



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

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ORDER INSTITUTING RULEMAKING TO
REVIEW AND POTENTIALLY AMEND GENERAL ORDER
156, TO CONSIDER OTHER MEASURES TO PROMOTE
THE ECONOMIC EFFICIENCIES OF AN EXPANDED
SUPPLIER BASE, AND TO EXAMINE THE COMPOSITION
OF THE UTILITIES' WORKFORCE.

R. 09-07-027
(Filed July 30, 2009)

Technical Assistance and Capacity Building are the Key to Empowering Small Minority,
Women and Veteran-owned Businesses.

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October 26, 2010

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In conformance with the ALJ's ruling of August 26th, this response by the Black Economic Council, Mabuhay Alliance¹ and the Latino Business Chamber of Greater Los Angeles restricts itself to remarks on relevant information discussed at the Commission's October 12, 2010 *en banc* hearing.

The primary issue discussed, and apparently strongly supported by the four Commissioners present at the *en banc* hearing, is the use of technical assistance and capacity building to ensure that small diverse firms can effectively compete with large businesses in an efficient fashion that will increase diversity and decrease ratepayer costs. We incorporate by reference prior comments filed of August 5th "We Have a Long Way to Go" and July 15th, "Modification of ALJ's Ruling of July 15: the Need for More Input."

We also incorporate the October 12th *en banc* comments in support of far greater technical assistance and capacity building made by LBC, BEC and MA.

Of particular relevance are the comments of President Mike Peevey on October 16th at the Mabuhay Alliance's 7th Annual Economic Development conference as they pertain to the four Commissioners *en banc* emphasis on technical assistance and capacity building. President Peevey's comments are in accordance with comments made at the *en banc* proceeding by many of the nonprofit parties about the need for far more and better coordinated corporate technical assistance and capacity building if diverse small businesses are to effectively compete. We therefore urge that every utility and telecom be requested by the Commission to submit a comprehensive Five Year Technical Assistance and Capacity Building Program that extends well beyond their present programs and is consistent with

¹ Now incorporated as the National Asian American Coalition. Herein after all references to all groups will be LBC, BEC and MA).

our request that one quarter of one percent of utility procurement dollars be allocated annually for five years for such purposes (based on '09 data for the five largest utilities, the amount would be \$27 million per year, adjusted upward for increases in procurement dollars annually).

Most significantly, we believe that the utilities and telecom companies would achieve far greater efficiencies if the Commission requested that they submit a coordinated technical assistance and capacity building program for the five year period. This could, for example, include a joint plan for the three main energy utilities and a separate joint corporate plan for the three largest telecom companies, including Sprint. A comparable joint corporate plan might, based on the *en banc* proceeding testimony, include an integrated effort by cable companies.

CUDC En Banc Report on Employment

The CUDC report to the Commissioners on employment reflects the relationship between diversity of employment and GO 156. This data was presented collectively for all the utilities and demonstrates a very substantial underrepresentation of Latinos at the officer and director level and significant underrepresentation of Blacks and Asian Americans at the officer level and for Asian Americans also at the director level. The report properly focuses on green job opportunities and, as many of the nonprofits participating indicated, there are insufficient efforts in green energy and in electric production. As to corporate board members, there is a particular lack as to Asian Americans and Latinos, including an apparent total absence of Filipino American or Vietnamese American, and possibly Korean American, board members, despite these subethnic groups being three of the four largest Asian American ethnic groups. We also call to the attention of the Commission the failure of any of the companies to respond to data requests made by us since May 2010 for any comprehensive data on employment diversity and President Peevey's comments on the unique diversity opportunities being created by a turnover of over half the utility workforce in the next few years.

CUDC and Philanthropy

The CUDC report on October 12 on philanthropy indicates that if the data were not aggregated for all companies, there would have been substantial differences by company in cash philanthropy. For example, of the aggregate \$79 million in philanthropy, AT&T alone contributed \$32 million. Unlike some of the companies that reported minority philanthropy spending at a percentage that was lower than that for the minority population, AT&T awarded 99% of its philanthropy to minorities and other underserved communities. Further, the 2% pretax goal previously announced by President Peevey should be reinforced along with a call for a greater percentage of philanthropy to minority nonprofits

since almost 75% of our state's under 15 population are minorities and over 80% of low income families are minorities. Future reporting should be broken, down as it is for GO 156, by company.

Expanded General Goals

A number of the nonprofit parties raised the issue of the broad demographic changes since GO 156 was created 25 years ago and the need for expanded general goals. Please see prior briefs as to the need for a 15% Latino goal, (already met by Verizon), a 10% goal for Asian Americans (reflecting two-thirds of their 15% state population) and at least 6.5% for Blacks reflecting their 13% nationwide population.

We also call attention to the comprehensive *en banc* report of the executive director of the CPUC relating to GO 156 goals and achievements including the CPUC's expressed desire to informally raise the goal for disabled veterans to 3%. We concur that 3% is easily reachable if there is sufficient technical assistance and capacity building. As previously referred to, Congressman Bob Filner, the Chairman of the House Veterans Affairs Committee, has committed to hearings and the gathering of data that could provide very substantial federal government assistance to any regulated companies that seek to expand their goals to 3%. Separately, we will be working with each of these companies to assist them in this endeavor since virtually all emphasized their desire for far greater disabled veteran achievements.

As demonstrated by the statements of various CEOs at the *en banc* proceeding, the above goals are easily reachable within three to five years if not earlier since a number of companies are well above 30% in overall diversity, including some at 35%.

Smart Grid, Green Energy and Electric Procurement

Most of the commissioners and many of the parties discussed the absence of achievement in areas with enormous potential for contract growth, including smart grid, electric procurement, green energy and wireless. All four should be a priority in any decision – making and the parties herein will attempt to meet with all the affected companies to be of assistance in increasing their contracts in these four areas.

Cable Industry

The parties prior remarks of August 5th and July 15th are incorporated herein. The Commission is to be congratulated for securing participation by Comcast and Cox and the final decision should reflect the importance of cable companies participating on a voluntary basis in GO 156 and reporting in a

form that allows them to be compared in a uniform manner to each other and other reporting companies. We concur with Commissioner Simon's call for the cable companies to be part of GO 156.

A similar rationale exists for all Silicon Valley and/or energy companies that make appearances through written comments or personal appearances or interventions before this Commission. If they are large enough (\$100 million or \$1 billion or more in revenue) they should be urged to fully participate in GO 156 on a voluntary basis. We are in the process of gathering such data from federal EE0-1 and contractor filings.

Contracts Not Contacts

A number of the parties and Assembly Utilities and Commerce Chairman Bradford raised the issue of too much emphasis on process, such as contacts, rather than results such as contracts. As Mabuhay stated, we want far more than contacts, we want contracts. Technical assistance and capacity building must therefore be part of any of the contact efforts by the utilities if we are to move from contacts to contracts.

Financial Institutions.

As discussed at the *en banc* proceeding and as referenced in our briefs of August 5th and July 15th very little in the \$500 million in customer deposits from the big three utilities are deposited with minority institutions that assist underserved minority businesses. The final decision should include an order or full report from all the utilities and telecom companies (none were fully transparent) that encourages all companies to make deposits with small minority owned financial institutions, particularly those who serve minority businesses. Alternatively, larger financial institutions that have special outreach, capacity building, technical assistance and capital funding dedicated to small minority owned businesses should be allowed to bid for such utility deposits. This could possibly double the technical assistance and capacity building available.

Decline in Minorities at White Law Firms and CPA Firms

At the *en banc* hearing, President Peevey read to the ten companies the parties' attached letter on the decline of minorities in law firms based on the California Lawyer's comprehensive article. Unfortunately, no law firm or utility has been transparent about this issue. And even the California Lawyer was unable to secure data relating to law firms by specific race and ethnicity at the partner or

assicoate level. The absence of minority partners is particularly great among Blacks, Latinos, Vietnamese Americans and Filipino Americans.

Based on the California Lawyer study, the Commission should conclude that the voluntary company efforts are unsuccessful and that other alternatives are appropriate. This could include all the companies providing assistance to consortiums of minority law firms who can collectively assume responsibility for a major legal transaction.

Similar to the law firm issue is the previously raised issue relating to white dominated Big Four CPA firms. No corporation or major CPA firm has been forthcoming or transparent regarding its employment of or CPA contracts to minorities. As to both law firms and CPA firms, the CPUC decision should include suggested actions such as set forth by the parties in prior briefs.

Self Certification as an Alternative to Exclusion

There are 1.8 million minority owned businesses in California but less than one third of one percent (under 5,000) have been certified. Self certification should be allowed, subject to audit, if the contract is for \$100,00 or less and the small business' revenue is under \$3 million.

Conclusion

As Aubry Stone stated, GO 156 is about “jobs, jobs, jobs.” Or as Fred Jordan stated, the Black community and other minorities are losing ground and we need “contracts, not contacts.” And as Ken Macias stated on behalf of the Hispanic Chambers, “there must be a far greater focus on technical assistance since most of the contracts are awarded to big companies.”

Respectfully submitted,

/s/ Len Canty

Len Canty
Chairman, Black Economic Council

/s/ Jorge Corralejo

Jorge Corralejo
President and CEO, Latino Business Chamber of Greater Los Angeles

/s/ Faith Bautista

Faith Bautista
President, National Asian American Coalition (formerly Mabuhay Alliance)

/s/ Robert Gnaizda

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CERTIFICATE OF SERVICE

I, Dyana M. Polk, 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 “Technical Assistance and Capacity Building are the Key to Empowering Small Minority, Women and Veteran-owned Businesses” on all known parties to R. 09-07-027 by 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 October 26, 2010.

/s/ Dyana M. Polk

Dyana M. Polk

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