



# California Utilities Diversity Council

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**Promoting Diversity,  
Enhancing Our Future.**

2012 Annual Report

# About the CUDC

The California Utilities Diversity Council, also known as the CUDC, was developed jointly in 2003 by the *Latino Journal*, CPUC President Michael Peevey, and former Commissioners Carl Wood and Jeff Brown, to help promote and facilitate diversity within the utility companies, thus enhancing representation of minorities, women and service disabled veterans at all levels within companies regulated by the CPUC. The CUDC is comprised of stakeholder representatives including utility companies, diverse business organizations, community based organizations and labor groups reflective of California's diverse population.

## Vision

The vision is to be a resource to, and work collaboratively with, the California Public Utilities Commission, stakeholder groups and the regulated utilities to promote and facilitate inclusiveness of California's rich diversity. Population demographic data (2010 Census) is used as a guide to enhance the diversity within utility companies by focusing on governance, procurement and banking, employment, customer service and marketing, and philanthropy.

## Committees

There are five standing committees within the CUDC:

1. Customer Service and Marketing
2. Employment
3. Governance
4. Philanthropy
5. Procurement/Supplier Diversity

## Goals

1. To provide leadership and be a visible and active organization working with and advising the California Public Utilities Commission and the regulated utilities, and other entities such as the Governor's Office, State Legislature, National Association of Regulatory Utility Commissions, White House, and Congress on diversity issues related to publicly traded investor-owned utilities.
2. To review, assess, and provide feedback on CPUC, utility and legislative proposals to ensure that the impact on diversity is addressed.
3. To facilitate and promote outreach to the diverse business and consumer communities whose development is important to the economic vitality of California.
4. To produce an annual report highlighting the accomplishments of the California Utilities Diversity Council.
5. To assist the CPUC in implementing an annual public hearing and including business, labor, government and community leaders to provide education and insights into the importance and work of the CPUC and utilities on diversity issues relevant to the regulated utilities. This hearing will assess utility company progress on diversity and also provide relevant statistics on procurement, employment, customer service and marketing, and philanthropy.

October 4, 2012

President Michael R. Peevey  
Commissioner Timothy Alan Simon  
Commissioner Michel Peter Florio  
Commissioner Catherine J.K. Sandoval  
Commissioner Mark J. Ferron  
California Public Utilities Commission



**José L. Pérez**  
Chairman

Dear President Peevey:

What an incredible ten-years! Through your leadership and support of your fellow commissioners, the California Public Utilities Commission (CPUC) has achieved progress through effective outreach efforts that results in diversity and inclusion in supplier diversity.

The CPUC sets a national benchmark of accomplishment in supplier diversity by increasing diverse spend from \$1 billion to over \$7 billion! This is a positive contribution to both the economic well-being of emerging communities and to the greater economic development for all California. Bravo!

Throughout the years all members of the CUDC supported the CPUC goals of General Order 156. Our innovation created the outreach forums for legal, financial, consulting, clean energy, and advertising and media services. It also supported the New Connections and Small Business Expos. We commend our newest members of Comcast, Time Warner Cable and Sprint for stepping up to the plate in this endeavor and joining the efforts of AT&T, Verizon, Southern California Edison, PG&E, San Diego Gas & Electric and Southern California Gas, and California Water Association. We are very proud of our accomplishments over the years.

As noted in the 2010 U.S. Census results, California is now a minority-majority state and the trend continues for even greater diversity in the future. Thus, our challenge remains to create more diversity success stories for the corporate board room, employment (particularly the higher ranks), philanthropy and customer service and marketing. Also, the CUDC will work to better align supplier diversity with California's profile of diverse businesses.

Sincerely,

**José L. Pérez**

Chairman

CUDC

# EXECUTIVE SUMMARY

Ten years ago the California Public Utilities Commission began its mission to determine how the companies it regulates could be more inclusive of California's diverse population segments. Through mutual discussions between the *Latino Journal* magazine and the CPUC, the ad hoc California Utilities Diversity Council (CUDC) was created to assist in promoting diversity and inclusion in the regulated utility industry.

Since 2003 the CUDC, with advisory assistance from the CPUC leadership, recruited some of the best and brightest people in this State to help remove barriers to diverse inclusion in 1) corporate governance, 2) supplier diversity, 3) employment, 4) philanthropy and 5) customer service and marketing. The actions by the CUDC have significantly contributed to the CPUC's overall quest for progress toward inclusion and diversity. The CUDC includes representatives from:

## Community Based Organizations

American Indian Chamber of Commerce of California  
Asian Business Association  
California Asian Pacific Chamber of Commerce  
California Black Chamber of Commerce  
California Hispanic Chambers of Commerce  
California Small Business Association  
Communications Workers of America  
ELITE SDVOB Network  
GEM Communications  
Latin Business Association  
Latino Journal  
National Association of Women Business Owners--California (NAWBO-California)  
San Diego Urban Corps  
Service Disabled Veteran Owned Businesses, Inc.  
Spanish Language Academy  
The Quevedo Group, LLC  
Utility Workers Union of America

## Companies

AT&T  
California Water Association  
Comcast  
Pacific Gas & Electric  
San Diego Gas & Electric (Sempra)  
Southern California Edison  
Southern California Gas (Sempra)  
Sprint  
Time Warner Cable  
Verizon

## CUDC Considers California's Demographics to Help Measure Diversity and Inclusion

Metrics are used to measure progress toward an objective and have been applied to the diversity and inclusion efforts and progress of the CUDC utility companies on a voluntary basis. Twenty-four years ago the CPUC issued General Order 156 that set a 21.5% goal for supplier diversity for California's utilities. Since then, California has experienced profound changes in its demographic make-up and its people look very different today.

# EXECUTIVE SUMMARY

With this in mind, the CUDC leadership considers the implications of changes in the diversity of the State's population as a guide to ask the basic question: How successful are each of California's diverse populations in gaining access to the opportunities afforded by CPUC regulated companies? The opportunities defined are in five categories: governance, procurement, employment, philanthropy and customer service and marketing.

In 2010, the U.S. Census reported California is a minority majority State with predictions the trend will continue. The projected demographic trend causes the benchmark to move periodically for those who seek to set goals for diversity and inclusion. As a result, much more work in the diversity and inclusion space is ahead of us. Here are California's population demographics as of April 1, 2010:

## California: U.S. Census 2010 Report

By Race Including Hispanic	Number	Percent
California Total	37,253,956	100.0%
White	21,453,934	57.6%
Asian	4,861,007	13.0%
Black	2,299,072	6.2%
American Indian	362,801	1.0%
Native Hawaiian/Pac Islander	144,386	0.4%
Some other race	6,317,372	17.0%
Multi-race	1,815,384	4.9%

Hispanic alone (includes all races)	14,013,719	37.6%
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Source: California Department of Finance, Demographics Research Unit, State Census Data Center  
Census 2010, Redistricting Data (Public Law 94-171) Summary File. Table 4A, Total Population By Race: April 1, 2010. Phone (916) 323-4086

## The Five Categories of Diversity

In 2003, the CUDC defined five categories to consider for review and measurement of diversity in the utility industry. To address the unique nature of each category the CUDC organized itself into five committees, each led by a chairperson whose members study the issues and propose solutions. Over the years the committees have developed individual or joint efforts to support diversity initiatives.

**Governance** means the corporate board of directors in publicly held companies which usually number between nine and 13 members per company and are authorized to hire the key executives of the company and set policies and priorities to assure their business goals are reached on behalf of the shareholders.

**Procurement** is the tremendous outsourcing done by these companies to support their business goals internally. Supplier diversity is an integral part of the supply chain process and sincere outreach efforts to diverse trade association groups result in improved spend with diverse firms.

**Philanthropy** represents community contributions and an aspirational goal was set for annual cash contributions of 1% of pre-tax earnings with a focus on strategic giving to underserved populations.

# EXECUTIVE SUMMARY

**Employment** is important with about 150,000 people in California that work for investor-owned CPUC regulated companies. Within the employment ranks, the progress of diversity is reviewed especially for the director and executive levels.

**Customer Service and Marketing** is focused on the millions of diverse customers served by the regulated companies such as in language access and services, education and information via advertising and media.

## Major Accomplishments between 2003 and 2012

- Successfully created an ongoing forum for regulated companies to discuss and share best practices on a regular basis with input and suggestions from diverse community groups.
- Successfully created a non-threatening environment fostering mutual respect for diverse opinions.
- Successfully created a CPUC, regulated company and community network access representing millions of regulated company customers throughout California.
- Successfully created a three-year partnership with the Math Engineering and Science Achievement (MESA) that included a multi-company contribution of \$1.3 million.
- Successfully coordinated a three-year grant to support the Parent Institute for Quality Education (PIQUE) for \$450,000 to help address the dramatic school drop-out rate affecting certain minority populations.
- Successfully innovated outreach forums to help recruit diverse vendors in legal, financial, consulting, new energy economy, and advertising and media services.
- Successfully promoted company participation in all diverse trade association events and conferences.
- Successfully obtained a higher priority for Service Disabled Veterans in supplier diversity.
- Successfully supported and its members influenced the outcome of the CPUC's OIR on General Order 156.
- Successfully supported and assisted the Small Business Expos and New Connections gatherings.
- Successfully developed and executed diversity in the New Energy Economy summits in 2009 (Long Beach) and 2010 (Sacramento).
- Successfully agreed to format and gather data in support of committee evaluations in governance, employment, procurement, philanthropy, and customer service and marketing.
- Successfully developed and conducted the first-ever language access survey and created the Language Access Principles, which were adopted by the CPUC in 2006.
- Successfully helped to create the California Asian Pacific Chamber of Commerce.
- Finally, the CUDC has successfully assisted with each CPUC En Banc since 2004.

# GOVERNANCE COMMITTEE

**Committee Members:** Jess Haro (Chair), Joe Alderete, Scott Drury, Johnnie Giles, Ruben Guerra, Bill Harper, Monica Heredia, Rob Howard, Dennis Huang, Felicia Hudson, Joyce Ibardolasia, Pat Fong Kushida, Ernie Macias, Ken Macias, Emma E. Maxey, Gwen Moore, Bob Mulz, Jose L. Perez, Douglas Phason, Frank Quevedo, Peter R. Ramirez, Tracy Stanhoff, Betty Jo Toccoli, John S. Toole, Illeana Winterhalter

During these past few years, the challenge of how to increase the participation by women and minorities on the boards of American corporations has become an object of research, study, and often frustration when even the most objective and fair analysis results in the conclusion that little statistical or real change has occurred since these groups have been insisting on a seat at the board room table.

After studying the Asian Pacific Islander - LEAP study and other reports such as Bloomberg, Corporate Diversity and Alliance for Board Diversity, among others, it is clear that little progressive numerical change has occurred regarding corporate directorships in either the 100 or the 500 top corporate categories. Much stated desire to do the right thing has resulted in insignificant change or progress over the past ten years.

Unfortunately, the trend in minority appointments is downward. Fewer seats are occupied by African American representation, Latinos, Asian Pacific Islanders, and Native Americans. Collectively, they account for less than 10% of all corporate seats. As reported in the "2011 API Representation on Fortune 500 Boards" report presented by LEAP this year, Fortune 500 boards were less diverse than Fortune 100 boards. Men currently hold close to 85% of all board seats. White men dominate the corporate boardrooms and hold 94.9 % of Fortune 500 board chair positions.

The fundamental difference between corporate governance and the policies which oversee the procurement of products and the hiring and retaining of personnel is that laws and statutes have been legislated to mandate the latter functions by corporate America.

Actions and historical procedures which determine the appointment of board of directors as a voluntary process are entirely controlled and dictated by the various

corporate entities. In studying and reviewing the conclusion of numerous and distinct research regarding the mysterious process of board of director appointments, one can only conclude that the "perception" of selecting the best candidates regardless of race, ethnicity, and gender is still the mystical standard by which board appointments are determined to uphold in one of the world's most diverse and advanced countries in 2012.

At the recent convention of the U.S. Hispanic Chamber of Commerce, Mr. Matt Rose, chairman and CEO of BNSF Railway Co. who also sits on the boards of AT & T Inc. and American Airlines was quoted by the Los Angeles Times as saying, "Our company needs to be a mirror image of our community. Until we are, we have to keep up the constructive dialogue."

*... more than half (57%) of directors surveyed still believe that there is a lack of qualified diverse candidates.*

Unfortunately, a true dialogue has not taken place. Those few companies (11%) demonstrating immediacy in bringing about an inclusive corporate board and executive suite have done so primarily due to shareholder resolution. With such pressure, corporate officers may be reluctant to debate diversity at annual meetings.

As we examine the dynamics within the boardrooms of the Fortune 100 and the Fortune 500 and onward to the Fortune 1000, and so on, we see less and less inclusivity, very little discussion regarding diversity and fewer and fewer voluntary attempts to make it happen.

# GOVERNANCE COMMITTEE

The SEC's mandate that corporations disclose efforts to diversify their boards, yet leaves the definition of "diversity" to the companies does not go far enough to underscore urgency and enhance change. Some U.S. corporate directors, in private, according to CNN Money in January 2011, will reveal that they find the consideration of board diversity "repugnant." They say that "... This anecdotal evidence is supported by a recent survey of US directors by Pricewaterhouse-Coopers, which found that the majority of directors did not believe that the diversity disclosure requirements were valuable."

When more than half (57%) of directors surveyed still believe that there is a lack of qualified diverse candidates available to fill board seats, any effort by those charged with search and nominations cannot be taken seriously. Two-thirds of directors surveyed believe board composition -- and diversity -- should never be mandated and are better served if done so voluntarily; but they also concede that (barring shareholder pressure) government mandates or quotas as the Europeans have imposed may be necessary to effect real change.

The affirmation that the California Utilities Diversity Council -- CUDC's diversity numbers in governance were in par with the apex of corporate America was the historical standard by which we measured progress for many years. By 2011, we concluded that this standard fell short of what we should expect from diversity efforts and, in fact, *was not* what we should hold up as a measure of achievement.

There are those who will argue that the current economy is a fundamental reason for the lack of diversification or that because directors are staying on longer there is not quite the turnover one would expect. Whatever reasoning, however, cannot explain the numerous appointments of new directors and officers in the period of 2010 to 2012. Ninety percent have gone to men.

Maintaining the status quo is not the success that we have been purposed to obtain. It reduces the act and the promise of goal setting to an act of duplicity or in the least and just as bad, window dressing. The 2011-2012 statistical data, despite our collaborations, and with acknowledgement that there are some individual gains, in the overall picture, is disappointing.

## CUDC 2012 CORPORATE SURVEY CPUC REGULATED UTILITIES, CABLE COMPANIES & CALIFORNIA WATER ASSOCIATION

CORPORATE DIVERSITY 2012	TOTALS			
	1	2	3	4
<b>BOARD OF DIRECTORS</b>	Male	Female	Total	%
Male	112		112	82%
Female		25	25	18%
<b>Total</b>	<b>112</b>	<b>25</b>	<b>137</b>	<b>100%</b>
<b>Race/Ethnicity</b>				
White	86	15	101	74%
African American	12	6	18	13%
Latino	6	3	9	7%
Asian / Pacific Islander	4	1	5	4%
Native American	0	0	0	0%
Other Origin	0	0	0	0%
Foreign National	4	0	4	3%
<b>Total</b>	<b>112</b>	<b>25</b>	<b>137</b>	<b>100%</b>

## ALLIANCE FOR BOARD DIVERSITY FORTUNE 500 CORPORATIONS 2011 - 2012

CORPORATE DIVERSITY 2012	TOTALS			
	1	2	3	4
<b>BOARD OF DIRECTORS</b>	Male	Female	Total	%
Male	N/A	N/A	N/A	84%
Female	N/A	N/A	N/A	16%
<b>Total</b>				<b>100%</b>
<b>Race/Ethnicity</b>				
White	N/A	N/A	N/A	87%
African American	N/A	N/A	N/A	8%
Latino	N/A	N/A	N/A	3%
Asian / Pacific Islander	N/A	N/A	N/A	2%
Native American	N/A	N/A	N/A	0%
Other Origin	N/A	N/A	N/A	0%
Foreign National	N/A	N/A	N/A	0%
<b>Total</b>				<b>100%</b>

CUDC CORPORATIONS REPORTING INCLUDE THE 5 LARGEST REGULATED UTILITIES, THE CABLE COMPANIES AND 6 OF THE 7 MEMBERS OF THE CALIFORNIA WATER ASSOCIATION WITH AN AGGREGATE OF 137 SEATS. THE ABD TALLIES FORTUNE 100 BOARD SEATS AT 1,211 WITH THE FORTUNE 500 SEATS TOTALING 5,463.



# GOVERNANCE COMMITTEE

The rise in the number of ethnic and racial minorities and women in board rooms was relatively non-existent in the years preceding and the 2011 counts indicated no appreciable gain. Board room diversity had essentially “flat lined” particularly for women. The research and information available today in 2012 not only supports that but it reveals a downward trend of women and minorities across the gamut of representation.

The Alliance for Board Diversity’s 2011 study *Missing Pieces: Women and Minorities on Fortune 500 Boards – 2010 Census* found that “Collectively, women and minorities lost ground in America’s corporate boardrooms between 2004 and 2010. Six years after the first ABD census, this report shows that white men still overwhelmingly dominate corporate boards with few overall gains for minorities and a significant loss of seats for African-American men and Asian women. In the Fortune 100, between 2004 and 2010, white men increased their presence, adding 32 corporate board seats, while African-American men lost 42, and women -- particularly minority women --- did not see an appreciable increase in their share of board seats. In the Fortune 500 . . . the overwhelming majority of seats were held by white men.” The statistics for 2012 echo this downward trend.

The participating CUDC corporate members in this year’s survey are AT&T, Sempra Energy, Edison International, Pacific Gas & Electric, Verizon, Sprint/Nextel, Comcast, Time Warner Cable and the California Water Association. Of the Association, 6 of the 7 companies participated. Most of the CUDC membership rank among the Fortune 300.

According to all the research available, women are acutely suffering the decline. Reviewing over ten years of documentation, from year 1995 to date, national studies recorded that women held 9.7% of board seats. CUDC member corporations fared much higher than their national counterparts that year.

CUDC surveys boasted 20 seats in 1995; ten years later 2005 data demonstrated a loss of one woman director, going from 11% in 1995 to 16% in 2005. In 2010 the

numbers reflected an overall gain of 2 or 21 seats for female directors of the CUDC membership. Percentage dropped to 15% yet the numbers were nearly identical for 1995 and 2005. Remarkable is that in the august two year period of 2008 to 2009, CUDC women directors numbered at 31 and 36 respectively only to lose 15 directors in 2010. Women regained 7 directorships in 2011 for 18% of the seats but in 2012, remaining at 18%; women lost 3 seats to men. 2011-2012 also saw API females finding themselves locked out of the board rooms.

In the 12 years of the Governance Committee surveys, Native Americans found one board seat in 2007 but lost it in 2008; their numbers have remained at 0%.

The figures by all accounts show a stagnation and predictions for the following year presume a continued slow spiral downward throughout the spectrum – but not as slowly as the spiral up.

1995 thru 2010\*  
CUDC CORPORATE DIVERSITY SURVEYS REPORTED  
ALL CUDC REGULATED COMPANIES

Year	Total # Board	Male	Female	White	African American	Latino	Asian Pacific	Native American	Foreign National
1995 #	183	89%	11%	91%	3%	4%	2%	0%	No Info
1996 #	206	88%	12%	92%	3%	4%	1%	0%	No Info
1997 #	161	87%	13%	93%	2%	4%	1%	0%	No Info
1998 #	204	86%	14%	89%	4%	5%	1%	0%	No Info
1999 #	219	85%	15%	89%	4%	5%	1%	0%	No Info
2000 #	141	85%	15%	82%	6%	9%	3%	0%	No Info
2005 #	195	84%	16%	88%	8%	3%	1%	0%	No Info
2006 #	190	83%	17%	90%	7%	2%	1%	0%	No Info
2007 #	168	83%	17%	88%	8%	4%	2%	1%	No Info
2008 #	171	82%	18%	86%	9%	2%	2%	0%	No Info
2009 #	184	80%	20%	84%	8%	4%	3%	0%	No Info
2010 #	141	85%	15%	82%	6%	9%	4%	0%	No Info

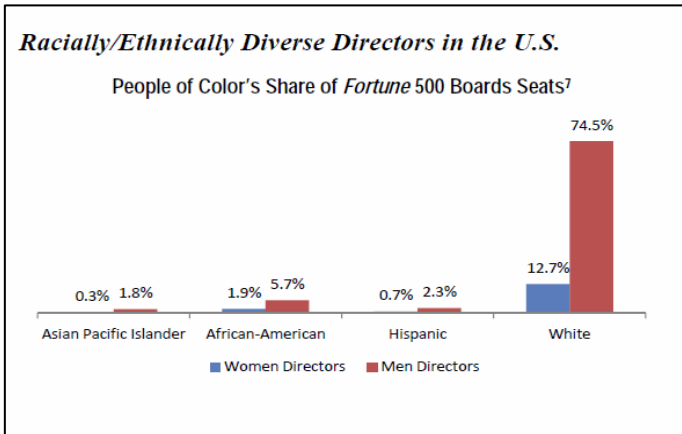
Surveys were not taken for the years 2001 thru 2003, and therefore there are no comparative data for those years are available.

The figures accumulated by the Governance Committee over the years clearly illustrate the very slow pace of change towards inclusion at the executive and director levels.

# GOVERNANCE COMMITTEE

When the CUDC was founded, forty years had passed since the signing of the Civil Rights Act of 1963. Today, nearly fifty years have gone by since that remarkable date. *Fifty years within a society that refutes segregation, minorities and women, regardless of experience, education and training – or recommendation -- are still finding it difficult to find a seat at most board room counters . . . even when a seat opens up.*

**CATALYST REPORT: WOMEN IN U.S. MANAGEMENT**  
**August 2012**  
**WOMEN OF COLOR ON BOARDS IN THE U.S.**



**CATALYST ORIGINALLY RELEASED THEIR REPORT IN 2006 AND WAS MOST RECENTLY UPDATED IN 2012. CALCULATIONS INDICATE A WAIT OF 70 YEARS BEFORE WOMEN WILL REACH PARITY; RACIAL /ETHNIC GROUPS DO NOT FARE MUCH BETTER.**

Catalyst, a leading organization whose mission is to analyze and report on the progress of women in business released the report *Census of Women Board Directors of the Fortune 500* which exposes a 10-year trend of slow progress for women and minorities.

In 2006, and reaffirmed in 2012, Catalyst noted that the **“ . . . average rate of increase in women’s representation on Fortune 500 boards was, one-half of one percentage point per year. At that rate of growth, it could take another 70 years for women . . . to reach parity.”**

Women of color fared worse. Latino men have had a slight increase in percentage, but no real increase in numbers. On the whole, however, the rate of gain for African-Americans, Asian Pacific Islanders, and Native Americans is virtually at a standstill . . . Native Americans have only been invited into the board room once

and were not asked to return for the next body count.

A recent report, issued by InterOrganization Network – ION, found from over 400 companies participating in the census from California, over 90% of the directors are men.

To quote, Janet Hill, a woman of much integrity and experience in diversity issues, and a Sprint/Nextel director in a statement made in Duke University’s newsletter *Diversity*: “There is a common goal that we’re all working toward so that our differences should be of no moment. You want to have a spirit of inclusiveness – extending the benefit of doubt to everybody.”

**Women of Color on Boards in the U.S.**

*Among Fortune 500 companies in 2011:*

- Women of color directors held 3.0% of overall board seats, compared to 13.1% of board seats held by white women.

*Of all Women Directors:*

- Black women were 11.3%
- Latinas were 4.9%
- Asian women were 2.5%.

*Examining the data by company:*

- 70.70% of *Fortune* 500 companies had no women of color directors serving on their board.

As we stated in our 2011 report, and which bears repeating here, “. . . corporate directors have to make the decision that inclusion, and inclusionary practices, begins at the top among the directors themselves. The mindset of corporate leadership when it comes to diversifying its own populations, top to bottom, requires a critical adjustment in viewpoint that is unambiguous and open to the valuable contributions diversity brings to critical corporate strategy and success.”

The most critical challenge to normalize the inclusionary process and adaptation within the institutions themselves lies firmly with the corporate directors. Without the directors buy-in, without their affirmation personally and professionally toward the goals, transformation will never take place.

# GOVERNANCE COMMITTEE

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**Heidrick & Struggles**, “European Corporate Govern-  
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**NNDB.com** – Notable Names Data Base

**Time Magazine**: Diversity Reports, various

# PROCUREMENT COMMITTEE

Committee Members: Joan Kerr (Chair), Joe Alderete (Co-chair), Betsy Berkhemer-Credaire, Charmaine Jackson, Ileana Winterhalter, Douglas Phason, Dennis Huang, Monica Heredia, Felicia Hudson, Pat Fong Kushida, Emma Maxey, Gwen Moore, José L. Pérez, Peter Ramirez, Tracy Stanhoff, Betty Jo Toccoli, Ernie Gutierrez, Ruben Guerra, Bob Mulz

For the last several years the CUDC Procurement Committee has reported an overall increase in supplier diversity results among the utilities.

We are pleased to report that the largest six California Utilities (AT&T, SCE, PG&E, SDG&E, SoCalGas, Verizon) increased supplier diversity spending in 2011 by more than 36.6% percent, to a total of \$4.9 billion in spend with minority, women and disabled veteran owned businesses (table attached).

The CUDC Procurement Committee continued to coalesce the resources of the CUDC members to focus on our long term strategy of tackling common spend areas with low supplier diversity performance. Again in 2011, we continued to share best practices and support the training and outreach initiatives launched by each utility. We also actively participated in the CPUC's supplier diversity outreach events, as well as the numerous training and outreach events held by the diverse business chambers throughout 2011 and 2012. This has included the events of the California Hispanic Chamber of Commerce, California Black Chamber of Commerce, Asian Business Association – Los Angeles, California Asian Pacific Chamber of Commerce, Asian Business Association – Orange County, Latin Business Association, American Indian Chamber of Commerce of California, Black Business Association, California DVBE Alliance, Elite Service Disabled Veteran Owned Business Network, Greater Los Angeles African American Chamber of Commerce, Latino Business Chamber of Greater Los Angeles, Black Economic Council, National Asian American Coalition, Women's Business Enterprise Council, National Association of Women Business Owners, and local affiliates.

The committee focused on the following areas:

- I. Supporting the CPUC in holding statewide forums for small businesses seeking to do business with the California utilities and;
- II. Supporting CPUC, CBO and utility- produced semi-

nars and initiatives that targeted increased opportunities for diverse firms in the professional services category.

## **I. Statewide Forums for Small Business**

This CPUC initiative began in 2006 with the mission to: help connect small businesses to contract opportunities with California utilities; provide education on the benefits of becoming certified as a diverse business; inform small businesses of utilities' best business practices and "how to get in the door" with utility companies and provide networking with other small business owners. The CUDC Procurement Committee ensured utility representatives fully participated in these Expos around the State. The Expo events joined with other supplier diversity organizations with common missions. These outreach events included —Doing Business with the Utilities panel presentations and one-on-one meetings and networking with diverse small businesses. The utilities also recruited prime suppliers to join CUDC members in this effort.

In 2011, CUDC participation in CPUC/New Connections events included:

### **July 2011 Utility Marketplace Access Event**

On July 17, 2011 Commissioner Simon sponsored a panel discussion on access to capital (i.e., equity, credit lines, surety, completion bonds, risk management tools, letters of credit) and other financial opportunities and barriers to capital to foster procurement for diverse and emerging businesses.

### **July 2011 Joint Informational Hearing on Barriers to Procurement Opportunities for Diverse and Emerging Investment Management Firms**

On July 22, 2011 Commissioner Simon and the Senate Select Committee on Procurement held a joint informational hearing to "Examine Barriers to Procurement Opportunities for Diverse and Emerging Investment Management within California's Public Utility Companies and Public Pension Funds".

# PROCUREMENT COMMITTEE

For 2012 through September, CUDC participation in New Connections events included:

## January 2012 Town Hall Meeting on Investment Fund Allocations to Emerging Investment Managers

On January 20, 2012 Commissioner Simon and the Senate Select Committee on Procurement held a Town Hall Meeting to discuss “Investment Fund Allocations to Emerging Investment Managers” – and to get recent progress to mitigate barriers to emerging and diverse firms in California’s public utility companies and public pension funds.

## August 2012 Symposium on Financial Services and Energy Procurement

On Friday, August 24, 2012, Commissioner Simon hosted the New Connections Symposium on financial services and energy procurement at the Pasadena Convention Center, Pasadena. Over 100 people were in attendance. The two roundtable discussions focused on:

- The Commission’s new financing rule and other financial service opportunities for WMDVBE bankers;
- Energy procurement and energy infrastructure financing for WMDVBE energy suppliers.

## II. Targeted Seminars

All California utilities continue to have significant challenges in meeting their supplier diversity goals for professional services procurement as documented in utility members’ Annual CPUC Utility Supplier Diversity Re-

ports. Diverse owned businesses and diverse business associations have requested the utilities to focus on improving procurement results in all professional services arenas.

The CUDC Procurement Committee member utilities have continued to produce or actively participate in a variety of outreach forums focused on specific professional services sectors. Each forum includes the participation of utility executives and supply chain managers along with their prime supplier companies. The forum presenters explain the supplier diversity programs of these companies and how diverse professional service suppliers can compete for utility business—whether first or second tier. Matchmaker meetings are held between the diverse businesses, the utilities and their prime suppliers.

## Additional 2011 and 2012 Initiatives

In 2011, members of the Procurement Committee were pleased to support hearings on Supplier Diversity Procurement that were called by state legislators. This included Assembly Member Bradford’s Oversight Hearing, “Technology Diversity Meets Supplier Diversity” on June 17, 2011, and an April 7, 2011 presentation on the GO 156 program to the insurance industry hosted by Assembly member Solorio.

In 2012 we have continued to focus on Professional Services and on our work with the Legal, Financial, Advertising and Consulting Services sectors.

## 2011 WMDVBE Spend for Leading California Utilities

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	4.1	1.4	176.6	257.7	378.2	27.2	534.9	19.9	3.7
PG&E	4.4	1.6	265.9	218.7	409.3	122.5	514.2	80.2	None
SDG&E	1.4	0.5	43.7	40.6	220.8	15.8	172.9	50.5	1.9
SoCal Gas	0.8	0.3	51.5	34.5	109.9	5.5	93.1	12.9	0.3
AT&T	2.4	1.0	126.4	110.9	335.3	16.2	280.3	116.9	62.3
Verizon	0.3	0.1	10.8	14.2	33.4	5.9	57.9	2.0	None
<b>Spend Totals</b>	<b>13.4</b>	<b>4.9</b>	<b>674.9</b>	<b>676.6</b>	<b>1,486.9</b>	<b>193.1</b>	<b>1,653.3</b>	<b>282.4</b>	<b>68.2</b>
<b>Spend %</b>	<b>100%</b>	<b>36.5</b>	<b>5.0%</b>	<b>5.0%</b>	<b>11.1%</b>	<b>1.4%</b>	<b>12.3%</b>	<b>2.1%</b>	<b>.5%</b>

# PROCUREMENT COMMITTEE

2012 Outreach Planning Calendar								
January		February			March			
Date:	01/13/2012	CUDC	Date:	02/08/2012	LA Chp Elite SDVOB	Date:	03/01/2012	American Indian RES
Location:	Livermore, CA	Host - Comcast	Location:	Long Beach	Vet Sm Bus Expo	Location:	Las Vegas, NV	26th Annual Res 2012
Date:	01/20/2012	SAPCOG	Date:	02/10/2012	CUDC	Date:	03/08/2012	CPUC Joint UT/PG&E
Location:	Sacramento	Awards Dinner	Location:	WebEx		Location:	Sacramento	se & Sm Bus Contracting
Date:	01/20/2012	CPUC/State Legislator	Date:	02/23/2012	SCMSDC	Date:	03/09/2012	CUDC
Location:	Los Angeles	Town Hall Meet	Location:	City of Industry	Minority Bus Opp Day	Location:	Irwindale, CA	Host-So Calif Edison
Date:	01/24/2012	LBA	Date:	02/23/2012	Bus Matchmaking	Date:	03/19/2012	CPUC
Location:	Omni Hotel, LA	Awards Luncheon	Location:	San Jose	Bus Matchmaking Opp	Location:	SFO	Cap Bld & Tech Supp
			Date:	02/24/2012	MWD	Date:	03/19/2012	WBENC
			Location:	Monrovia	Connet 2 MET	Location:	Baltimore,	2012 Summit & Salute
						Date:	3/29-31/2012	CALBCC
						Location:	Sacramento	Africa Amer Leadship
April		May			June			
Date:	04/06/2012	NCMSDC	Date:	05/10/2012	ABA	Date:	06/06/2012	Black Bus Council
Location:	Westin-St Francis	Annual Gala	Location:	City of Industry	Sm Bus Exchange	Location:	Oakland	Annual Economic Conf
Date:	04/12/2012	CPUC/AT&T	Date:	05/11/2012	CUDC	Date:	06/08/2012	CUDC
Location:	Irvine, CA	Small Business Expo	Location:	San Francisco	Host - PG&E	Location:	WebEx	
Date:	04/13/2012	CUDC	Date:	5/14-15/2012	CAHCC	Date:	06/11/2012	Calif Sm Bus Day
Location:	WebEx		Location:	Sacramento	Annu Legislative Sum	Location:	Sacramento	Calif Legislature
Date:	04/17/2012	Joint UT	Date:	5/14-15/2012	KTP 2012 DVBE	Date:	06/14/2012	AICOC
Location:	SFO	Quarterly Meeting	Location:	LAX-Marriott	Bus Alliance	Location:	Los Angeles	Autry Museum Lcheon
Date:	4/17-20/2012	AABE	Date:	5/23-25/2012	EEL	Date:	6/19-21/201	WBENC
Location:	Long Beach	35th Annual Conf	Location:	Palm Springs, CA	Annual Diversity Conf	Location:	Orlando, FL	2012 Natl Conference
Date:	04/20/2012	CPUC				Date:	06/22/2012	CUDC
Location:	Inland Empire	Procurement Expo				Location:	Los Angeles	Advert. & Media Forum
Host:	CPUC/62nd Dist & ADF Network							
Date:	04/20/2012	Greenlining						
Location:	Los Angeles	Economic Summit						
Date:	04/30/2012	SDBBDC						
Location:	San Diego	Supplier Diversity Wk						
July		August			September			
Date:	07/13/2012	CUDC	Date:	08/09/2012	NCMSDC	Date:	9/6-7/2012	WBEC West
Location:	SFO	Host-AT&T	Location:	Santa Clara	Opportunity Expo	Location:	San Diego	Annual Conference
Date:	07/17/2012	Joint UT	Date:	8/9-12/2012	CALBCC	Date:	9/16-18/2012	US Hispanic Chambers
Location:	Coronado, CA	Host CWA	Location:	San Diego, CA	Ron Brown Annu Conf	Location:	Los Angeles	National Conference
Date:	7/18-19/2012	SDVOB	Date:	08/10/2012	CUDC	Date:	9/19-22/2012	Congressional Blk Cau
Location:	Las Vegas	National Convention	Location:	WebEx		Location:	Washington, DC	Annual Conference
Date:	7/22-24/2012	AICOC	Date:	08/16/2012	LBA	Date:	09/21/2012	CUDC
Location:	Rancho Mirage	Annual Business Expo	Location:	Burbank	Conf & Award Gala	Location:	Los Angeles	Verizon
Date:	7/22-25/2012	NARUC	Date:	8/15-17/2012	CAHCC	Date:	9/24-27/1012	MEDWeek
Location:	Portland, OR	2012 Summer Meet	Location:	San Diego, CA	Annual Convention	Location:	Washington, DC	30th Annual Conf
			Date:	08/22/2012	DIR			
			Location:	New York, NY	Annual Convention			
			Date:	08/24/2012	New Conn Symposium			
			Location:	Pasadena, CA	Diverse Financial Serv			
			Date:	08/24/2012	Elite SDVOB/SL Hare			
			Location:	Pasadena, CA	Honoring Gwen Moore			
October		November			December			
Date:	10/1-2/2012	CAPCC & ABA	Date:	11/09/2012	CUDC	Date:	12/04/2012	Joint UT
Location:	Los Angeles	State Wide Conference	Location:	Long Beach	Host-CWA	Location:	So California	Host Edison
Date:	10/1-5/2012	MEDWeek	Date:	11/10/2012	Reg Hispanic Institute	Date:	12/07/2012	CUDC
Location:	Philadelphia, PA	Annual Conference	Location:	Long Beach	del 2012 Awards Gala	Location:	WebEx	
Date:	10/03/2012	Diversity Reception	Date:	11/15/2012	AICOC			
Location:	Los Angeles	Various Legal Firms	Location:	Los Angeles	Heritage Month Lcheon			
Date:	10/04/2012	CPUC						
Location:	Los Angeles	En Banc						
Date:	10/08/2012	Joint UT						
Location:	San Ramon	Host AT&T						
Date:	10/11/2012	BBA						
Location:	Los Angeles	Procure Exchge Sumit						
Date:	10/16/2012	Black Econ Council						
Location:	Oakland	al Bridge Builder Lcheon						
Date:	10/18/2012	CPUC/CWA						
Location:	Mountainview, CA	Small Business Expo						
Date:	10/19-20/2012	Elite SDVOB SD						
Location:	San Diego	al Network & Fundraiser						
Date:	10/28-31/2012	NMSDC						
Location:	Denver Colorado	Annual Conference						
								Tentative *
								09/26/2012

# PHILANTHROPY COMMITTEE

Committee Members: Frank Quevedo (Chair), Kimberly Freeman (Vice Chair), Rob Howard, Felicia Hudson, Pat Fong Kushida, José L. Pérez, Douglas Phason (CPUC Liaison), Sarah Sasaki, Carolyn Williams, Tony Williams, Ileana Winterhalter, Nancy Zarenda, David Lizarraga.

## 2011 Update

Collectively in 2011, the six energy and telecommunications utilities reported approximately \$64.9 million in total cash philanthropy. This includes data from the California Water Utilities. Total cash philanthropy decreased 21.5% in 2011, with all but two utilities showing decreases. These decreases ranged from 3% to more than 20% among individual companies. Total cash philanthropy in 2010 was \$82.7 million.

In 2011, only three utilities reported pre-tax operating income compared to four in 2010. In 2010, four utilities reported pre-tax operating income totaling \$5.09 billion. In 2011, with three utilities reporting, pre-tax operating income totaled \$4.09 billion. On its face, this shows a decrease of 22%. For comparative purposes, the three companies that reported in 2011 had pre-tax operating income of \$4.29 billion in 2010, representing a much smaller decrease (5%). Two of the three utilities showed a decrease in pretax income in 2011. Philanthropy as a percent of pre-tax operating income for these three companies was 1.2% in 2011, up slightly from 1.12% in 2010.

**Giving in Underserved Communities:** Giving to underserved communities is examined as a percentage of *overall* philanthropy, which includes cash, in-kind donations and other philanthropic giving (see second paragraph below). Utilities’ overall giving to underserved communities decreased 23% in 2011 from \$65,275,219 to \$50,033,767. This is consistent with the decrease in overall philanthropic giving in 2011. The change in giving to underserved communities as a percent of total philanthropy dropped slightly in 2011 to 76% from 79% in 2010.

This category includes seniors, low income, the disabled, women & girls, and LGBT communities, as well as giving to the Latino, African American, Native American, and Asian Pacific Islander communities. It should be noted that each company has its own definition of

“other underserved”, which was added to the targeted communities to provide a total focus on the underserved.

	Total giving to all underserved	Total Philanthropy	% of Total Philanthropy
2011	\$ 50,033,767	\$ 64,890,532	76%
2010	\$ 65,275,219	\$ 82,738,051	79%
2009	\$ 63,144,479	\$ 80,098,672	79%

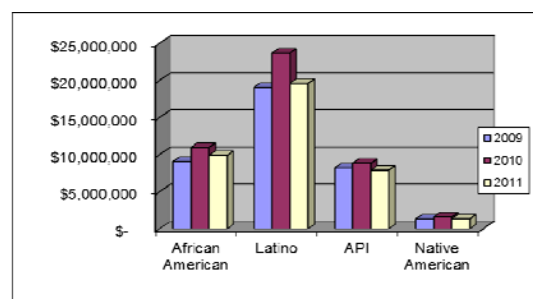
**Giving in Targeted Communities:** The utilities continued to show their commitment to giving in four targeted communities: Latino, African American, Native American, and Asian Pacific Islander. In 2011, five energy and telecommunications utility companies reported that 76% of all cash philanthropy was spent in these targeted communities. Overall 2011 spending in each of these communities showed a decrease from the 2010 totals, consistent with the overall decrease in contributions in 2011.

Table 1. 2011 Cash Philanthropy in Targeted Communities

Category	Amount
Latino	\$19,578,178
African American	\$ 9,887,608
Asian Pacific Islander	\$ 7,881,118
Native American	\$ 1,342,636

## Category Amount

Table 2. 2009 – 2011 Charitable Giving in Communities of Color



# PHILANTHROPY COMMITTEE

## Other Philanthropic Highlights

### ATT:

- From 2008 through 2011, AT&T and its employees contributed approximately \$106 million to programs benefiting organizations in California. Over 83% supported programs targeting the underserved, including low income communities.
- In 2011, the company met its initial \$100 million commitment to the ASPIRE (education/workforce readiness) program.
- In California, employees and retirees donated more than 459,000 hours of personal time in our communities, worth more than \$10 million.

### Edison:

- In 2011, Edison International invested nearly \$16 million in California, with over 79% targeting key underserved communities. Edison extended its two year Diversity Initiative assisting four critical high schools to include key community based organizations that provide tutoring and homework assistance, scholarships, teacher professional development, parental engagement, college prep, leadership skills, academic assistance, truancy prevention, and internships.
- Edison employees and retirees locally volunteered 252,244 hours, valued at nearly \$5.5 million. The company also distributed \$670,000 via its Edison Scholars scholarship program and donated 1,667 computers to schools and nonprofits.

### PG&E:

- PG&E annually donated 1.1 percent of its pre-tax earnings from operations from its prior year, and provided more than 1400 grants which support one out of every four nonprofits in its service area in education, environment, and community and

economic vitality. In addition, the men and women of PG&E play an active role in brightening life for their fellow Californians.

- PG&E encourages and creates volunteer opportunities for employees and retirees, with more than 1/4 of its workforce actively volunteering annually. PG&E also encourages the strengthening of nonprofits through its officers' participation on boards; approximately 95% of 56 officers serving on non-profit boards.

### Sempra Utilities:

- In 2011, 79% of total SoCalGas and SDG&E funding went to underserved communities.
- SoCalGas and San Diego Gas and Electric distributed more than \$1.5 million in grants through two environmental initiatives targeting underserved communities: Environmental Champions Awards at SDG&E and Bettering the Air We Breathe at SoCalGas. In 2011, SoCalGas and SDG&E provided critical grants totaling more than \$2 million to underserved communities through their Education and Civic Leadership Initiatives. Support focused on STEM programs, mentoring, college preparation, and character development for K-12 students.

### Verizon:

- Verizon Foundation helps people to live healthy, safe and independent lives by addressing disparities in education, health care and sustainability. Over the past five years, Verizon has invested more than \$38 million in California to improve the communities where Verizon employees work and live. Verizon's employees are generous with their donations and their time, having logged nearly 195,000 hours of service to make a positive difference in their communities.



# EMPLOYMENT COMMITTEE

Committee Members: Nancy Smith-Taylor (Chair), Kristi Campbell, Jess Haro, Rob Howard, Felicia Hudson, Joyce Ibardolasa, Pat Fong Kushida, Emma Maxey, José L. Pérez, Douglas Phason, Ileana Winterhalter

## Objective

The Employment Committee is a resource to and works collaboratively with the California Public Utilities Commission (CPUC), and policymakers to promote employee diversity in the regulated utility industry. The Committee focuses on best practice efforts to recruit, develop and retain a talented, diverse workforce that reflects the rich mixture of California's labor market.

From leadership to rank and file, employment opportunities should be provided on an equal basis without preference to any group.

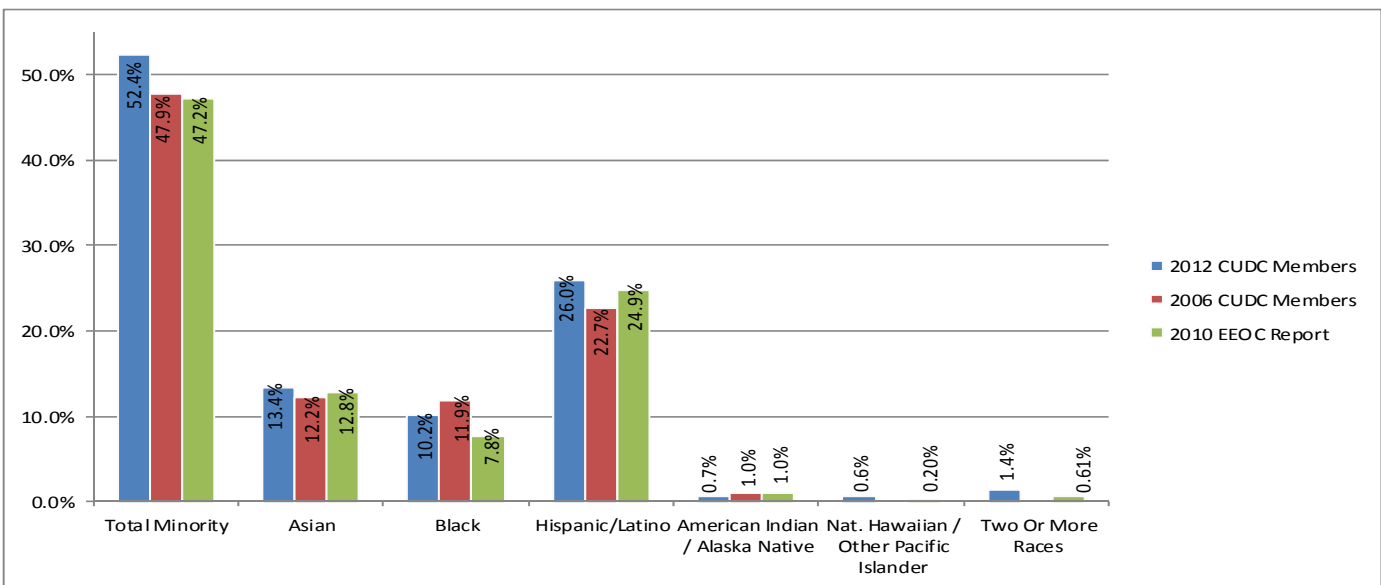
## Annual Employee Diversity Survey\* (see footnote at end of report)

For the last several years, the Employment Committee has conducted an annual survey of its utility members regarding the diversity of their respective workforces. This year participating utilities included AT&T, California American Water, California Water Services Company, Comcast, Golden State Water, Pacific Gas & Electric Company, Park Water Company/Apple Valley Ranchos Water, San Diego Gas & Electric and Southern Califor-

nia Gas Company, San Gabriel Valley Water, San Jose Water Company, Southern California Edison, Sprint, and Verizon.

## Observations:

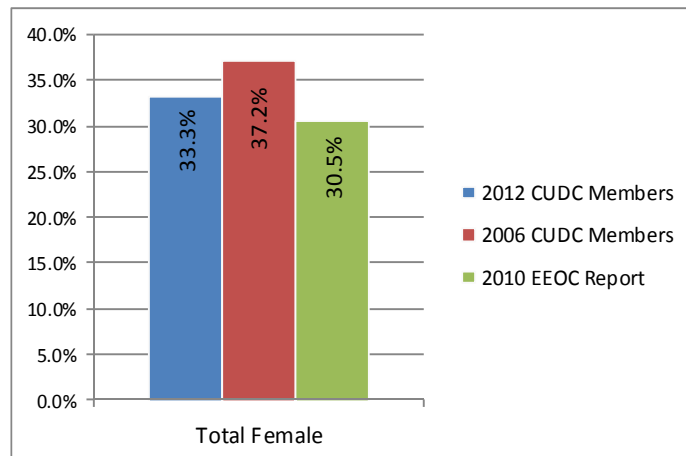
- I. Minorities represent 52.3% of the total workforce among utilities participating in the survey.
  - \* This is an increase of 4.4 percentage points from the survey results in 2006 in which the minority representation was 47.9%.
  - \* The 2010 EEOC 2010 report shows collectively the utilities participating in the CUDC occupy a greater percentage of minorities compared to California Utilities statewide, which occupy only 47.2% minority representation.
  - \* Overall, each individual ethnicity group, with the exception of American Indian/Alaska Native, reflected a larger percentage of representation as compared to the 2010 EEOC Aggregate Report.



# EMPLOYMENT COMMITTEE

## II. Females represent 33.3% of the total workforce among utilities participating in the survey.

- \* This is decrease of 3.9 percentage points from the survey results in 2006 in which the female representation was 37.2%.
- \* The 2010 EEO-1 Aggregate Report shows utilities participating in the CUDC occupy a greater percentage of females compared to California Utilities statewide, which occupy only 30.5% female representation.



## III. All Job classifications showed an increase for total minorities since 2006.

- \* This greatest increase was in the manager classification which increased from 34.5% in 2006 to 43.3% in 2012. That is an increase of 8.8 percentage points.
- \* This smallest increase was in the officer classification which increased from 23.8% in 2006 to 24.7% in 2012. That is an increase of .9 percentage points.
- \* Minorities represent 42.3% of officer, director, and manager positions.

Employee Category	Black	Asian	Native Hawaiian/ Other Pacific Islander	Hispanic or Latino	American Indian/ Alaska Native	Two or More Races	White	Total Minorities	Total Females
Officer	6.6%	10.6%	0.0%	6.1%	1.0%	0.5%	75.3%	24.7%	22.7%
Director	6.4%	13.5%	0.2%	8.8%	0.3%	1.3%	69.5%	30.5%	34.0%
Manager	8.9%	16.1%	0.4%	16.5%	0.3%	1.0%	56.7%	43.3%	39.4%
All Other Exempt	7.2%	21.3%	0.4%	17.6%	0.7%	1.6%	51.1%	48.9%	36.8%
Bargaining Unit	10.7%	10.1%	0.7%	31.1%	0.8%	1.1%	45.4%	54.6%	27.2%
Non-exempt, Non-Bargaining	14.2%	12.2%	1.0%	32.7%	0.8%	2.5%	36.5%	63.5%	44.2%
Total Workforce	10.2%	13.4%	0.6%	26.0%	0.7%	1.4%	47.7%	52.3%	33.3%

**\*Notes:**

- CUDC Employment Survey data is as of April 30, 2012
- New members have joined the CUDC and participated in this survey, which impacts any trend information.
- New ethnicity categories have been implemented since 2006

# EMPLOYMENT COMMITTEE

## Increasing Job Readiness Across the State

Last year the Employment Committee revisited their catalog of best practices. The catalog was compiled as an effort to explore additional ways to positively impact availability in the labor market by recruiting, developing and retaining a diverse workforce. Discussions were held about where partnerships with community-based organizations could be leveraged.

As a result, it was recommended to explore developing a statewide workforce project with the CUDC utility members, the San Diego Urban Corp and the other Conservation Corps. Jess Haro, an Employment Committee member and prior board member with the San Diego Urban Corp, initiated discussions with the San Diego Urban Corp and several other Employment Committee members. It was determined this was a viable option to continue to research.

The CEO of the San Diego Urban Corp helped us bring the leaders of the Los Angeles Conservation Corp and the San Jose Conservation Corp together. On June 12<sup>th</sup> the Los Angeles Conservation Corp hosted a meeting in which several members of the Employment Committee met with these leaders. Discussions included how to help this population be better prepared to enter the job market, either in the utilities or elsewhere. In addition, this collective group of leaders from the Urban and Conservation Corps attended a full CUDC meeting to present their organizations and highlighted the need for such a project.

The majority of the CUDC Utility members have procurement relationships with their local Corp; however this proposed project has a specific interface focus on workforce issues, specifically job readiness.

The concept includes having Human Resource representatives from each utility working with their local Conservation Corp to craft an approach that works best for each local group, with the objective being improving the Corp's participant's job readiness. This includes awareness about the types of jobs available at the utili-

ties and general assistance with understanding the hiring process (e.g. resume writing, interviewing tips, application process, and testing preparation).

One approach suggested was to conduct sessions at the on-site Charter schools at each of the Urban and Conservation Corps and utilize the existing training and test preparatory materials from each of the utilities.

## Next Steps

Each CUDC Employment team member is identifying a champion for this statewide workforce project within their utility. Additional discussions will be facilitated to offer more ideas of what each partnership could include. Training and testing preparatory materials will be shared amongst the utility committee members for the utilities that do not have existing tools. More in-depth meetings will be conducted with the Urban and Conservation Corps.

The estimated time for launching the project is before the end of 2012.

## Summary

Although the overall workforce of the utilities participating in the CUDC has greater minority and female representation compared to the utilities throughout California (according the 2010 EEOC Report), the Employment Committee is not complacent and would like to see these numbers increase.

The Committee understands diversity is the cornerstone of a company's foundation and is crucial for success. We will continue to focus on launching diversity initiatives that will positively impact the workforce.

# CUSTOMER SERVICE AND MARKETING COMMITTEE

**Committee Co-Chairs:** Betsy Berkhemer-Credaire, Statewide National Association of Women Business Owners (NAWBO - California) Statewide Board, and Past President and Rick Hobbs, Director Supplier Management and Supplier Diversity, Southern California Gas Company

**Committee Members:** Joe Alderete, Richard Benbow, Andy Carrasco, Joyce Christianio, Hector Galvan, John Gutierrez, Felicia Hudson, Charmaine Jackson, Joan Kerr, Deane Leavenworth, Gwen Moore, José L. Pérez, Tracy Stanhoff, Richard Tom, Ileana Winterhalter, Nancy Zarenda

**Special Event Committee Support:** Bill Imada, IW Group; Xavier Gutierrez, The Meruelo Group; Michael Moss, The Supplier Clearinghouse; Renee Fraser, Fraser Communications; Tracy Stanhoff, ADPro

The 2012 focus for the Customer Service and Marketing Committee has been to continue the work began last year to increase advertising spend by utilities with DBE firms—media outlets, media buying services, and advertising/direct marketing agencies in California that are minority-owned, women-owned and service disabled veteran-owned enterprises.

This year, the Committee held its second “Diverse Advertising & Media Outreach Forum.” The Committee expanded this year’s focus to include educating the vendor firms on the value of being CPUC-certified by the Supplier Clearinghouse, and representatives of the Clearinghouse were there to engage with DBE companies.

Held June 22, 2012, this year’s forum was hosted by the Meruelo Group, diverse owners of KWHY, Channel 22, (now MundoFox) Television in downtown Los Angeles. Xavier Gutierrez, senior vice president of Meruelo Group, provided the facility and hosted the lunch for attendees.

The forum provided minority-, women- and veteran-owned media and advertising firms the opportunity to hear from and network with corporate marketing decisions makers and their agencies of record; from Tier I and Tier II minority- and women-owned firms to learn how they grew their businesses; and provide an opportunity for attendees to learn about and begin the CPUC Supplier Clearinghouse certification process.

This year’s Forum was attended by approximately 200 people. CPUC Commissioner Catherine J.K. Sandoval provided welcome remarks. She encouraged the firms to participate with the CPUC regulated companies. She also moderated the Corporate Decision-makers Panel. CPUC Commissioner Timothy Alan Simon gave a rousing talk before lunch to urge the audience to be involved. We appreciate both Commissioners’ commitment to the CUDC and the diverse business community.

The Corporate Decision-maker Panel was moderated by Commissioner Sandoval and included corporate executives responsible for their companies’ advertising and media budgets. The executives provided valuable insight on how the corporations inform and involve their agencies of record in achieving General Order 156 spend requirements, how the agencies are held accountable for subcontracting and inclusion of minority and women owned advertising and media firms, and how they evaluate the progress made by their agencies of record to achieve minority spend goals.

There were two additional sessions. The “Diverse Owned Agencies & Media Outlets” Panel was moderated by Paul Clanon, CPUC Executive Director and featured representatives from diverse agencies are successfully working with the regulated companies. The representatives spoke candidly about their experiences with the regulated companies and how they eventually became Tier I firms with the regulated companies. They also provided coaching to help the smaller firms be more effective in their presentations to the regulated companies.

# CUSTOMER SERVICE AND MARKETING COMMITTEE

The “Agencies of Record” Panel was moderated by Denise Tyrrell, and featured representatives from the regulated companies’ agencies of record. They shared how they include minority and women-owned firms as subcontractors, how they report their progress to the regulated companies, and discussed best practices on how firms can present their capabilities most effectively.

Additionally, the Forum provided an opportunity for firms to learn more about the Supplier Clearinghouse certification process. Supplier Clearinghouse representative, Michael Moss and his team assisted approximately 50 minority and women business owners with starting the certification process. By outreach to such firms over the years, the committee had realized that very few of these firms understood the value of being CPUC-certified in order to do business with the CPUC-regulated companies. Therefore, we developed an avenue by which such diverse businesses in advertising, media buying, direct marketing, and ethnic -owned media—including newspapers, online advertising vehicles, radio stations and television stations could access what they need.

The Committee designed this Forum to provide attendees with the opportunity to meet with, learn from, and interact with the other agencies in this industry that are already doing business with the regulated companies.

This was not a venue for “supplier diversity matchmaking,” but rather, for introducing Tier I, II and III vendors

to each other, demonstrating the value of starting small, and growing larger, based on performance; and becoming certified as diverse suppliers. By design, the event was intended to allow the attendees to meet, learn from, and interact with the other agencies in this arena who are already doing business successfully.

The Customer Service and Marketing Committee will track results over the next year by talking with companies to determine who was able to secure new contracts with Tier I agencies or directly with the regulated companies.

The volunteer committee prepared for the event through a six-month-long series of preparatory meetings and conference calls, geared to involving all the companies regulated by the CPUC and the community representatives.

Special acknowledgment goes to Tracy Stanhoff and her firm, Ad Pro, for producing the advance save-the-date cards, event flyers and big poster signs for on-site directions at the event.

Based on the results, the committee may recommend doing another diverse media event in 2013 or 2014. We are pleased this success was completed before the 10<sup>th</sup> annual CPUC En Banc.

The day-long agenda follows:

# CUSTOMER SERVICE AND MARKETING COMMITTEE

**Diverse Advertising & Media Outreach Forum II**  
**June 22, 2012**  
**Los Angeles Center Studios • Beaudry Theater**

- 9:00-9:30 am**      **Registration and Coffee**—Foyer
- 9:30-9:35 am**      **Call to Order & Introductions**—  
**José L. Pérez and Betsy Berkhemer-Credaire**
- 9:35-9:40 am**      **Sizzle Video**—Asian Market –from Asian Advertising Federation
- 9:40-10:00 am**      **Welcome Remarks**  
CPUC Commissioner Catherine J.K. Sandoval  
**Welcome from our Host**—Xavier Gutierrez, The Meruelo Group
- 10:00-10:45 am**      **Panel 1—Corporate Decision-makers--**  
*Moderator CPUC Commissioner Catherine J.K. Sandoval*  
SoCalGasCo—Hal Snyder, VP, Customer Programs  
SDG&E—Caroline Winn, VP, Customer Services  
Southern California Edison—Megan Jordan, VP, Corporate Communications  
PG&E—Rick Wilbins, Sr. Director of Brand, Advertising and Online Communications  
Sprint— Ms. Peiti Feng, Director, Brand Marketing, Sprint Prepaid  
Time Warner Cable—Dave Wiehagen, Dir., Strategic Procurement
- 10:45-11:00 am**      **BREAK**
- 11:00-11:05 am**      **Sizzle Slides—Latino Market—John Echeveste**
- 11:05-11:50 am**      **Panel 2—Diverse Owned Agencies & Media Outlets (Tier II)**  
*Moderator: Paul Clanon, Executive Director, CPUC*  
Bill Imada—IWGroup  
Tracy Stanhoff—AD PRO—American Indian Chamber of Commerce  
Cora Oriel—*Asian Journal*  
Ruben Gonzales—Meruelo Group (KWHY)  
Pawan Mehra—Ameredia Advertising Services  
Candida Mobley—Voices, Inc. Advertising
- Noon-12:45 pm**      **Panel 3—Agencies of Record—Tier I**  
*Moderator: Denise Tyrrell, CPUC, LA Office*  
Renee Fraser—CEO, Fraser Communications (SoCalGasCo)  
Tommy Thompson--President, Inspire (Sprint)  
Donnie Broxson—VP, Acento (SCE)  
Gina Alshuler – President, Rauxa (Verizon)  
Gary Meads – Meads Durket (SDG&E)  
Michael Knott, SVP, Media Director, DraftFCB (PG&E)
- 12:45-12:50 pm**      **Sizzle Video**—Native American Market—Tracy Stanhoff
- 12:50-1:00 pm**      **Remarks** by CPUC Commissioner Timothy Simon
- 1:00-1:30 pm**      **LUNCH Buffet**    Hosted by The Meruelo Group
- 1:30-3:15 pm**      **Concurrent Sessions**  
“Fast-Pitch” Matchmaking Sessions  
Supplier Clearinghouse Certification Processing  
Comcast Supplier Diversity Workshop
- 3:30 pm**              **Adjourn**

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# SUMMARY OVERVIEW OF CUDC ANNUAL REPORTS

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## 2003-2012

### 2003

- CPUC holds first En Banc on the topic of diversity in July
- CPUC and *Latino Journal* collaborate to create the CUDC
- A CUDC Directorate is created and led by Jose L. Perez, Nancy Zarenda and Cynthia Marshall with Wes Franklin as CPUC liaison to the CUDC.
- CUDC, referenced California demographic information from the 2000 U.S. Census, defined “diversity” in five major areas:
  - Procurement
  - Governance
  - Employment
  - Philanthropy
  - Customer Service and Marketing

### 2004

- 25 distinguished and diverse individuals appointed to the CUDC
- Identified data sets and data format and agreed to use 2000 Census as a guide to measure inclusive metrics and actions
- Began to identify best practices and benchmarks
- Met eight times and formed five committees
- Surveyed participating companies charitable giving and considered setting a 2% of pre-tax earnings, with an allocation of 80% of funds going to underserved communities.
- Surveyed participating companies on language access and, for the first time, gathered information to understand how effective companies interacted with their limited English speaking customers.
- Dr. Harry Pachon, former president of the Thomas Rivera Institute, who has since passed away, gave an eloquent presentation at the second CPUC En Banc on California’s demographic implications on diversity and inclusion efforts.

### 2005

- The CUDC began collecting data to review, assess

and plan opportunities to promote diversity.

- The Governance Committee reported a ten year increase in the number of African Americans appointed to corporate boards, a decline in the numbers for Asians and Latinos and no American Indians. Thirty-one, or 16% of 195 board members were women.
- Procurement committee joined with the CPUC to launch outreach forums beginning with legal services with full participation of the General Counsels of utility companies. A legal outreach event was held in Los Angeles. Other professional services accounting, advertising, consulting, financial services will also be considered for similar outreach efforts.
- The Employment Committee gathered and displayed, for the first time ever, a collection of workforce information for the CUDC member companies at the time. Moreover, it identified the engineering profession as a strategic area of focus and proposed a joint effort with the Philanthropy Committee to partner directly with the Math, Engineering and Science Achievement (MESA) program.
- Through the work of the Philanthropy Committee, the CUDC member companies pledged a \$1.4 million grant to MESA for three years to further develop the skills and knowledge of tomorrow’s engineers and scientists. The grant was supported by:
  - California Water Association
  - Pacific Gas & Electric Company
  - SBC
  - Sempra Energy Utilities (San Diego Gas & Electric and Southern California Gas)
  - Southern California Edison
  - Verizon
- The Customer Service and Marketing Committee completed a first-ever language access survey of participating utility companies. The results were the first insight of language services within California’s utility companies. The committee made sev-

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# SUMMARY OVERVIEW OF CUDC ANNUAL REPORTS

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## 2003-2012

### **2006**

- Governance committee reported progress in the appointment of diverse members to utility corporate board rooms with 25% of new board members representing minorities and women.
  - The Procurement Committee reported an increase from \$1.89 billion in 2004 to \$2.03 billion in 2005. Companies and community groups began to strengthen their relationships and formidable and numerous outreach events began to place. The committee assisted the CPUC with the launch of the Small Business Expo and led several outreach forums for legal, financial and consulting services.
  - The employment committee reported on work force profile of participating utilities and took the lead to work with MESA. Twenty-five students were identified as CUDC-MESA Scholars and participated in a paid summer internship program at the PG&E's Learning Facility.
  - The Philanthropy Committee gathered cumulative charitable giving monies to worthy causes by specific minority group. There was a 19% increase in cash contributions between 2004 and 2005. In 2005 companies contributed \$29 million in charity. It decided to seek a 1% of pre-tax income for cash contributions; agreed to use the U.S. Census definitions for specific groups; and use the California Alternative Rates for Energy (CARE) and Universal Lifeline Telephone Service (ULTS) definitions to define low income.
  - The Customer Service and Marketing Committee completed its language survey of participating companies and worked with them to develop the six Language Access Principles which were adopted by both the CUDC and the CPUC. These principles have been shared with other State utility commissions as a guide of what may be possible.
- Southern California Edison, was appointed Co-Vice Chair of the CUDC.
- The Customer Service and Marketing Committee reported the results of its language survey review and assessment in contrast to the six language access principles developed by the committee. It offered the first comprehensive view of utility and regulated company management of services to their diverse language customers.
  - The Employment Committee reported California utilities have a higher percentage in utility jobs than the national average (49% to 20%). Regulated utilities and companies employed 96,600 workers of which 47,500 were diverse. Trends show a steady growth in employment of diverse workers. However, director and officer categories showed no significant gains. The second year of the CUDC MESA partnership included speakers such as Commissioner Simon and Chong of the CPUC.
  - The Governance Committee reported some increase in African American, Asian, Latino and women representation in the utility and regulated company corporate board of directors. The CUDC and the Governance Committee are interested in seeing the number of minority and women board members increase.
  - The Philanthropy Committee reported CUDC member companies made a 1.08% pre-tax income contribution to charitable causes, an increase from 0.84% the prior year. The report included corporate contributions to underserved communities by ethnic and racial background. Moreover, the Committee announced its second venture to help fund the Parent Institute for Quality Education (PIQUE). The five companies committed to provide PIQUE a grant of \$125,000 during a three year period for a total of \$450,000 which will be used to match a contribution by the California State University System. PIQUE's mission is to reduce the school drop-out rate of underserved communities.

### **2007**

- Cynthia Marshall, Sr VP for AT&T and Co-Vice Chair of the CUDC was promoted as president of AT&T in North Carolina and Frank Quevedo, VP for



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# SUMMARY OVERVIEW OF CUDC ANNUAL REPORTS

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## 2003-2012

- The Procurement Committee reported significant growth in spend with diverse suppliers that increased to \$3.03 billion in 2006 from \$2.03 billion in 2005. The Committee supported the work of the CPUC with its Small Business Expos; outreach forums for professional services such as legal, financial and consulting services. The Committee decided to perform a survey on the effectiveness of outreach forums being conducted by the CUDC. It also initiated a renewed effort to improve business spend with service disabled veteran owned businesses.

### **2008**

- Former Assemblymember Gwen Moore was appointed as Co-Vice Chair of the CUDC.
- Customer Service and Marketing Committee explored the possibility of using customer communication devices to deliver strategic utility related information, alerts, or similar types of messages that would help the overall customer stay informed and updated. Staff changes in the leadership of the Committee redirected the orientation of the work.
- The Employment Committee reported that California utilities employment of diverse members increased to 51% as the utility workforce grew to 110,400 employees. The ratio of diverse members who were directors or officers of the participating companies showed little change. The third and final year of the CUDC MESA program came to an end with continuing commitment by individual companies to work directly with MESA.
- Governance Committee reported 25% of corporate board appointments were minority and two were women. The Committee noted the progress and also stated there was no progress for either Latinos or American Indians.
- The Philanthropy Committee noted an increase of charitable cash giving, \$76,663,591 in 2007 as compared to \$67,863,590 in 2006. However, the overall percentage of pre-tax income dropped slightly

from 1.08% to 1.01%. Also, the increase was reflected in contributions to diverse communities throughout California with a significant increases giving to African American and Latino communities. CUDC member companies contributed over \$1.2 million to the California Aspire Learn Lead Pipeline Project (CalALL) in support of the CPUC initiative to improve workforce diversity in the legal profession and CUDC received regular reports on the organization and plans of CalALL.

- The Procurement Committee reported a net increase in diverse spend with diverse businesses. In 2007 \$2,382,000,000 or 25.57% was spent with diverse suppliers as compared to \$2,159,000,000 in 2006 or 24.60%. Although the percentage exceeded the goal of 21.5%, the CUDC members recognized the tremendous growth trend of California's diverse populations. So, the committee members assessed the potential outreach opportunities offered by the CUDC community members and a stronger relationship between the companies and the diverse trade associations developed further.

### **2009**

- Frank Quevedo, VP for Southern California Edison and Co-Vice Chair of the CUDC, retired and Vicki Zeiger, VP for Human Resources, San Diego Gas & Electric and Southern California Gas Company, was appointed Co-Vice Chair of the CUDC.
- The CUDC planned and conducted the first "Advancing Diversity in the New Energy Economy" in Long Beach California and attracted 600 participants. The one-day event drew leaders from the CPUC, energy companies, labor, business associations and academia to learn how they too could participate in this new and developing industry. Frank Quevedo, former vice president for Southern California Edison let this effort with the support of Sempra Energy Utilities and PG&E.

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# SUMMARY OVERVIEW OF CUDC ANNUAL REPORTS

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## 2003-2012

- The Employment Committee reported some increase in the profile of directors and executives in the utility workforce. It also stated about 52% of the utility workforce was diverse. The committee took the lead to gather information on the future of the green job market and reviewing the workforce pipeline to look for opportunities to enhance diversity.
- The Philanthropy Committee reported \$79.55 million in cash contributions in 2008 for a number of worthy causes as compared to \$76.7 million in 2007. Companies support the CalALL Pipeline Project and Verizon, for example, funded the Saturday Law Academy at UC Irvine. Several other worthy programs and partnerships were reported with AT&T, PG&E and Southern California Edison.
- The Customer Service and Marketing Committee laid out plans as specified in the 2008 report however, the committee leadership changed and the committee went into a momentary pause while new leadership was recruited and appointed.
- The Procurement Committee reported another increase in spend with diverse suppliers at 28.323% or 2.713 billion dollars in 2008. In 2007 it was reported at \$2.382 million or 24.57%. The committee expanded its outreach effort to support the Small Business Expos, New Connections, all the CUDC trade association conventions and events and to recruit and bring more staff to the company to help with supplier diversity efforts.
- The Governance Committee reported increases of women and minorities appointed to utility boards and the CUDC hosted former State Senator Kevin Murray to one meeting, who was appointed to the California American Water company board of directors. The committee compared California company profiles to Fortune 500 companies and found California leads with diverse boards of directors.

### 2010

- The Employment Committee reported 51.2% of utility workforce was diverse as compared to 23% for the country. The percentage of women dropped by 3.0%. The committee made an important contribution to better understand the job growth and opportunities caused by the emerging new energy economy. It organized speaker panels for the diversity in the new energy economy gathering. The committee launched an assessment to develop, cultivate and train a workforce through a green pipeline. It launched a 2009/2010 Green Jobs Study and took the lead in developing this initiative.
- The Governance Committee reported a jump in diverse appointments to corporate boards of directors. Seventy-five percent of appointments went to African Americans, Latinos and Asians and one was female. Questions arose whether “diverse count” should include board members who are from foreign countries since they do not have an American experience. While the numbers were included in the report, it was important to note these appointments offer value to these companies because they operate in other countries as well.
- The Philanthropy committee reported a cash contribution total amount of \$78.95 million at a pre-tax operating income of 1.27%. The total amount, however, remained essentially the same between 2007 and 2006. Key companies gave monies to many worthy programs affecting community development, education, and economic development.
- The Customer Service and Marketing Committee with new leadership and a new direction developed. The 2010 focus will be to gather utility, CPUC and diverse advertising/media to promote increased diverse spend for this segment.

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# SUMMARY OVERVIEW OF CUDC ANNUAL REPORTS

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## 2003-2012

- Diverse procurement continued to grow in dollars spent with diverse companies. The Procurement Committee reported \$3 billion, or 28.08% of companies reporting, usually the largest companies. This was accomplished as more outreach activities were carried out by the CPUC such as the Small Business Expo, New Connections, Joint Utilities and several CUDC member events that were nurtured through the CUDC relationships and meetings.
- The U.S. Census results for California were released and show a tremendous increase in the diverse populations of its people. The great growth was in Hispanic and Asian, although all groups grew numerically. California is a minority majority state which has important implications for diversity program planning on matters affecting the CUDC.
- The Governance Committee reported the results of the survey on the composition of the boards of directors of CUDC member companies. Overall, women, Hispanics and Asians numbers were low and no American Indian. The report compared data with research done by U.S. Senator Richard Menendez from New Jersey.
- The Philanthropy Committee reported a total cash contribution of \$82,738,051 in 2010 of which 79% was given to underserved populations. There has been a steady increase in the contributions to diverse populations over the last three years.
- The Procurement Committee reported \$3.9 billion spend with diverse businesses in 2010, almost a billion dollar increase from 2010. The companies have begun to master the outreach effort for quality diverse vendors by matching with the supply chain staff.
- The Employment Committee reported that the utility work force is becoming more diverse and women made up almost 33.7%. The report shows entry levels to be more diverse than higher ranks such as directors and officers. Moreover, the committee successfully created the Summer Engineering Experience for Kids (SEEK) program in collaboration with the Society of Black Engineers. Finally, it collected and published "Best Practice Program for Recruitment, Workforce Development, and Outreach."

### 2011

- Vicki Zieger retired from San Diego Gas and Electric. Tim McCallion, president of Verizon, West Region and Bill Harper, Vice President and Chief Diversity Officer for PG&E were appointed as Co-Vice Chairs of the CUDC.
- Customer Service and Marketing Committee successfully planned and executed a "Diverse Advertising and Media Outreach Forum at the CPUC in San Francisco during the summer. Over 50 diverse advertising and media business owners attended the forum which included a match-making session. Commissioner Catherine J.K. Sandoval spoke at the well-attended event.

# CALIFORNIA UTILITIES DIVERSITY COUNCIL

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## Directorate:

<b>José L. Pérez</b> , Owner - Latino Journal	Chair
<b>Bill Harper</b> , Vice President and Chief Diversity Officer, PG&E	Co Vice Chair
<b>Timothy McCallion</b> , Verizon – President, West Region	Co Vice Chair
<b>Gwen Moore</b> , President - GEM Communications	Co Vice Chair
<b>Nancy Zarenda</b> , Director - Spanish Language Academy	Co Vice Chair
<b>Douglas Phason</b> , Strategic Diversity Strategies	CPUC Liaison

## 2012 Members:

**Betsy Berkhemmer-Credaire**, Past President, National Association of Women Business Owners  
**Joyce Christianio**, Manager, Supplier Diversity, Sprint Nextel Corporation  
**Scott Drury**, VP of Human Resources, Diversity and Inclusion, San Diego Gas & Electric  
**Rachelle Chong**, Vice President of Government Relations, Comcast  
**Ruben Guerra**, Chair, Latin Business Association  
**Jess Haro**, Past Chair, Latino Institute for Corporate Inclusion  
**Cecil House**, SVP of Safety, Operations Support and Chief Procurement Officer, Southern California Edison  
**Rob Howard**, Human Rights Advisor, Utility Workers Union of America  
**Dennis Huang**, Executive Director, Asian Business Association  
**Patricia Fong Kushida**, President & CEO, California Asian Chamber of Commerce  
**Deane Leavenworth**, Time Warner Cable  
**Ernie Gutierrez**, Chair, California Hispanic Chamber of Commerce  
**Kenneth P. McNeely**, President, AT&T West  
**Frank Quevedo**, Principal, The Quevedo Report, LLC  
**Peter B. Ramirez**, President, California Service Disabled Veteran Owned Businesses, Inc.  
**Alexandria Gallardo Rooker**, Lobbyist, Communications Workers of America  
**Tracy Stanhoff**, President, AD PRO, American Indian Chamber of Commerce  
**Aubry Stone**, President & CEO, California Black Chamber of Commerce  
**John Tootle**, President, California Water Association  
**Betty Jo Toccoli**, President, California Small Business Association  
**Robert Mulz**, Chairman, Elite Service Disabled Network