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# ATTACHMENT A
# SUMMARY OF RESPONSES, OPENING COMMENTS & REPLY COMMENTS

The OIR asked for input from energy, telecommunications, and water utility companies, as well as diverse community organizations representing business enterprises owned by women, minorities, and disabled veterans, and other groups interested in diversity in the utility supply chain and workforce. The 16 questions covered a variety of topics related to General Order (GO) 156, and some questions specifically requested performance information from utility companies covered by GO 156. All those who submitted Responses or Opening or Reply Comments have become parties to this rulemaking. The parties submitted specific responses to some or all of the questions, as well as other ideas and requests for action by the Commission. The various responses and comments are summarized below by categories, some of which reflect combinations of OIR questions related to the same topic. This summary is intended to be detailed but not wholly exhaustive as to each and every fact, claim, or request made in the filed remarks.

In this summary, there are individual references to Woman-owned Business Enterprises (WBEs), Minority-owned Business Enterprises (MBEs), and Disabled Veteran-owned Business Enterprises (DVBEs), where applicable. In addition, for the benefit of the reader, the term "Diverse Business Enterprise (DBE)" is used when the context refers to the combined types of business enterprises covered by GO 156.

**1. Achievement of Supplier Diversity; Outreach Efforts**

The eleven largest telecommunications and energy utility companies account for almost 97% of the total procurement spend. Total utility spending on DBE procurement rose from $2.80 billion in 2007 to $3.47 billion in 2008, an increase of 23.93%, while at the same time the DBE portion of procurement dropped from 14.57% in 2007 to 13.19% in 2008.[1]

For 2008, four of the largest utilities-- Southern California Gas Company (SCG), San Diego Gas & Electric Company (SDG&E), AT&T California, and Verizon California—all reported about or above 30% aggregate procurement from DBEs. Pacific Gas and Electric Company (PG&E) achieved 23.9% and Southern California Edison Company (SCE) achieved 20% aggregate DBE procurement.[2] Overall, most of the state's covered utilities did not meet the 21.5% aggregate goal for DBE procurement in 2009.[3] None of the reporting utilities achieved the 1.5% goal for DVBE's. None of the telecommunications affiliate, wireless, or small companies came close to achieving the aggregate goal for DBEs, with many reporting under 6.0%. Similarly, water companies that recently embraced GO 156 goals are a long way from achieving the current targets, all reporting less than 10% aggregate spend in 2008 except for San Jose Water Company which reported 10.8%.

Each of the responding utilities stressed their commitment to achieving the goals and described their own participation in programs,

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[1] Year 2008 Utility Procurement of Goods, Services, and Fuel from Women-, Minority-, and Disabled Veteran-owned Business Enterprises (Utility Procurement Report), at 1.

[2] Utility Procurement Report, at 1.

[3] Id.

events, financial support, in-kind donations, technical assistance, education, and networking in order to improve diversity in their supplier chains. Among those that meet the aggregate goal, useful ideas include a specially hired consultant to assist DVBEs, training and regular coordination of internal supply managers, and working with community groups to standardize and expand supplier profiles. While all claim to "encourage" their large or prime contractors to include diverse subcontractors, AT&T holds prime contractor training sessions to expand diverse subcontracting and SCE now requires suppliers to submit a subcontracting and reporting plan on all Requests for Proposals (RFPs) of $250,000 or more, an amount lower than the $500,000 and $1 million thresholds in § 6.3 of GO 156.

However, the wireless companies argue that their numbers are improperly skewed low because of the unique characteristics of their industry. They claim that imported handsets and data chips, their biggest spend area, predominately come from foreign suppliers who ship to California ports causing the costs to be included in CA spend for purposes of calculating their performance under GO 156. Some claim there are simply no DBEs available in this procurement area. CTIA, the wireless association, asks the Commission to do an availability study to demonstrate the lack of DBEs for their primary procurement areas.

Most community groups applauded efforts by the utilities to increase supplier diversity and acknowledged utility outreach efforts as both intrinsically good and beneficial to the utility companies and their service communities. Yet all said more could be done to expand opportunities and increase DBE participation.

**2. Concentration in Certain Procurement Areas**

Based on the annual GO 156 reports submitted by the covered utility companies, DBE procurement dollars are often concentrated in certain procurement areas, as referenced in the OIR. Section 8.11 of GO 156 asks each utility to make "special efforts" to increase use and encourage DBE entry into the market place in categories where there has been low use of DBEs, such as legal and financial services, fuel procurement, and technical areas. The Commission began a concentrated effort in 2005 to assist the utilities in developing a larger base of suppliers in underutilized areas through hosted networking events and other activities. In 2008, the reported numbers showed continued improvement in both legal and financial procurement, including four times more dollars spent on financial services from DBEs in 2008 than in 2007. AT&T California has the highest achievement in financial services at 18.92% and SCG had the highest achievement in legal services at 42.72%.[4] Other companies had little spend in these areas.

Several parties remarked on the lack of availability of DBEs in some procurement or geographic areas and suggested the Commission undertake a study to identify available DBEs, as well as areas without significant DBE presence. Verizon took issue with the concepts of saturation and under-utilization noting that not all utilities have spend in all procurement areas.

The major energy and telecommunications companies generally described a broad range of efforts and strategies undertaken to support development of DBEs in legal, financial and technical procurement areas

[4] Utility Procurement Report, at 14.

and the resulting increases in their spend. For example, in addition to hosting networking and assistance events, SDG&E/SCG and SCE met with major law firms and asked for placement of diverse attorneys in leadership positions on utility work, pointing to their own internally diverse legal departments. Partnering and one-on-one assistance and mentoring of DBEs are also seen as useful. Several companies, including AT&T, PG&E, and SCE, described pipeline initiatives like supporting minority bar associations and funding law minority student scholarships.

Several initiatives are also underway to identify opportunities in the financial services area, including deposits in minority banks and use of DBEs in stock trading, auditing, investment management, and commercial paper transactions. There was support for better forecasting upcoming needs to target procurement areas in time to identify and assist DBEs. The comments reflect a need to enhance efforts to partner with individual DBEs for technical assistance, building DBE relationships with procurement managers, and to identify new DBEs and get them certified.

On the other hand, CWA said that "blue collar" procurement areas comprise the majority of water company spend, and while the Commission's "New Connections" and other events have helped introduce them to financial services DBEs, the small size of the available work is not attractive to many DBEs, even if their members could find them. CWA suggests that its numbers in these areas would improve if water companies did better record-keeping and the Commission allowed them partial credit for diverse professionals at non-DBE firms assigned to their work.

Greenlining commented that the problem is largely a lack of creative thinking and made several suggestions: set goals for 1st tier providers to use diverse sub-contractors, open smaller contracts in these areas through unbundling large contracts, and provide more support for pipeline initiatives that develop DBEs in underused areas. These suggestions mirror widespread comment from minority organizations that seek more help in developing DBEs in more procurement areas.

**3. Barriers to Achievement of GO 156 Goals**

Many DBEs are established companies and very competitive in their procurement bids. However, many others face an array of obstacles to success, particularly in certain procurement areas. Some consensus emerged among parties as to the biggest barriers many DBEs face in becoming competitive, and several suggestions for improvement were shared by both utilities and DBEs.

From the DBE side, the main barriers are access to capital, high bonding and insurance requirements, limited capacity, cumbersome certification process, lack of knowledge of RFP opportunities and bid feedback, and resistance by some prime contractors to including DBEs as sub-contractors. From the utility side, the problems cited include a lack of certified DBEs, inadequate experience and knowledge about the industries, lack of sophistication in the bid process, inability to deal with large projects, existing long-term procurement relationships, cheaper foreign sources for big ticket items, and resistance by prime contractors to including DBEs for sub-contracts.

Most parties want to establish better, larger and easily accessible lists of certified DBEs and many suggest streamlining certification

including recognition of other certifications or a limited process for small DBEs and contracts.[5] It appears there may be multiple DVBE supplier lists, and CDVA may be at the front of the effort to integrate these potential suppliers into an accessible database. Parties also suggested there should be forums for sharing best practices to recruit and mentor DBEs, more technical assistance in bid preparation, unbundling of large projects into smaller contracts, and the utilities themselves asked the Commission to invite the main prime contractors for an educational session about the importance of diversity in sub-contracting. Verizon requires its prime contractors to web report their spend with DBE sub-contracts. However, the telecommunications companies jointly said that requests to unbundle contracts or promote DBE access to capital exceed the Commission's authority.

Greenlining emphasized the need for better access to Request For Proposal (RFP) information and suggested the information be posted prominently on utility websites with a subscription function so DBEs could sign up early for notice of relevant bid opportunities. SCE suggested the joint utilities fund a scholarship to help high potential DBEs, while BEC had a similar idea to fund capacity building, bid cooperatives, and technical assistance. The APCC thought a review of the effectiveness of current utility practices would be useful.

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[5] Resolution Exec-001, adopted July 9, 2009, addresses the certification concerns by implementing a more streamlined certification process, including on-line application, reduced documentation, fast-track for small WMBEs, and recognition of certifications from either National Minority Supplier Development Council or Women's Business Enterprise National Council.

Some energy companies are pursuing the idea of linking investment in minority banks with access to capital for DBEs. SDG&E sponsored an access to capital workshop, referred DBEs to lenders, and is helping develop financing tools. A few parties favorably pointed out that DBEs have started to form cooperatives to submit bids on larger projects. Greenlining agreed that sharing of practices could be useful but joined many DBE parties in the view that there was no substitute for one-on-one, hands-on mentoring of individual DBEs.

**4. Should the Target Goals be Increased?**

A clear division of thought appeared between utilities and other parties on the question of whether the GO 156 target goals should be increased, particularly to achieve more balance among procurement areas. Most community groups were in support, including addition of new target areas or groups, and most utilities were not. Former Assemblywoman Gwen Moore, author of PUC §§ 8281-8286 which set forth the target goals adopted in GO 156, suggested a 10% aggregate increase if a company has met the goals, and if not, then find out why and require the company to create and follow a strategic plan to meet them.

After stating a commitment to the goals of supplier diversity, the energy and telecommunication utilities, through each industry's joint comments, rejected any increase as likely to lead to improved results. The utilities contend that they are largely making the diversity program work already, they are self-motivated, and the Commission should instead focus on promoting best practices and recognizing the unique procurement needs of each individual utility. For example, the wireless companies argue they have unique procurement challenges related to the

type of supplies purchased. Similarly, the water companies do a lot of business with government entities and have trouble finding DBEs in rural areas. Furthermore, most utilities point to the aspirational goals as arbitrary and suggest that any changes would be similarly arbitrary absent an availability study to establish a legal basis for the change.

The individual utility company comments were more refined, but generally based in their own self-stated commitments to supplier diversity as a good business practice. SCE said it understood the need for target goals but thought companies should be evaluated on their overall benefit to the community including their efforts for supplier development, number of new DBEs actually getting contracts, mentoring, educational assistance, outreach & support for the DBEs. If goals were to change, SCE requested a realistic time frame for implementation. SDG&E/SCG, PG&E, AT&T and affiliates, and Verizon clearly oppose increased goals on both legal grounds and the implicit failure to recognize unique supply characteristics and business needs of individual companies, instead suggesting the Commission work with each company to improve, with at least one suggesting single company goals to address chronic underperformance.

In stark contrast, the community groups generally support an increase in the aggregate goal, a focus on improving underperforming utilities, and increasing or adding target goals. For example, Greenlining suggested immediately increasing the MBE goal to 25%. BEC asked for a 30% MBE goal, a 2% goal for African-American women-owned businesses, and 5-6% for all African American-owned businesses. The CHCC agrees the MBE goal is too low and thinks the goals should mirror the state's

population, an idea embraced by Greenlining and APCC. CHCC also wants the Commission to adopt area-specific goals (e.g., legal services, green procurement.) Disabled veterans groups described the low performance of utilities in meeting this goal and also argued it was too low. The CA Department of Veterans Affairs said the DVBE goals should be increased to 3%. In addition, some groups thought that goals should apply to prime contractors. American Indians and disabled persons asked to be included in GO 156 reporting and certification, and to be added to the target goals.

SDG&E/SCG disagreed and said the original purpose of GO 156 was to overcome past discrimination and there is no data to show DBEs mirror the state's population. Therefore, adjusting goals to the state's demographics lacks basis and could interfere with getting the best price for ratepayers.

**5. Affiliates and Holding Companies**

Greenlining reviewed accessibility of Supplier Diversity program information on utility websites as a measure of the parent company's commitment beyond the regulated utility. It concluded that the large energy utilities confined diversity program references to the regulated utility companies, while the large telecommunications companies did not. The utility comments conform to this observation.

PG&E merely said its parent "strongly supports" the utility's supplier diversity program, similar to SCE's description of its affiliates (its parent is merely a holding company.) SPPC's parent has no supplier diversity program, and PacifiCorp said it had no knowledge of its affiliates' practices but thought they had developed such policies. In

contrast, AT&T described its universal supplier diversity program for all its companies, regulated and non-regulated, as did SureWest and Verizon. CWA commented that many of its members extend supplier diversity to all areas of corporate procurement, and purchase from non-regulated affiliates only to get the best price.

BEC, CHCC, and APCC all asked the Commission to require that utilities extend their supplier diversity programs and goals to all affiliated companies.

**6. Holding workshops and hearings**

Nearly all parties said that past workshops and seminars sponsored by the Commission have been helpful toward achieving supplier diversity goals, particularly the Small Business Expos, networking and best practices forums, and the "New Connections" events. They all encouraged the Commission to continue. Greenlining observed that spotlighting issues, like spend for legal services, has led to tangible results. These types of events are especially of interest to smaller utilities, water companies, and DBEs. PWC noted it cannot always attend such events and asked for access to the information or additional outreach.

Energy utilities and community groups agreed that going forward, new workshops could be helpful if focused on various specific concerns (e.g., lack of available DBEs in some areas, targeted procurement areas, access to capital, businesses owned by women of color and minority disabled veterans, the bid process, green procurement opportunities, and expansion of GO 156 to include wireless and cable companies.) The telecommunications companies questioned whether any additional forums for dialogue were necessary, with the exception that Verizon thought one

moderated Question and Answer panel with a networking component for targeted procurement could be useful. However, AT&T suggested some other workshop topics including energy efficiency, prime contractors, and small utility pipelines for DBEs. On the other hand, AICC advised the Commission to "stop the talk" and get utilities to report now on use of American Indian businesses.

The parties have significant disagreement about whether to hold hearings in this rulemaking. Community groups generally favored holding several broad topic hearings statewide, bringing in national experts, questioning utility company officers, and adding more community groups and DBEs to the mix. Some groups even called for "up-front" funding to participate in such hearings, but failed to cite any authority for the Commission to provide it. The utilities favor workshops as more conducive to informative dialogue, but some also called for a procedural schedule that would delay the workshops to allow for preliminary legal briefings or challenges if the scope of the proceeding ultimately includes certain issues (e.g., increased target goals, workforce diversity goals.)

**7. Reporting on Economic Benefits of Supplier Diversity**

There was broad support for the view that a strong supplier diversity program is a good business practice that results in competitive pricing and community benefits (e.g., job creation) that return to the utility. However, there was also a clear difference of opinion between the utilities and most other parties as to whether the Commission should require utilities to report on economic benefits realized from the implementation of the GO 156 supplier diversity program. Several

community groups want the reporting, but the utilities widely think it is an unnecessary diversion of resources.

All of the utilities, except for PacifiCorp which took no position, opposed any new reporting requirement primarily due to limited available program resources, measurement difficulties, and the inherent lack of recognition of important intangible benefits. For example, the joint energy utilities objected to gathering such data, even if they knew how, because it would use limited staff time and resources better spent developing new DBEs and contract opportunities. They acknowledged that working with diverse suppliers results in economic benefits already captured in the price paid for goods and services, however, they also said such focus devalues intangible benefits such as job creation and community investment. These views were echoed by the individual energy utilities which agreed that economic benefits result but also emphasized the successes of the supplier diversity program as shown by vast growth of DBE's in number of employees and annual revenue.

The joint telecommunication utilities similarly objected to a diversion of resources better used to promote the development of DBEs and contracting opportunities. They also questioned whether all utilities would realize economic benefits. AT&T affirmed that supplier diversity makes good business sense, but was concerned that a "perception" of economic benefits was less of a reliable indicator of program success than actual spend on DBE contracts. CWA agreed, noting that when a DBE gets a contract it can be assumed that cost effectiveness and economic benefits have been realized. Finally, many of the utilities questioned how to

measure economic benefits and some suggested that community groups or socio-economic experts were better positioned to analyze the question.

In contrast, the CHCC, BEC and Greenlining all said that the Commission should require utilities to report on economic benefits, yet noted some concerns. CHCC agreed with the utilities that there were other indicators of the program's success and Greenlining cautioned that areas of DBE oversaturation may not result in measurable economic benefits. Notably, AICC opposed such reporting by the utilities but may have understood the question differently because it commented that it was intuitive that DBE contracting would provide economic benefits to the American Indian community. Furthermore, APCC reserved comment in part because it wasn't sure the utilities had the capability to measure such benefits.

**8. Green categories, new markets, separate reporting**

The utilities generally said that as new procurement areas emerge, they are already included in the reported California procurement spend and they look for opportunities to use DBEs. All utilities thought there were opportunities in so-called "green" procurement but each utility area had slightly different thoughts on what that meant for their industry. Additional disagreement was expressed over whether the markets are sufficiently ripe for DBE development and/or any target diversity goals.

For example, the large energy companies offered lists of "green" contract areas in which they are actively looking for DBEs, including product development for PG&E's Smartmeter, infrastructure for alternative fueled vehicles, support jobs for SCE's solar rooftop project (e.g., materials, system design & engineering, installation, repair &

maintenance, etc.), and energy efficiency initiatives. SDG&E reported that 25% of its energy efficiency spend already goes to DBEs, suggesting this is a developed market. Some, including PacifiCorp and SPPC, cautioned that there are few DBE suppliers in some of these areas and the Commission should not include "green" expenditures in the utility base. Additionally, all three major energy companies expressly oppose inclusion of renewable energy contracts as part of GO 156 on the grounds that there are already many factors in RPS selection and adding diversity could skew costs or impede the goals for renewables in their portfolio. The energy companies would prefer to monitor green energy markets, like the Commission does for natural gas, and add them to GO 156 as DBEs become more competitive.

AT&T and Verizon appear to have embraced the idea of going "green." AT&T says it considers whether its suppliers use green practices, is converting its vehicle fleet to alternative fuels, and works nationally with DBEs to ensure they incorporate new technologies. Verizon observed that many DBEs should focus their skills in green technologies, and cited numerous areas it considers green procurement (e.g., energy conservation, recycling, solar panels at remote cell sites, hydrogen fuel cells, environmental site assessments, mitigation of contamination, and waste reduction and disposal.) Notably, SureWest said it hasn't found any "green" procurement opportunities. CWA said its members were looking at purchased energy and fuel, water quality, and water conservation where growing markets were attracting diverse suppliers who may need some mentoring to develop.

Greenlining thought it was "imperative" to apply diversity goals to RPS contracts, distributed generation, and energy efficiency contracts because it leads to more suppliers which results in lower costs to ratepayers. It said these markets are active markets already, cited the recent hiring of a supplier diversity manager by a solar company, and disputed that any delay would be appropriate based on market size because diversity goals do not impede market development. Other community groups and the CDVA also fully embraced inclusion of green contracting in diversity target goals. BEC asked for a special effort to bring in DBEs in renewable energy, natural gas, and nuclear generation. AICC pointed favorably to Sempra's wind project with a Southern California tribe as a good example. CHCC targeted green areas similar to those identified by energy companies and added internet-based technologies increasingly used by telecommunications companies.

**9. Workforce diversity**

A. Breakdown by Gender and Ethnicity

In general, minority employees are growing and advancing faster than women employees as part of utility workforces. AT&T-CA and affiliates, SDG&E/SCG, SCE, PG&E, PacifiCorp, SPPC, and SureWest all provided responsive information about the diversity of their respective workforces. (SDG&E and SCG provided combined data; AT&T-CA submitted separate information for each affiliate.) However, the utilities as a group reported the gender and ethnicity of their workforces in different manners and over different time periods such that direct comparisons are difficult. Some used the requested categories, others used the Form EEO-1

categories used to report workforce data to the U.S. Government or used internally created categories.

Some reported data for the requested five years, others reported varying lesser time periods driven by availability or other factors. CWA provided limited aggregate data from its members. In addition, some utilities offered explanations and cautions about the data, citing recent actions or trends, geographic differentials, overtime pay, collective bargaining agreements, etc. An additional challenge is the incompatibility of percentage data from smaller companies to the larger companies when attempting to summarize any patterns because small companies may have few employees in a particular category and any changes or workforce reductions cause large percentage shifts.

Verizon chose not to report any data at all on the grounds that the Commission lacks authority to request it and the information is both sensitive and confidential. AT&T-CA, SDG&E/SCG, PG&E, and the Joint Telecom comments echoed the objection as to the Commission's authority, at least pursuant to GO 156. Some noted they voluntarily submit some workforce data to the CUDC for a limited aggregating purpose. Most objected to any inclusion of workforce diversity issues in this rulemaking. On the other side of the question, many community groups imply support for an examination of workforce diversity within this rulemaking. For example, APCC agrees that GO 156 does not mandate any required reporting, but asserts the OIR presents a "unique opportunity" to discuss the issue because of the broad goal of promoting diversity within the utility industries.

In a rough comparison of 2009 data (* indicates 2008), women at the large utilities hold between 23.8%* (PG&E) and 30%* (AT&T) of executive, officer, and high-paid managerial positions, and 20%-40% of such positions at the smaller utilities. With the exception of SCE (+2.5%) and SDG&E (+1%), the number of women in these important positions declined over the last few years. SCE was unique in reporting gains for women in all job categories, while SDG&E showed a small gain only in Service/Labor jobs. All other utilities and water companies, except for some AT&T affiliate categories, reported declines in the percent of women employees in each category over the preceding 3-5 years. CWA reported that women are an aggregate 27% of the total workforce at the water companies, a 1% decline from 2004. (SPPC only reported 2009 data.) There are significant numbers of professional and highly paid mid-level women at the large utilities, notably 39% of professionals at SDG&E/SCG and 35.1%* at AT&T. Yet, only 8% of the technical positions at SDG&E/SCG are women, a decline of 2% over five years.

On the other hand, the utilities reported increased ethnic diversity at nearly every utility and in nearly every category. Minorities account for an aggregate 43% of the total workforce at the water companies, an increase of 4% over five years. Current data show that at the large utilities, minorities hold between 20%* (AT&T) and 39% (SDG&E/SCG) of executive, officer, and high-paid managerial positions, and from 4.2% - 25.5% in smaller utilities. One pattern is that the percentages increase as salaries and responsibilities decline. For example, in mid-level positions earning over $125,000/yr, 32.8% at SCE, 26.2% at PG&E, and 29.8% at

AT&T-CA are minority employees. SDG&E/SCG reported that 47% of its professional staff and 44% of its technical staff is minority.

At the large companies, about half of the remaining workforce appears to be ethnic minority, with Hispanics and Asians generally having the dominate numbers where these groups are separately identified. SCE, PacifiCorp, SPPC, SureWest, and CWA broke down the ethnic composition of their workforce; SDG&E/SCG and AT&T simply reported "minority." For example, nearly 60% of SDG&E/SCG's Service/Labor category is identified as minority. More specifically, SCE reported that for employees earning less than $125,000/year 30.8% are Hispanic, 11.1% are Asian, and 9.4% are African-American. The water companies reported that an aggregate 24% of all employees are Hispanic, 9% are Asian, and 6% are African-American. SPPC and PacifiCorp are so much smaller and reflect few workers in each ethnic category as to be not comparable.

B. Recruitment, Training and Promotion

The utilities all said they had a strong corporate commitment to building a diverse workforce and the descriptions of each large utility's actions in recruitment, training, and promotion were somewhat similar. Training and promotion efforts were usually linked. For example, the large utilities identified employees working internally with diverse employee organizations, offering required and on-going diversity training for employees (especially recruiters and hiring managers), and providing leadership and career development impliedly with an eye to opening higher paying positions to underrepresented groups. PG&E said it had recently added two minority directors to its board and enumerated several diversity initiatives including a diversity action plan. AT&T-CA pointed

out that 43% of its 2008 promotions to management were minority employees and 42% were women.

Similarly, each utility described dedicated outreach efforts to recruit women and minority employees through a wide range of activities including targeted job fairs, connecting with community groups, working with educational institutions and professional organizations, internships, and mentoring programs. AT&T-CA said it sponsored many professional organizations focused on advancement of women and minority workers.

**10. Workforce pipeline – aging workforce**

There is general agreement among utilities and other parties that the utility workforce is aging and efforts need to be made to assure continuity, even as the utilities dispute that GO 156 provides any authority from Commission review. All the utilities said they engaged in various forms of robust succession planning to assure a diverse, skilled workforce is in place to assure operational integrity. SCE noted that workforce plans for key skill areas were presented in its most recent General Rate Case. Definitions of "retirement age" differed between the parties ranging from a company's pension eligibility rules to a fixed 65 years of age. Many parties (utilities and others), commented that retirement is hard to predict, particularly in times of economic recession or slowdown, because employees are working longer. Even so, all utilities said they make long-term plans for it and have in-house and external programs in place to assure a source of diverse skilled replacement workers. However, no metrics or results for such programs were described.

Nearly all the utilities said they had significant numbers of employees either eligible or nearly eligible to retire. Between 2006 and

2010, the portion of SCE's workforce eligible to retire will grow from 20% to 35%. For SDG&E and SCG about 21% and 24% of employees, respectively, are currently retirement eligible. The numbers are lower in the telecommunications area, with AT&T stating about 13% were eligible as of mid-2009 and an additional 7% will be approaching retirement within 10 years. CWA acknowledged the issue within the industry but offered no specific numbers.

However, there is disagreement as to the extent of that aging demographic across all utilities and the effectiveness of existing utility initiatives. For example, Verizon and SureWest both said they had few employees at or near retirement. Yet CUE believes the problem is larger than indicated by the utilities, at least at energy companies. It cites, as an example, a 2006 national study by the U.S. Department of Energy that found that up to 50% of the line worker workforce is expected to retire within the next 5-10 years in some electric utilities. CUE extrapolates projected retirements of PG&E and SCE service personnel and apparent reduced utility funding for apprenticeships as a basis to conclude that these utilities have failed to fund and support sufficient training to assure continuity of their skilled workforce. CUE relies on its testimony in PG&E's 2003 GRC and SCE's 2009 GRC, as well as the Legislature's statutory renewable energy goals, to argue that a clear correlation exists between staffing levels and a utility's reliability of service, the need for more infrastructures, and the capacity to meet renewables goals. Thus, CUE argued that workforce replacement issues should be included in the scope of this proceeding and recommended the Commission should do its own analysis of the demographic data.

Many job classifications, including skilled technical and engineering jobs, were specifically identified by the utilities which addressed the question of an aging workforce. Other comments were more general, including strategic and succession planning, readiness initiatives, and reviews of training lead times. All of the utilities described numerous established pipeline efforts which include sponsorship of diverse community organizations, outreach to unions to expand apprenticeships, support for math, science & technology programs from K-12 through technical schools, colleges and universities, targeted funding for "green" energy departments at universities, scholarships, and internal employee development including financial support for educational advancement. AT&T and Verizon also cited actions taken to bring technology to low-income households and to improve student achievement and technical literacy in middle and high schools.

By counterpoint, APCC, CHCC, AAV, and disabled veterans organizations all said they felt that there was inadequate outreach to community organizations for workforce pipeline efforts, with AAV questioning whether there was bureaucratic resistance within the utilities to such efforts. Both APCC and CHCC advocated for aggressive job training and mentoring in-house, and more resources committed to community colleges and other schools to ensure students have access to technical knowledge. AAV emphasized that workforce development begins in middle school. AICC focused on a request to improve funding for American Indian apprenticeships, and identified the federal Workforce Investment Act as a partnership vehicle for utilities to support Indian contractors and develop Indian employees through apprenticeships.

## 11. Proposed Amendments to GO 156 and other ideas

Throughout the responses and comments, parties made several suggestions to improve the GO 156 program or opposed specific ideas put forth by other parties, as discussed under the topics above. Some parties offered no suggested amendments to GO 156 and some utilities stated that no amendments were needed. For example, PG&E, AT&T, SPPC, CTIA, and CWA all said that it was more important to focus on development of DBE's, including creation of a complete and accessible database of DBEs. Community groups echoed the need for a more complete database and current supplier contacts at the utilities. SureWest asked the Commission to weigh the benefits of any proposed change against the costs before acting.

Various suggestions offered by the parties are divided below into two categories: amendments to GO 156 and other ideas that promote the underlying policies of GO 156.

1. <u>Amendments to GO 156</u>

- Revise DBE certification process to make it easier (Greenlining, APCC, AAV), including accept certifications and re-certifications from nationally recognized organizations (CWA, Verizon)
- Better communication of bid opportunities, feedback to DBEs (APCC, CDVA, Greenlining)
- Delete the CA residency requirement for DVBEs (Verizon, SCE); let utilities take "credit" for using any DGS-certified DVBE (SCE)
- Clarify which methods of procurement are covered by GO 156 (SCE)
- Add exclusions from reported spend where there are no DBEs, do availability studies (Verizon, Sprint, Ms. Moore); allow exclusion for foreign purchases received in CA (CTIA)
- Credit utilities for use of diverse professionals at non-DBE firms (CWA)
- Set target goal for CA-based businesses; get separate reporting (Greenlining, AAV)

- Set target goals for prime contractors, promote outreach to DBE sub-contractors (Greenlining, APCC); unbundle large contracts (CDVA, Greenlining)
- Add target goals or increase some or all existing target goals (Ms. Moore, Greenlining, BEC, AAV, CHCC, APCC, CDVA)
- Add reporting of economic benefits of program (AAV, CHCC)
- Standardize reporting categories (GGS&V, AAV)
- Apply GO 156 to the affiliated companies of regulated utilities (BEC, CHCC, APCC)
- Add other industry groups like wireless, cable, and VOIP (AAV, Ms. Moore); require reporting by independent energy producers and renewable energy producers that do business with utilities (AAV)
- Add American Indian as an underserved category (AICC)
- Support modification of statute to include disabled as separate underserved group (DRA)

2. <u>Other ideas to promote diversity</u>

- Provide one-on-one mentoring of DBEs by utilities
- Focus on target sub-groups like minority woman-owned and minority disabled veteran-owned businesses (AAV)
- Expand outreach and accessibility of DBE networking events to small utilities that cannot attend (PWC)
- Workshops on access to capital, capacity building, technical assistance for bids, bid cooperatives for large contracts (many)
- Workshop on promoting DBEs for "green" procurement, including energy efficiency, renewable energy contracts (many)
- Educate prime contractors about policy and benefits of supplier diversity goals (SDG&E/SCG, PG&E, AT&T)
- Expand measures of success in supplier diversity from just the percentage of total annual spend to include longer trends, support for community organizations and programs, etc. (SDG&E/SCG)
- Create incentives for utilities to make deposits in minority and community banks and work with the banks to promote lending to DBEs for capacity building (Greenlining)
- Create a joint utility/underserved community task force to get grant funding for capacity building, technical assistance, and bid cooperatives (AAV)

- Explore workforce replacement issues (CUE, APCC, CHCC, AAV, AICC)
- Promote supplier diversity programs to other state agencies and commissions (AT&T)
- Ask FCC to extend supplier diversity goals and reporting to internet companies in competition with utilities (AAV)
- Adopt philanthropy goals related to diversity activities, add reporting of spend by demographic categories, focus on re-investment in communities (AAV, CHCC, Greenlining)
- Adopt OIR on executive compensation that links pay to corporate responsibility and diversity results (AAV)

**(END OF ATTACHMENT A)**

**ATTACHMENT B**

California Small Business Association
P.O. Box 661235
Los Angeles, CA. 90066
Phone: 800-350-CSBA
Phone: 310-342-8218
Fax: 310-342-8219
Email: csba@csba.com

Society of Women Engineers
Bldg #1, 105 Naval Architecture
Berkeley, CA 94720
Ph: 510- 642-1369
societyofwomenengineers.swe.org
http://www.swe-goldenwest.org

AAUW California
PO Box 160067
Sacramento, CA 95816-0067
Phone: 916-448-7795
Fax: 916-448-1729
Email: office@aauw-ca.org

Women's Initiative
1398 Valencia St.
San Francisco, CA 94110
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Sandra Murillo, *Small Business Trainer*
415-641-3466 or smurillo@womensinitiative.org

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California Women Lawyers
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American Society of Women Accountants
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Gabrielle Rudolph
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Email: president@aswa-sf.org

California Women Business Owners
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Tarzana, CA 91357
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California Commission on the Status of Women
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Sacramento, CA 95814-2900
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Fax: 916-322-9466
Email: info@women.ca.gov

California Federation of Business and Professional Women -
http://www.bpwcal.org

National Association of Women Business Owners California -
http://www.nawbo-ca.org

NAWBO-CA
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President Elect **Carla Cobb Davis**
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**(END OF ATTACHMENT B)**