</sup> Staff Report, p. 20.

<sup>3</sup> See Staff Report, pp. 5 (Gray, Greer, Shelby & Vaughn LLC), 9 (AICC).

<sup>4</sup> Staff Report, pp. 16-17.

generally. These are the companies that strategically employ their status as valuable customers of their prime contractors when encouraging primes to engage in meaningful supplier diversity efforts. They also provide guidance to primes as they get their programs up and running. The degree to which a utility will be successful in its Prime Contractor Programs depends on how much weight the company is willing to put behind it. Thus far, results demonstrate that the investment pays off.

*ii. Transparency*

Greenlining wholeheartedly supports efforts to improve transparency around upcoming contracting opportunities,<sup>5</sup> and offers only one comment in support. Transparency and the knowledge it enables is only valuable to the extent that the procurement process and the business relationships that fuel it are accessible to DBEs, as mentioned above. These two measures go hand in hand, and both are essential to ensuring that procurement, and consequently economic development, are equitable.

*iii. Niche Approach*

Staff's recommendation that DBE stakeholders host events to introduce emerging diverse businesses to established diverse businesses<sup>6</sup> is a good one, and Greenlining would be happy to participate in such efforts. However, this recommendation could be more successful if it is more strategically focused. Greenlining recommends that matchmaking between emerging and established diverse businesses be more proactive, focusing on establishing mentoring relationships between the two. This individualized advice and counsel from a business that has already cut its proverbial teeth as a diverse business in the industry will be of great value to the emerging diverse business.

For more general networking, Greenlining recommends that the Commission focus on the industry specific workshops that have been a recurring theme in this proceeding. The format of these workshops is discussed in the following section, but pertinent to this section it should be

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<sup>5</sup> See Staff Report, p. 17.

<sup>6</sup> Staff Report, p. 18.

noted that these events can serve two purposes – they can facilitate mentorship as well as subcontracting/partner relationships.

*iv. Industry Specific Workshops*

Greenlining agrees with Staff that utilities should host industry-specific workshops,<sup>7</sup> but urges Staff to recommend that the Commission at a minimum co-host the workshops with the utilities. On a purely practical level, it has been noted elsewhere in this proceeding that the Commission's influence carries a great deal of weight in a prime contractor's decision to attend such an event, especially among the larger companies that are poised to secure the utilities' larger contracts.

Individual Commissioners of course can, and no doubt will, fill in where gaps are perceived, but that should not be the extent of the Commission's involvement in encouraging prime contractors to invest in supplier diversity. GO 156 and supplier diversity generally are policy priorities of the Commission, and as such it should not hesitate to throw its weight behind the program's success.

**III. CONCLUSION**

Again, Greenlining thanks the Supplier Diversity Staff for its diligent efforts to move the supplier diversity conversation forward. These efforts will benefit utilities, diverse businesses, and California's overall economic prospects. With the few but significant amendments discussed above, Greenlining concurs with the conclusions drawn and recommendations set forth in the Staff Report.

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<sup>7</sup> Staff Report, pp. 18-19.

Dated: June 14, 2010

Respectfully submitted,

/s/ Samuel S. Kang

Samuel S. Kang

Managing Attorney

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/s/ Stephanie C. Chen

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**CERTIFICATE OF SERVICE**

I, Stephanie Chen, am 18 years of age or older and a non-party to the within proceeding. I hereby certify that I have this day served a copy of

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on all known parties to R.09-07-027 transmitting an e-mail message with the document attached to each party named in the official service list and by faxing or mailing a properly addressed copy by first-class mail with postage prepaid to those whose e-mail address is not available.

I certify that the foregoing is true and correct.

Executed in Berkeley, California on June 10, 2010

/s/ Stephanie C. Chen  
Stephanie C. Chen

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