



CALIFORNIA AMERICAN WATER

Utility Supplier Diversity Program

2011 Annual Report to the California Public Utilities Commission

March 1, 2012



CALIFORNIA
AMERICAN WATER

Holley Joy, Program Manager
Supplier Diversity

1033 B Avenue-Suite 200, Coronado, CA 92118 • Phone: (619) 435-7436 • Email: dhana.joy@amwater.com

POLICY, VISION AND MISSION STATEMENT

POLICY

American Water recognizes the value of supplier diversity as a strategic business decision, and is committed to seek and identify diverse suppliers and offer them an opportunity to compete for materials and service contracts.

VISION

We will create, develop and maximize administrative procurement processes to include, educate, mentor and develop diverse suppliers. We will actively seek to provide contract opportunities to diverse suppliers who meet our high standards for product and/or service delivery, cost effectiveness and administrative efficiencies.

MISSION

Our mission is very succinct: to provide opportunities and open business doors to diverse suppliers who otherwise would not have been knowledgeable of contract opportunities with California American Water. We will be unceasing in our outreach to identify diverse suppliers and ensure that available contract opportunities are known and reviewed in an open and fair competitive business environment.

WE CARE ABOUT WATER. IT'S WHAT WE DO.

TABLE OF CONTENTS

PRESIDENT'S MESSAGE

2011 HIGHLIGHTS

9.1.1 Internal & External Activities	6
9.1.2 Summary of Purchases or Contracts	9
9.1.3 Itemization of WMDVBE Program Expenses	13
9.1.4 Progress in Meeting or Exceeding Set Goals	13
9.1.5 Summary of Prime Contractor Utilization of WMDVBE Subcontractors	14
9.1.6 WMDVBE Complaints Received	14
9.1.8 Recruitment Efforts in Underutilized Areas	14
Document Retention	14

2012 ANNUAL PLAN

10.1.1 WMDVBE Short, Mid & Long Term Goals	15
10.1.2 Planned Internal & External Activities	15
10.1.3 Plans to Seek & Recruit WMDVBE Suppliers in Underutilized Areas	16
10.1.4 Plans for Seeking or Recruiting WMDVBE Suppliers for Excluded Categories	16
10.1.5 Planned Subcontracting Opportunities	16
10.1.6 Program Compliance	17

WE CARE ABOUT WATER. IT'S WHAT WE DO.

PRESIDENT'S MESSAGE



Rob MacLean, President

Celebrating Success of 2011 Setting the Bar Even Higher for 2012

At California American Water, we've embarked on a mission to provide the best service to our customers, to provide the safest work environment for our employees, to operate in the most efficient manner, and to lead the industry in the areas of diversity and inclusion.

Being a leader means not only doing our best, but demonstrating to others what is possible.

Over the last two years, we've come a long way:

- **Employee Diversity:** When making hiring decisions, we have expanded our recruitment sources and efforts are being made to increase diversity at all levels.
- **Governance:** Our Board of Directors is 40% female, and 40% people of color. Our outside directors are longtime residents of communities which receive water service by California American Water.
- **Supplier Diversity:** California American Water has improved our diversity spend from 10.75% in 2009 to 28.7% in 2011. This not only exceeds the General Order 156 goal of 21.5% for large water companies, it is the best performance of any water company since we began tracking.

Together, these metrics tell me that our employees understand and value diversity and inclusion. We have learned that companies that live the values of diversity and inclusion have better work environments, better customer relationships, lower recruitment and retention costs and better reflect the communities we serve.

For 2012, we are striving to do better. Not only to increase diversity among employees, governance and spending, but also to do a better job making sure the rising tide lifts all groups, and that we are as inclusive as possible. To this end, in 2012 you will see a special focus to make sure that disabled veteran owned enterprises are well represented in our diverse spend.

In collaboration with our employees, board members, business partners and customers, we commit to a constant and vigilant focus to ensure our customers and communities are represented within our company. That's what diversity and inclusion means to us, and that is how we plan to thrive in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R MacLean', written over a white background.

Rob MacLean
President

2011 HIGHLIGHTS

In 2011, California American Water made great strides in its commitment to diversity, including hiring a Program Manager of Supplier Diversity. This significant milestone demonstrates continued commitment to ensure that all aspects of corporate and social objectives and responsibility are recognized and adequately represented. The creation of a Supplier Diversity Policy, Vision and Mission statement (see inside cover) is further evidence of the commitment to this program. Together, these have helped California American Water continue to improve our supplier diversity processes and surpass the goals of General Order 156 as defined by the California Public Utilities Commission. There are several notable achievements in this move towards building and sustaining an effective Supplier Diversity Program:

- **28.7% Diverse Spend for 2011** - For the second year, California American Water surpassed the General Order 156 goal of 21.5% diverse spend. 28.7% is the highest performance ever for California American Water, or for any regulated water utility. Proving it can happen, we will continue our efforts to improve on our own performance. This goal demonstrates the commitment to diversity in every geographic and functional area of our company. We're proud of the work our employees have done.
- **Presented Business Opportunities Specific to California American Water** - California American Water staff actively participated in a variety of external outreach events (see attached detail) and successfully presented an internal forum for diverse suppliers to "Consider the Possibilities" of contracting for materials and services with California American Water. This forum was specifically designed and logistically targeted to support projects and contracted services for our Sacramento District. These combined outreach efforts resulted in an increase of 11 new diverse suppliers added to our regional supply chain.
- **Joined the National Minority Supplier Diversity Council** - Given our unique position as a subsidiary of a national, investor-owned water utility, we recognized that our outreach efforts to identify diverse suppliers for potential contract opportunities, needed to include partnership with organizations that could assist us in also identifying diverse enterprises with either a regional and/or national footprint. With this recognition in mind, American Water applied for and became a National Corporate Member of the National Minority Supplier Diversity Council. This membership will advance our knowledge of diverse enterprises able to compete for opportunities at a national level, as we source for materials and services that could assist in standardizing our operations across the nation.
- **Encouraged Internal Identification and Inclusion of Diverse Enterprises** - California American Water has further solidified the commitment to Supplier Diversity by inserting key performance indicators for diverse spend into performance goals for all management staff possessing direct or indirect opportunities to purchase materials and services on behalf of California American Water. This effort has heightened internal awareness of all staff to consider identification and inclusion for contract opportunities and potential contract award, to diverse suppliers. This was a significant contributor in surpassing CPUC mandated diverse supplier spend goals.
- **Developed a Supplier Diversity Program Strategy** - A Supplier Diversity Program strategy has been adopted and is being implemented to support our corporate, regional and external CPUC goals and objectives for Supplier Diversity effectiveness and sustainability at California American Water.

SECTION 9.1.1 - INTERNAL & EXTERNAL ACTIVITIES

In 2011, California American Water hired its first full time, Supplier Diversity Manager. This new position was established to create and implement a sustainable Supplier Diversity Program in accordance with General Order 156 guidelines and corporate goals and objectives. Information and education about Supplier Diversity became the primary focus point to ensure knowledge and understanding of stated goals and objectives and the business case for Supplier Diversity. Every employee in every district had a chance to meet with the Supplier Diversity Manager and better understand our program and goals. Communication and partnership with all employees solidified vendor relationships in the Supplier Diversity arena. It is also important to note here, that California American Water seeks to engage all employees in supporting the spirit of Supplier Diversity. Employees witnessing the commitment to Supplier Diversity by the senior leadership team, resulted in a team effort to meet internal goals and objectives. The outstanding results seen could not have been accomplished without all employees working together to achieve these results.

In August of 2011, California American Water successfully hosted its second annual Business Opportunity Expo in the city of Citrus Heights, CA. This location is in close proximity to our Sacramento District office and was attended by approximately 55 diverse business enterprises. In addition, staff with purchasing responsibilities from all departments within the district, were on hand to deliver presentations regarding opportunities, as well as meet interested diverse suppliers via the matchmaking session. California American Water Supplier Diversity and Procurement staff participated in several diversity outreach events/meetings in 2011. There were also opportunities to identify, meet and match-make with potential diverse suppliers for upcoming projects and contracted materials and service contracts. Please see below for events attended:

JANUARY	
14	California Utility Diversity Council (CUDC), San Ramon
24	Utility Supplier Diversity Program (USDP) Committee Meeting , San Jose
28	American Legion Event for Disabled Veterans, San Francisco
FEBRUARY	
2	Joint Utilities – Conference Call
11	CUDC Meeting, San Diego
17	USDP Committee Meeting, Covina
23-24	Diversity Information Resources Seminar, Las Vegas, NV
MARCH	
9	USDP Conference Call
10	Joint Utilities Meeting, Ontario
11	CUDC Meeting, Long Beach

2011 HIGHLIGHTS

APRIL	
8	CUDC Meeting, San Francisco
26	USDP Meeting, Coronado
27	California Public Utilities Commission (CPUC) Small Business Expo, Burbank
29	California Hispanic Chamber/SCE Opportunity Panel, Long Beach
MAY	
12	California Water Association (CWA) Meeting, Valencia
13	CUDC Conference Call
20	Harvey Milk Foundation Event, San Diego
23-24	Keeping the Promise (KTP)/Disabled Veteran Business Enterprises (DVBE) Business Matchmaking Event, Los Angeles
26	USDP Committee Meeting, San Francisco
JUNE	
1-2	CWA Spring Conference, Sacramento
6	California Small Business Day, Sacramento
7	Elite Service Disabled Veteran Owned Business (SDVOB) Business Matchmaking Event, Chino
10	CUDC Meeting, Rosemead
13	Joint Utilities Meeting, San Francisco
27	General Order (GO) 156 Water Workshop, San Francisco
JULY	
12	California American Water Business Opportunity Fair, Sacramento
14	CPUC Legal Symposium, San Francisco
17	National Association of Regulatory Utility Commissioners (NARUC) Quarterly Conference, Los Angeles
20	USDP Contractor's Meeting, Santa Fe Springs
24-26	American Indian Chamber of Commerce of California (AICOCC) Annual Business Expo, Rancho Mirage
29	CUDC Diverse Advertising and Media Outreach Forum, San Francisco
AUGUST	
12	CUDC Meeting, San Francisco
23	USDP Meeting, Manhattan Beach

2011 HIGHLIGHTS

AUGUST (continued)	
24	DIR Conference, San Diego
SEPTEMBER	
7	CPUC Best Practices Session , Los Angeles
8	Joint Utilities Meeting, Ontario
9	CUDC Meeting, Los Angeles
15	Small Business Expo, Irwindale
20	USDP Business Opportunity Fair, Citrus Heights
21	Superstars in Business, San Diego
OCTOBER	
11	CPUC/AT&T Annual EnBanc, Los Angeles
14	CUDC Meeting
17	Asian American Coalition, South San Francisco
18	Service Disabled Veteran Owned Business (SDVOB) Annual Networking Event, San Diego
30-Nov 2	National Minority Supplier Development Council (NMSDC) Annual Conference, Atlanta, GA
NOVEMBER	
7	CWA Annual Conference, Monterey
9	CPUC/AT&T 2012 Supplier Diversity Summit, San Ramon
10	Hispanic Chamber Luncheon, Salinas
15	CPUC Procurement Expo, Inland Empire
DECEMBER	
5	Joint Utilities Meeting, Irvine
9	CUDC Meeting via WebEx
12	USDP Meeting, Ontario

SECTION 9.1.2 – SUMMARY OF PURCHASES OR CONTRACTS BY ETHNICITY

WMDVBE ANNUAL RESULTS BY ETHNICITY					
	Ethnicity	Direct \$	Sub \$	Total \$	Percent %
MINORITY MALE	Asian-Pacific	\$387,327		\$387,327	5.43%
	Black	\$1,494,456		\$1,494,456	20.94%
	Hispanic	\$5,010,066	\$28,866	\$5,038,932	70.60%
	Native American	\$216,096		\$216,096	3.03%
	Total Minority Male	\$7,107,945	\$28,866	\$7,136,811	100.00%
MINORITY FEMALE	Asian-Pacific	\$47,347		\$47,347	1.17%
	Black	\$0		\$0	0.00%
	Hispanic	\$2,996,400		\$2,996,400	74.45%
	Native American	\$994,487		\$994,487	24.38%
	Total Minority Female	\$4,038,234		\$4,038,234	100.00%
Total Minority Business Enterprise		\$11,146,179	\$28,866	\$11,175,045	16.50%
Women Business Enterprise (WBE)		\$8,040,660		\$8,040,660	11.87%
Total Minority, Women Business Enterprise (MWBE)		\$19,186,839	\$28,866	\$19,215,705	28.37%
Total Disabled Veteran Business (DVBE)		\$285,606		\$285,606	0.42%
Total WMDVBE		\$19,472,445	\$28,866	\$19,501,311	28.79%
Gross Procurement		\$109,127,283			
Exclusions		\$41,387,076			
Net Procurement		\$67,740,207			

NOTE: The amount shown on Table 9.1.2 in the "Exclusions" line, is the total of payments made in the categories of Purchased Water, Purchased Power, and Pump Taxes. Other categories subject to Section 8.9, Other Utilities, Taxes, Franchise Fees, and Postage, have not been included in the Gross Procurement.

**SECTION 9.1.2 – SUMMARY OF PURCHASES OR CONTRACTS
BY PRODUCTS AND SERVICES (DIRECT)**

ANNUAL RESULTS BY PRODUCTS AND CATEGORIES - DIRECT							
	Ethnicity	PRODUCTS		SERVICES		TOTAL	
		\$	%	\$	%	\$	%
MINORITY MALE	Asian-Pacific	\$284,716	1.28%	\$102,611	0.23%	\$387,327	0.57%
	Black	\$96,618	0.43%	\$1,397,838	3.07%	\$1,494,456	2.21%
	Hispanic	\$67,881	0.31%	\$4,942,185	10.87%	\$5,010,066	7.40%
	Native American	\$0		\$216,096	0.47%	\$216,096	0.32%
	Total Minority Male	\$449,215	2.02%	\$6,658,730	14.64%	\$7,107,945	10.50%
MINORITY FEMALE	Asian-Pacific	\$0	0.00%	\$47,347	0.10%	\$47,347	0.07%
	Black	\$0	0.00%	\$0	0.00%	\$0	0.00%
	Hispanic	\$0	0.00%	\$2,996,400	6.59%	\$2,996,400	4.42%
	Native American	\$0	0.00%	\$994,487	2.19%	\$994,487	1.47%
	Total Minority Female	\$0	0.00%	\$4,038,234	8.88%	\$4,038,234	5.96%
Total Minority Business (MBE)	\$449,215	2.02%	\$10,696,964	23.52%	\$11,146,179	16.46%	
Women Business Enterprise (WBE)	\$1,870,108	8.41%	\$6,170,552	13.56%	\$8,040,660	11.87%	
Total Minority, Women Business Enterprise (MWBE)	\$2,319,323	10.43%	\$16,867,516	37.08%	\$19,186,839	28.33%	
Total Disabled Veteran Business Enterprise (DVBE)	\$8,151	0.03%	\$277,455	0.06%	\$285,606	0.42%	
Total WMDVBE	\$2,327,474	10.46%	\$17,144,971	37.14%	\$19,472,445	28.75%	

Total Products Procurement	\$22,245,883			
Total Service Procurement	\$45,494,324			
Net Procurement	\$67,740,207			

SECTION 9.1.2 – SUMMARY OF PURCHASES OR CONTRACTS BY PRODUCTS AND SERVICES (SUBCONTRACTORS)

ANNUAL RESULTS BY PRODUCTS AND CATEGORIES – SUBCONTRACTORS							
MINORITY MALE	Ethnicity	PRODUCTS		SERVICES		TOTAL	
		\$	%	\$	%	\$	%
	Asian-Pacific	\$0		\$0	0	\$0	0%
	Black	\$0	0%	\$0	0	\$0	0%
	Hispanic	\$0		\$28,866		\$28,866	.04%
	Native American	\$0	0%	\$0	0	\$0	0%
	Total Minority Male	\$0		\$28,866	0%	\$28,866	.04
MINORITY FEMALE	Asian-Pacific	\$0	0%	\$0	0	\$0	
	Black	\$0	0%	\$0	0	\$0	
	Hispanic	\$0	0%	\$0	0	\$0	
	Native American	\$0	0%	\$0	0	\$0	
	Total Minority Female	\$0	0.00%	\$0	0%	\$0.00	
Total Minority Business (MBE)		\$0	0%	\$28,866	.006%	\$28,866	.04%
Women Business Enterprise (WBE)		\$0	0%				
Total Minority, Women Business Enterprise (MWBE)		\$0	0%	\$28,866	.006%	\$28,866	.04%
Total Disabled Veteran Business Enterprise (DVBE)		\$0		\$0		\$0	
Total WMDVBE		\$0	0%	\$28,866	.006%	\$28,866	.04%
Net Procurement		\$0	0%	\$28,866	0.006%	\$28,866	.04%

WMDVBE PROCUREMENT BY STANDARD INDUSTRIAL CATEGORIES - DETAIL									
SIC CATEGORY	ASIAN AMERICAN	AFRICAN AMERICAN	HISPANIC AMERICAN	NATIVE AMERICAN	MINORITY BUSINESS ENTERPRISE (MBE)	WOMEN BUSINESS ENTERPRISE (WBE)	SUB TOTAL WOMEN MINORITY BUSINESS ENTERPRISE (WMBE)	SUBTOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	TOTAL WMDVBE
1623	0	0	3,130,001	994,487	4,124,488	446,292	4,570,780	0	\$4,570,780
783	0	0	320,276	0	320,276	0	320,276	0	\$320,276
1731	0	0	41,548	0	41,548	94,705	136,253	0	\$136,253
2711	0	0	2,000	0	2,000	0	2,000	0	\$2,000
8711		138,836	57,380	0	196,216	232,602	428,818	0	\$428,818
7349	0	0	10,574	0	10,574	87,658	98,232	0	\$98,232
WMDVBE PROCUREMENT BY STANDARD INDUSTRIAL CATEGORIES - DETAIL (continued)									

2011 HIGHLIGHTS

SIC CATEGORY	ASIAN AMERICAN	AFRICAN AMERICAN	HISPANIC AMERICAN	NATIVE AMERICAN	MINORITY BUSINESS ENTERPRISE (MBE)	WOMEN BUSINESS ENTERPRISE (WBE)	SUB TOTAL WOMEN MINORITY BUSINESS ENTERPRISE (WMBE)	SUBTOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	TOTAL WMDVBE
8734	0	0	1,025	0	1,025	0	1,025	0	\$1,025
8748	0	0	444,439	0	444,439	0	444,439	0	\$444,439
3621	0	0	67,881	0	67,881	0	67,881	0	\$67,881
Unknown	0	1,258,039	3,960,208	0	5,218,247	2,723,604	7,941,851	0	\$7,941,851
8741	0	963	0	0	963	0	963	0	\$963
1541	0	0	0	216,096	216,096	0	216,096	0	\$216,096
3612	0	96,618	0	0	96,618	0	96,618	0	\$96,618
5063	284,716	0	0	0	284,716	0	284,716	0	\$284,716
8712	71,358	0	0	0	71,358	0	71,358	0	\$71,358
8111	31,253	0	0	0	31,253	0	31,253	0	\$31,253
7361	47,347	0	0	0	47,347	47,526	94,873	0	\$94,873
761115	0	0	0	0	0	0	0	151,114	\$151,114
921217	0	0	0	0	0	0	0	8,151	\$8,151
721537	0	0	0	0	0	0	0	39,906	\$39,906
921018	0	0	0	0	0	0	0	86,435	\$86,435
3669	0	0	0	0	0	2,363	2,363	0	\$2,363
6531	0	0	0	0	0	21,698	21,698	0	\$21,698
5084	0	0	0	0	0	3,924	3,924	0	\$3,924
8999	0	0	0	0	0	40,796	40,796	0	\$40,796
1711	0	0	0	0	0	900	900	0	\$900
3443	0	0	0	0	0	38,746	38,746	0	\$38,746
3589	0	0	0	0	0	18,631	18,631	0	\$18,631
4931	0	0	0	0	0	15,350	15,350	0	\$15,350
3317	0	0	0	0	0	1,861,458	1,861,458	0	\$1,861,458
5072	0	0	0	0	0	601	601	0	\$601
1781	0	0	0	0	0	553,111	553,111	0	\$553,111
7338	0	0	0	0	0	3,440	3,440	0	\$3,440
8742	0	0	0	0	0	78,413	78,413	0	\$78,413
8713	0	0	0	0	0	38,537	38,537	0	\$38,537
7319	0	0	0	0	0	1,730,305	1,730,305	0	\$1,730,305
TOTAL	\$434,674	\$1,494,456	\$8,035,332	\$1,210,583	\$11,175,045	\$8,040,660	\$19,215,705	\$285,606	\$19,501,311

SIC Code categories are provided only for those diverse suppliers utilized.

SIC Code comparison for categories utilized with all suppliers is not available.

SECTION 9.1.3 – ITEMIZATION OF WMDVBE PROGRAM EXPENSES

EXPENSE CATEGORY	
Wages	\$85,000
Other Employment Expense	\$0
Reporting Expense	\$3,330
Training	\$900
Consulting	\$0
Program Expenses	\$18,128
TOTAL PROGRAM EXPENSES	\$107,358

SECTION 9.1.4 – PROGRESS IN MEETING OR EXCEEDING SET GOALS

In 2011, California American Water surpassed our 2010 Diverse spend results of 26.1%. We believe that this is a direct result of our continuing efforts to highlight and support the entire business case for Supplier Diversity and inclusion. With the addition of a dedicated Supplier Diversity Program Manager, we are better positioned to be able to set upcoming goals and objectives for 2012. We have focused on heightening the awareness of Supplier Diversity internally with all employees and have discussed and reviewed all of the advantages in partnering with regional diverse suppliers.

CATEGORY	CURRENT YEAR RESULTS	CURRENT YEAR GOALS
Minority Business Enterprise (MBE)	16.50%	15.00%
Women Business Enterprise (WBE)	11.87%	5.00%
Sub Total Women, Minority Business Enterprise (WMBE)	28.37%	20.00%
Service Disabled Veteran Business Enterprise (SDVBE)	0.42%	1.50%
TOTAL WMDVBE	28.79%	21.50%

SECTION 9.1.5 – SUMMARY OF PRIME CONTRACTOR UTILIZATION OF WMDVBE SUBCONTRACTORS

Data not available.

SECTION 9.1.6 – WMDVBE COMPLAINTS RECEIVED

There were no WMDVBE complaints received.

SECTION 9.1.8 – RECRUITMENT EFFORTS IN UNDERUTILIZED AREAS

Recruitment efforts are on-going to identify and utilize WMDVBE suppliers in areas in which utilization has been low. However, it is important to note, that we have achieved success with utilization and spend with a diverse advertising and media firm. In fact, given their exceptional service to California American Water, this firm has captured additional business for other American Water subsidiaries as well. Our Program Manager of Supplier Diversity has attended all CPUC workshops for the identified underutilized areas of finance, legal and advertising and media to gain better understanding and knowledge of diverse firms providing these services. This knowledge will assist in appropriate introduction and inclusion of these firms to California American Water as opportunities arise. In addition, The Program Manager of Supplier Diversity is an active participant on the California Utilities' Diversity Council, Customer Service Committee, which has focused on highlighting the current underutilization of diverse firms in the advertising and media space for all utilities. We will continue our focus in these areas.

DOCUMENT RETENTION

California American Water will retain all documents and data used to prepare the 2012 Annual Report to the California Public Utilities Commission, for 3 years or in conformance with our document retention policies. These documents and data will be provided to the California Public Utilities Commission upon request.

2012 ANNUAL PLAN

2012 will be an exciting year as we continue the momentum to build Supplier Diversity Best Practices into our regional and when appropriate, national, Supply Chain procurement processes. California American Water is in the primary stages of “The Three Stages of Supplier Diversity Evolution” cycle.¹ We have made the commitment, met and surpassed stated goals and have begun to strategically implement a comprehensive Supplier Diversity plan encompassing the most notable areas of Supplier Diversity. These include, Management Commitment and Engagement, Outreach Activities (Internal/External), Technical Assistance and Capacity Building, Supplier Diversity Inclusion, 2nd Tier Subcontracting Program and Metrics Reporting. Each area must be fully developed and effectively introduced to all stakeholders to ensure success.

SECTION 10.1.1 – WMDVBE SHORT, MID AND LONG TERM GOALS

In 2012, California American Water will be diligent in its efforts to maintain supplier diversity spend goals as set forth in General Order 156. However, we do recognize that a truly effective and sustainable program is not only quantifiable but also needs substance. To achieve this, we will continue to ensure thorough knowledge and understanding of Supplier Diversity premises and that its business case is imparted to all California American Water employees. Our short, mid and long term goals are presented below:

	SHORT TERM 2012	MID TERM 2014	LONG TERM 2016
Minority Business Enterprise (MBE)	15.0%	15.0%	15.0%
Women Business Enterprise (WBE)	5.0%	5.0%	5.0%
Disabled Veteran Business Enterprise (DVBE)	1.5%	1.5%	1.5%

¹ MWBE Network.Com – Supplier Diversity Program Maturity: At What Stage is Your Initiative? – Ronald S. Washington, July 2004

SECTION 10.1.2 – PLANNED INTERNAL/EXTERNAL ACTIVITIES

California American Water is committed to continuing all outreach activities to share potential contract opportunities with diverse enterprises in all categories. We will actively partner with diverse regional and national organizations to assist us in identifying and creating potential supplier relationships with diverse enterprises that can contribute competitive, innovative, value-added and quality products and services to our supply chain.

Planned Internal Activities

Following the success of our 2011 California American Water Business Expo in Citrus Heights, CA, we will bring this same forum to the Los Angeles area to support Supplier Diversity efforts in our Los Angeles District. This is assisting us in raising our profile each year in a different district (2010 Monterey, 2011 Sacramento, 2012 Los Angeles).

In addition:

- Our Program Manager of Supplier Diversity will make quarterly visits to each district office to ensure Supplier Diversity best practices are being utilized and to provide additional support.
- We will develop and introduce a Technical Assistance and Capacity Building program in accordance with General Order 156 guidelines and offer this program to diverse enterprises meeting pre-determined selection criteria.
- We will work to implement Supplier Diversity Best Practices and effectively introduce those practices into our state business, and where appropriate, our national supply chain procurement processes.
- We will continue to offer assistance in helping our fellow utilities assistance in sourcing and providing contact information of quality contractors, diverse and otherwise, as opportunities present themselves.

Planned External Activities

- Continued participation at Joint Utility Meetings
- Continued participation at California Utility Diversity Council meetings.
- Continued participation and support of various diverse organization business expos, match-making sessions, etc.
- Continued participation of CPUC workshops highlighting varied areas of Supplier Diversity

SECTION 10.1.3 - PLANS TO SEEK & RECRUIT WMDVBE SUPPLIERS IN UNDERUTILIZED AREAS (FINANCIAL, LEGAL, ETC.)

It is the intent of California American Water to continue identification of needs to potentially and effectively outsource to diverse firms in currently underutilized areas. This identification will be obtained via CPUC workshops, marketplace intelligence and diverse organization databases. We will continue building relationships and providing knowledge sharing of Supplier Diversity regional goals and objectives to our internal national supply chain stakeholders in all underutilized areas recognized.

SECTION 10.1.4 PLANS FOR SEEKING OR RECRUITING WMDVBE SUPPLIERS FOR EXCLUDED CATEGORIES

California American Water is unaware of any WMDVBE supplier able to supply the volume of water needed to efficiently provide service to our customers.

SECTION 10.1.5 – PLANNED SUBCONTRACTING OPPORTUNITIES

California American Water will develop a 2nd Tier Subcontracting Program which will include definition of prime contractors, set parameters within the RFP process to include diverse subcontracting opportunities and design a reporting metric that will capture diverse subcontractor spend. Meetings will initially be held with Prime Contractors currently active in our supply chain to encourage their engagement with diverse subcontractors. New Prime Contractors to our supply chain will be apprised of our Supplier Diversity Program and expectations for diverse subcontractor utilization where appropriate and an availability of resources is seen.

SECTION 10.1.6 – PROGRAM COMPLIANCE

California American Water is pleased with the quantitative results shown in the most recent 2 years. As mentioned in this report, and with an eye towards continually defining, reshaping and utilizing Supplier Diversity best practices, we intend to sustain this positive momentum going forward. We remain committed to the spirit of Supplier Diversity and the compliance guidelines set forth in General Order 156. We recognize that any development, periodic refining and recommendations to the established guidelines are the responsibility of the Executive Director, and, that any such proposals to change said guidelines for the adoption of the California Public Utilities Commission, will be held in an appropriate procedural forum in which we will be an active and present participant.

For more information about supplier diversity at California American Water, contact:

Holley Joy, Program Manager

Supplier Diversity

(619) 435-7436

dhana.joy@amwater.com

www.californiaamwater.com



CALIFORNIA
AMERICAN WATER

WE CARE ABOUT WATER. IT'S WHAT WE DO.