

## INTRODUCTION

This 2011 Annual Report and 2012 Annual Plan are submitted by **tw telecom holdings inc.** ("**tw telecom**") to the Public Utilities Commission of California ("CPUC") pursuant to Sections 8281-8286 of the Public Utilities Code and Sections 9 and 10 of General Order 156 ("GO 156").

**tw telecom** is committed to actively identifying, encouraging business opportunities for, purchasing products and services from, and growing our base of Women, Minority and Disabled Veteran Business Enterprises ("WMDVBE") pursuant to GO156. **tw telecom** has an established nationwide federal Small & Diverse Business Subcontracting Plan pursuant to FAR 19.704 and FAR clause 52.219-9.

As a provider of telecommunications services whose gross annual revenue exceeds \$25 million, we recognize our obligation to provide the CPUC with annual detailed and verifiable plans concerning our WMDVBE procurement in all categories. In order to accomplish the objectives and requirements set forth in GO156, we have identified areas that differ from our federal and other state plans that will require a focused effort and re-alignment of our Supplier Diversity program in 2012 and beyond. Our Supplier Diversity Team and employees are excited about the opportunity to continue to improve our Supplier Diversity program and increase our WMDVBE spend.

**tw telecom** continues to focus on communicating with our Supplier base, strengthening our ability to expand ongoing business with WMDVBE vendors, and expanding our Supplier Diversity program within California. This included website updates, which delivered improved Supplier Diversity training to targeted groups within our corporate departments that make spend and purchasing decisions affecting California and our other local markets nationwide. In order to better communicate our company's WMDVBE goals and objectives we expanded our external-company web page, updated our internal-company web-page giving all employees access to the company's diversity plans, policies, and suppliers, and launched our Tier 2 program. Beginning in 2010 and extending throughout 2011 **tw telecom** implemented a "Procure to Pay" v9.1 PeopleSoft upgrade, which enhanced our ability to capture Supplier Diversity information in our Vendor files beginning 2012. As part of the upgrade, tw telecom requested that current suppliers re-submit their vendor paper work, including their supplier certification forms reflecting WMDVBE status. Additionally, the upgrade instituted automated workflow functionality that routes all purchases in excess of \$100,000 for buyer review to ensure that diverse suppliers were provided the opportunity to support the business requirement.

For 2012, **tw telecom** revised its Procurement Policy with a heightened emphasis and awareness of the need to solicit business from WMDVBEs. **tw telecom** will continue to expand and update our employees' awareness of WMDVBE opportunities and methods to identify new WMDVBE suppliers. We are working with our local market teams to further engage them in the goal making process, to train them on new and available tools to identify diverse resources (both on **tw telecom's** internal webpage and external resources such as the CPUC's Clearinghouse), and to familiarize them with GO156. We are focused on expanding our successes, improving our weaknesses, and making sure that those individuals who are in a position to make purchasing decisions understand and follow through on our commitment to supplier diversity. The objective of our training program is to ensure that our Procurement organization, Regional Leadership, and Local Offices are all armed with the appropriate resources, information, and tools to identify and award business to diverse sources of supply.

We believe that our commitment to building a strong base of diverse suppliers is the right thing to do for our company, the communities we serve, and our customers.

## GO156, §9 2011 ANNUAL REPORT

### 9.1.1 DESCRIPTION OF WMDVBE PROGRAM ACTIVITIES ENGAGED IN DURING THE PREVIOUS CALENDAR YEAR. THIS DESCRIPTION SHALL INCLUDE BOTH INTERNAL AND EXTERNAL ACTIVITIES.

#### Internal Activities

##### Training and Education

Formal training and education on the new PeopleSoft Financials v9.1 system functionality was delivered company-wide to persons involved in the selection of suppliers and purchasing decisions as a part of the overall review and re-education on the company's Procure to Pay policy and process requirements. This training reinforced the company's Diversity, due diligence and Procurement Policies and explained the new system delivered controls supporting Diversity. Field Sales, Engineering, and Operations leaders as well as corporate Procurement, Contracting, Purchasing, Engineering, Operations, IT, and Accounting personnel received this training via targeted webcasts, conference calls and a web based training tool. Many of these groups develop national standards, companywide specifications, and make purchasing decisions that affect all of our local markets. By targeting these groups, a larger percentage of **tw telecom's** spending can be influenced at any one given time. Ensuring that these groups are constantly aware of changes to the company's supplier diversity goals, understand our commitment to meeting state and federal WMDVBE objectives, and are trained on the means to identify WMDVBE suppliers, means they can more effectively implement the company's goals.

Informal training was delivered to field organizations, Sales, Offer Management and other corporate departments that were not a part of formal Supplier Diversity training in 2011. The informal training was provided through emails, conference calls and knowledge sharing sessions.

##### Employee Communication

In 2011, **tw telecom** maintained and updated its intra-company web page through which all employees gain access to the company's diversity plans, policies, existing diverse supplier list and potential diverse suppliers bid list. This company website (iMatrix) helped increase small and diverse supplier opportunities by providing new and expanded bidder lists and providing lists of diverse vendors currently in use and available for new bids. Information was also posted to the site and updated throughout the year for those employees wishing to attend minority business enterprise opportunity workshops and trade fairs. Additionally, **tw telecom** sent targeted email correspondence to field organizations to raise awareness of upcoming Supplier Diversity event opportunities for the year.

##### Data Quality and Reporting

In 2011, **tw telecom** continued its efforts to improve the company's WMDVBE data quality by continuously revising its existing vendor records with updated diversity information. Additional developments were instituted as part of the 2010-2011 v9.1 PeopleSoft enhancements to the company's Accounts Payable and Reporting system which went live January 3, 2012. **tw telecom** felt this initiative was imperative in order for the company to set meaningful goals, track accomplishments, review credible vendor spend data, and fully validate our WMDVBE

program success.

In addition to implementing improved reporting capabilities, **tw telecom** sought to improve the accuracy of its vendor data by contacting over 9,000 vendors in its Accounts Payable database to request up-to-date diversity information and diversity certification status. This required multiple mailings, emails, and personal follow-up throughout 2011 and will continue in 2012. Maintaining and improving vendor information as well as developing reports to consistently meet varying federal, state, and local reporting requirements will be an ongoing effort.

#### Procurement Processes

The Supplier Diversity Team met with representatives of key Corporate Departments including Accounting, Legal, Engineering, Program Management, Finance, and Accounting as well as representatives of Field Organizations including Sales and Operations to continue to improve processes and approaches to more seamlessly incorporate the identification, inclusion, and selection of Diverse Suppliers into the company's processes. The team also evaluated methods to best identify varying needs of the entities from who the company receives bids so that the Supplier Diversity Team can more quickly evaluate and determine how to implement those requirements. In many respects, the actual training of employees, outreach, and identification and use of diverse suppliers is the least complicated portion of our program. Meeting the challenges of reporting the company's goals, objectives and progress in a manner that meets many differing entities' reporting requirements across the country can be complex and consume time that **tw telecom** would rather use for outreach and development. Our objective was to consolidate our reporting efforts and processes to make them more efficient so that we could focus our time on expanding **tw telecom's** diverse supplier base. In that vein, as part of the PeopleSoft Financials v9.1 implementation, **tw telecom** instituted an automated workflow that routes all orders in excess of \$100k for buyer review and validation of supplier diversity due diligence. Submission of justification supporting the award of business to a non-diverse supplier is required as part of this workflow and due diligence process. Reporting fields were re-evaluated and updated to help streamline the quarterly analysis and annual reporting processes.

Other activities included the revision of language in all of the company's RFP/Bid and Contract documents to ensure that the most up-to-date disclosure requirements and flow down provisions were included.

#### Tier 2 Program

**tw telecom** launched its Tier 2 program in Q4 of 2010. The company recognizes the importance of tracking this spend and developing WMDVBE business through its prime contractors. **tw telecom** worked with its suppliers throughout 2011 to enhance its Tier 2 reporting process and tools principally by focusing on large, non-diverse, high-spend suppliers and educating them on the need for diversity in their supply chains and requesting reports quarterly to reflect their diverse spend. As **tw telecom** continues to expand its Tier 2 program, we look forward to having increased participation to share in future annual reports.

**tw telecom** continues to identify and implement new opportunities and expand business with WMDVBE subcontractors as a result of work with our prime contractors. One such example is the award of business to TelTech Plus, a DVBE. We have engaged our prime contractors in

discussions on partnering opportunities to provide opportunities to their Diverse authorized resellers for providing services to **tw telecom**. These options are currently being expanded.

### **External Activities**

#### **Business Organization Involvement.**

- **tw telecom** is a member of and involved with the Rocky Mountain Minority Supplier Development Council (“SDC”)
- Attended WMDVBE Business Opportunity Workshops, Minority Business Enterprise Seminars and Trade Fairs.
- Panel participant at the SDC Corporate Roundtable event on May 24, 2011
- Attended Minority, Women-owned, and other Diverse business/procurement conferences including the SDC Business Opportunity Fair and seminars related to WMDVBE opportunities and the Supplier Diversity Development Roundtable.
- Attended the California Armed Forces Commission and Election Association (“AFCEA”) seminars and conferences.
- **tw telecom** intends to participate in SDC’s Growth through participation in seminars and SDC’s Business Opportunity Fair, in addition to other WMDVBE seminars offered in 2012.

#### **Technical Assistance/Capacity Building**

**tw telecom** is not of the same size and scale as those companies that have proactive Technical Assistance and Capacity Building programs and therefore does not have separate expenditures in this regard. **tw telecom** will continue its outreach through participating in supplier diversity networking events, seminars, conferences and in its daily course of business by educating new diverse suppliers on how to navigate its approved-vendor set up processes and existing suppliers on how to grow its opportunities with tw telecom.

**9.1.2 A SUMMARY OF WMDVBE PURCHASES AND/OR CONTRACTS, WITH BREAKDOWNS BY ETHNICITY, PRODUCT AND SERVICE CATEGORIES COMPARED WITH TOTAL UTILITY CONTRACT DOLLARS AWARDED TO OUTSIDE VENDORS IN THOSE CATEGORIES.**

**Supplier Diversity Annual Results by Ethnicity – California Direct and Tier 2 (Sub)**

		2011			
		Direct \$	Sub \$	Total Direct and Sub\$	%
Minority Men	Asian-Pacific	\$ 47,716.46	\$ 5,753,371.04	\$ 5,801,087.50	0.23%
	Black	\$ -	\$ 753,577.97	\$ 753,577.97	0.00%
	Hispanic	\$ 2,556,973.33	\$ 2,787,970.50	\$ 5,344,943.83	12.50%
	Native-American	\$ -	\$ 131,772.68	\$ 131,772.68	0.00%
	Disabled Veteran Owned				
		\$ 81,558.75	\$ 25,227.90	\$ 106,786.65	0.40%
	Other	\$ 103,732.80	\$ 1,490,654.88	\$ 1,594,387.68	0.51%
	<b>Total Minority Men</b>	<b>\$ 2,789,981.34</b>	<b>\$ 10,917,347.07</b>	<b>\$ 13,707,328.41</b>	<b>13.64%</b>
Minority Women	Asian-Pacific	\$ -	\$ 752,816.67	\$ 752,816.67	0.00%
	Black	\$ -	\$ 459.50	\$ 459.50	0.00%
	Hispanic	\$ 4,746.63	\$ 807,623.27	\$ 812,369.90	0.02%
	Native-American	\$ -	\$ 53,173.00	\$ 53,173.00	0.00%
	Disabled Veteran Owned				
		\$ -	\$ 12,754.00	\$ 12,754.00	0.00%
	Other	\$ 389,085.87	\$ 2,529,863.87	\$ 2,918,949.74	1.90%
	<b>Total Minority Women</b>	<b>\$ 393,832.50</b>	<b>\$ 4,143,936.31</b>	<b>\$ 4,537,768.81</b>	<b>1.93%</b>
<b>Total Minority Business Enterprise (MBE)</b>		<b>\$ 2,713,169.22</b>	<b>\$ 12,531,419.51</b>	<b>\$ 15,244,588.73</b>	<b>13.27%</b>
<b>Women Business Enterprises (WBE)</b>		<b>\$ 389,085.87</b>	<b>\$ 2,529,863.87</b>	<b>\$ 2,918,949.74</b>	<b>1.90%</b>
<b>Subtotal Women, Minority Business Enterprise (MWBE)</b>		<b>\$ 3,102,255.09</b>	<b>\$ 15,061,283.38</b>	<b>\$ 18,163,538.47</b>	<b>15.17%</b>
<b>Service Disabled Veteran Business Enterprise (DVBE)</b>		<b>\$ 81,558.75</b>	<b>\$ 37,981.90</b>	<b>\$ 119,540.65</b>	<b>0.40%</b>
<b>TOTAL WMDVBE</b>		<b>\$ 3,183,813.84</b>	<b>\$ 15,099,265.28</b>	<b>\$ 18,283,079.12</b>	<b>15.57%</b>
<b>Gross Procurement</b>			<b>\$ 20,452,251.15</b>		
<b>Exclusions</b>			<b>\$ -</b>		
<b>Net Procurement</b>			<b>\$ 20,452,251.15</b>		
Note: Gross and Net Procurement are based on tw telecom CA spend only, less employee, utility and tax spend.					

**Supplier Diversity Procurement by Products and Services Category - California Direct**

2011 Diversity Spend Report for CA, PUC General Order 156								
Based on CA Spend only - Excludes EM, RC, UT & TD			Products		Services		Total	
Men	Asian	Direct	\$ 0.31	0.0%	\$ 47,716.15	0.4%	\$ 47,716.46	0.2%
	African American	Direct	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
	Hispanic	Direct	\$ 2,320,698.46	24.2%	\$ 236,274.87	2.2%	\$ 2,556,973.33	12.5%
	Native American	Direct	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
	Disabled Veteran Owned	Direct	\$ 81,303.75	0.8%	\$ 255.00	0.9%	\$ 81,558.75	0.4%
	Other Diverse Classifications	Direct	\$ 7,367.00	0.1%	\$ 96,365.80	0.9%	\$ 103,732.80	0.5%
	<b>Total Diverse Men</b>	Direct	\$ 2,409,369.52	25.1%	\$ 380,611.82	3.5%	\$ 2,789,981.34	13.6%
Women	Asian	Direct	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
	African American	Direct	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
	Hispanic	Direct	\$ -	0.0%	\$ 4,746.63	0.0%	\$ 4,746.63	0.0%
	Native American	Direct	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
	Disabled Veteran Owned	Direct	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
	Other Diverse Classifications	Direct	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
	Women-Owned (non-minority classifications)	Direct	\$ 353,889.42	3.7%	\$ 35,196.45	0.3%	\$ 389,085.87	1.9%
<b>Total Diverse Women</b>	Direct	\$ 353,889.42	3.7%	\$ 39,943.08	0.4%	\$ 393,832.50	1.9%	
<b>Total Minority Business (MBE)</b>			\$ 2,328,065.77		\$ 385,103.45		\$ 2,713,169.22	13.3%
<b>Women Business (WBE)</b>			\$ 353,889.42		\$ 35,196.45		\$ 389,085.87	1.9%
<b>Subtotal Woman, Minority Business Enterprise (MWBE)</b>			\$ 2,681,955.19		\$ 420,299.90		\$ 3,102,255.09	15.2%
<b>Service Disabled Veteran (DVBE)</b>			\$ 81,303.75		\$ 255.00		\$ 81,558.75	0.4%
<b>Total WMDVBE</b>			\$ 2,763,258.94	28.8%	\$ 420,554.90	3.9%	\$ 3,183,813.84	15.6%
<b>Total California Spend</b>			\$ 9,583,197.86		\$ 10,869,053.29		\$ 20,452,251.15	
<b>Total WMDVBE by Category</b>								
Asian		\$ 47,716.46	0.23%					
African American		\$ -	0.00%					
Hispanic		\$ 2,561,719.96	12.53%					
Native American		\$ -	0.00%					
Disabled Veteran Owned		\$ 81,558.75	0.40%					
Other Diverse Classifications		\$ 103,732.80	0.51%					
Women Owned		\$ 389,085.87	1.90%					
<b>Total WMDVBE</b>		\$ 3,183,813.84	15.57%					
CONFIDENTIAL:								
The information in this report is confidential and proprietary to tw telecom.								
Disclosure is strictly prohibited without prior written approval from tw telecom.								

Percentages for "Products" expenditures are WMDVBE expenditures compared to "Total Product Procurement" expenditures. Percentages for "Services" expenditures are WMDVBE expenditures compared to "Total Services Procurement" expenditures. Percentages for "Total" expenditures are WMDVBE expenditures compared to "Net Procurement" expenditures.

### Supplier Diversity Procurement Contracts

Category	2011 WMDVBE Contract Information			WMDVBE Vendors with Majority Workforce in CA
	Total WMDVBE Vendors with Contracts	Total CA Dollars Spent with WMDVBEs under	Total WMDVBE Vendors Receiving Direct Spend from CA	
Asian	0	\$ -	0	Unknown
African American	2	\$ -	0	Unknown
Hispanic	18	\$ 2,560,664.36	3	Unknown
Native American	2	\$ -	0	Unknown
Disabled Veteran Owned	3	\$ 81,558.75	1	Unknown
Other Diverse Classifications	28	\$ 11,091.79	1	Unknown
Women Owned (non Diverse)	51	\$ 263,696.73	4	Unknown
Women Owned (Diverse)	3	\$ 4,746.63	1	Unknown
<b>Total 2011</b>	<b>107</b>	<b>\$ 2,921,758.26</b>	<b>10</b>	

Note: tw telecom's contracts are generally set-up for use company-wide.

This table represents the number of master agreements currently in place with WMDVBEs, and the associated spend in CA against such vendors.

**tw telecom** does not have a reporting mechanism in place currently to capture WMDVBE Vendors with majority Workforce in CA. The capability will be researched during 2012.

**Supplier Diversity Procurement by Products and Services Category - California Subcontract**

**(2011 Tier 2)**

		Products		Services		Total	
<b>Minority Men</b>	Asian-Pacific	Sub	\$1,529,836.00	\$4,223,535.04	\$5,753,371.04		
	Black	Sub	\$246,555.36	\$507,022.61	\$753,577.97		
	Hispanic	Sub	\$441,015.75	\$2,346,954.75	\$2,787,970.50		
	Native-American	Sub	\$108,481.23	\$23,291.45	\$131,772.68		
	Other	Sub	\$614,073.44	\$876,581.44	\$1,490,654.88		
	Service Disabled Veteran	Sub	\$25,199.95	\$27.95	\$25,227.90		
	<b>Total Minority Men</b>	<b>Sub</b>	<b>\$2,939,961.78</b>	<b>\$7,977,385.29</b>	<b>\$10,917,347.07</b>		
<b>Minority Women</b>	Asian-Pacific	Sub	\$601,929.69	\$150,886.98	\$752,816.67		
	Black	Sub	\$422.52	\$36.98	\$459.50		
	Hispanic	Sub	\$793,001.42	\$14,621.85	\$807,623.27		
	Native-American	Sub	\$10,098.00	\$43,075.00	\$53,173.00		
	Other	Sub	\$630,046.51	\$1,899,817.36	\$2,529,863.87		
	Service Disabled Veteran	Sub	\$12,754.00		\$12,754.00		
	<b>Total Minority Women</b>	<b>Sub</b>	<b>\$2,035,498.14</b>	<b>\$2,108,438.17</b>	<b>\$4,143,936.31</b>		
<b>Total Minority Business Enterprise (MBE)</b>	<b>Sub</b>	<b>\$4,345,413.41</b>	<b>\$8,186,006.10</b>	<b>\$25,062,839.02</b>			
<b>Women Business Enterprises (WBE)</b>	<b>Sub</b>	<b>\$630,046.51</b>	<b>\$1,899,817.36</b>	<b>\$5,059,727.74</b>			
<b>Subtotal Women, Minority Business Enterprise (MWBE)</b>	<b>Sub</b>	<b>\$4,975,459.92</b>	<b>\$10,085,823.46</b>	<b>\$30,122,566.76</b>			
<b>Service Disabled Veteran Business Enterprise (DVBE)</b>	<b>Sub</b>	<b>\$37,953.95</b>	<b>\$27.95</b>	<b>\$75,963.80</b>			

<b>TOTAL WMDVBE</b>	<b>Sub</b>	\$5,013,413.87		\$10,085,851.41		\$30,198,530.56	
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<b>Gross Procurement</b>	\$378,693,031.71
<b>Exclusions</b>	\$15,995,344.80
<b>Net Procurement</b>	\$362,037,381.96

<b>Total Product Procurement</b>	\$283,600,669.61
<b>Total Service Procurement</b>	\$423,205,864.62
<b>Net Procurement</b>	\$358,403,386.52

Note: Tier 2 reported spend by tw telecom's participating prime contractor's may represent entire company spend and may not be limited to CA.

**tw telecom WMDVBE Procurement SIC Code Legend:**

<b>Major Group Code</b>	<b>Description of Items</b>
14	Nonmetallic Minerals Services, Except Fuels (except geophysical surveying and mapping and site preparation and related construction activities performed on a contract or fee basis)
15	General Contractors--Single Family Houses (except remodeling contractors)
16	Water, Sewer, Pipeline, and Communications and Power Line Construction (power and communications transmission lines)
17	Electrical Work (electrical work except burglar and fire alarm installation)
27	Newspapers: Publishing, or Publishing and Printing (Internet newspaper publishing)
28	Pharmaceutical preparations
33	Drawing and Insulating of Nonferrous Wire (fiber optic cable-insulating only)
35	Office Machines, NEC (except timeclocks, time stamps, pencil sharpeners, stapling machines, etc.)
36	Communications Equipment, NEC
38	Instruments for Measuring and Testing of Electricity and Electrical Signals (except automotive instruments)
41	Local and Suburban Transit (commuter rail)
42	Special Warehousing and Storage, NEC (except fur storage and warehousing in foreign trade zones)
43	U.S. postal service
45	Airports, Flying Fields, and Airport Terminal Services (air freight handling at airports, hangar operations, airport terminal services, aircraft storage, airports, and flying fields)
46	Pipelines, NEC
47	Transportation Services
48	Communications Services, NEC (except ship to shore broadcasting, satellite communications, pay telephone concession operators)
49	Electric Services (electric power distribution)
50	Industrial Machinery and Equipment (merchant wholesalers)
51	Stationery and Office Supplies (merchant wholesalers except those selling stationery and office supplies via retail method)
52	Building Materials, Hardware, Garden supply, and Mobile Home Dealers
55	Truck equipment and parts
57	Drapery, Curtain, and Upholstery Stores (drapery and curtain stores except primarily custom)
59	Gift shop
60	Functions Related to Depository Banking, NEC (electronic funds transfer networks and clearinghouse associations)
61	Non-depository Credit Institutions
63	Insurance carriers, nec
65	Commercial and industrial building operation
67	Personal holding companies, except banks
70	Hotels and Motels (hotels, except casino hotels, and motels)
72	Personal Services

73	Computer Maintenance and Repair (except sales locations providing supporting repair services as major source of revenue)
75	Passenger Car Rental
76	Electrical and Electronic Repair Shops, NEC (other consumer electronic equipment, except business and office machines, telephones, and appliances-repair and maintenance)
79	Country club, membership
80	Dental clinics and offices
81	Legal Services
82	Schools and Educational Services, NEC (art, drama, and music schools)
83	Social Services
87	Business Consulting Services, NEC (except educational testing and consulting, economic consulting, safety and security, agriculture consulting, environmental consulting firms, urban planning and industrial development organizations)
89	Communication services
91	Executive, Legislative, and General Government, Except Finance
93	Taxation department, government
94	Administration of educational programs, County government
95	Air, water, and solid waste management, County government
99	Duns Support Record, nonclassifiable establishment

***For the Detailed Results of Supplier Diversity Procurement by Standard Industry Codes***

***Please See Tables on Following Pages***





**9.1.4 A DESCRIPTION OF PROGRESS IN MEETING OR EXCEEDING SET GOALS AND AN EXPLANATION OF ANY CIRCUMSTANCES THAT MAY HAVE CAUSED THE UTILITY TO FALL SHORT OF ITS GOALS.**

This is *tw telecom's* third year submitting an annual report in the format prescribed by GO156. The following are a summary of the company's 2009, 2010 and 2011 California results:

Category	2009 Dollars	2009 %	2010 Dollars	2010 %	2011 Dollars	2011 %
Minority Men	\$891,696.17	6.0%	\$1,906,422.27	22.0%	\$2,789,981.34	13.6%
Minority Women	\$0.00	0%	\$74,919.48	.0%	\$393,832.50	1.9%
Minority Business Enterprises (MBE)	\$819,514.94	5.55%	\$1,807,583.76	21.0%	\$2,713,169.22	13.3%
Women Business Enterprises (WBE)	\$97,481.38	0.66 %	\$74,919.48	0.0%	\$389,085.87	1.9%
Subtotal Women, Minority Business Enterprise (WMBE)	\$916,996.32	6.21%	\$1,882,503.24	22.0%	\$3,103,255.09	15.2%
Service Disabled Veteran Business Enterprise (DVBE)	\$72,181.20	0.49%	\$0	0.0%	\$81,558.75	0.4%
<b>Total WMDVBE</b>	<b>\$989,177.52</b>	<b>6.70%</b>	<b>\$1,981,341.75</b>	<b>23.0%</b>	<b>\$3,183,813.84</b>	<b>15.6%</b>

**9.1.5 A SUMMARY OF PRIME CONTRACTOR UTILIZATION OF WMDVBE SUBCONTRACTORS.**

This is *tw telecom's* second year reporting Tier 2 spend. We are continuing to examine methods to best validate vendor data, reporting, and compliance.

TIER 2 WMDVBE	2010 Spend	2011 Spend
Asian	\$71,090	\$ 5,753,371.04
Black American	\$ -	\$ 753,577.97
Hispanic	\$20,005	\$ 2,787,970.50
Native American	\$4,917	\$ 131,772.68
<b>Total MBE (from 9.1.2 above)</b>	<b>\$13,779,389</b>	<b>\$ 25,062,839.02</b>
WBE	\$2,819,934	\$ 5,059,727.74
DVBE	\$5,400	\$ 75,963.80

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**9.1.6 A LIST OF WMDVBE COMPLAINTS RECEIVED DURING THE PAST YEAR, ACCOMPANIED BY A BRIEF DESCRIPTION OF THE NATURE OF EACH COMPLAINT AND ITS RESOLUTION OR CURRENT STATUS.**

*tw telecom* did not receive any WMDVBE complaints in 2011.

**9.1.7 A SUMMARY OF PURCHASES AND/OR CONTRACTS FOR PRODUCTS AND SERVICES IN EXCLUDED CATEGORIES.**

Our understanding is that the GO 156 Ruling on November 14, 2003, ended the exclusion category. *tw telecom* does not exclude any product/service category from its purchase base other than those specifically stated in General Order 156, Section 8 such as payments to other utilities, government fees and taxes.

**9.1.8 A DESCRIPTION OF ANY EFFORTS MADE TO RECRUIT WMDVBE SUPPLIERS OF PRODUCTS OR SERVICES IN PROCUREMENT CATEGORIES WHERE WMDVBE UTILIZATION HAS BEEN LOW, SUCH AS LEGAL AND FINANCIAL SERVICES, FUEL PROCUREMENT, AND AREAS THAT ARE CONSIDERED HIGHLY TECHNICAL IN NATURE.**

A significant amount of *tw telecom's* low WMDVBE utilization can be found in the area of network equipment and software. *tw telecom* reviews this area regularly and is seeking to identify new opportunities and use new WMDVBE entrants in this area. Several suppliers explained, however, that the high level of ongoing capital investment required by most network equipment and software companies is a deterrent to new entrants and is the reason that almost all current vendors in the area are publicly held companies.

*tw telecom* is committed to providing increased opportunities for diverse businesses in low utilization categories. In those cases where we are challenged by supply chain needs and strategies that may impede our ability to buy directly from WMDVBE suppliers we will use the Tier 2 program to expand our supplier diversity efforts. In 2011, we reinforced with our primary contractors our desire that they continue to utilize, make new awards, and report spending with diverse suppliers in fulfillment of their contracts. Our reporting process, validation, and data consolidation was designed to augment our existing efforts to increase meaningful business opportunities for diverse suppliers. Our spend with Tier 2 suppliers who have strong diversity programs is substantial and is reflected in this report. As our Tier 2 reporting program matures, we anticipate growth in diverse spending through our partners.

**9.1.9 UTILITIES SHALL RETAIN ALL DOCUMENTS AND DATA THEY RELY ON IN PREPARING THEIR WMDVBE ANNUAL REPORT FOR THE LONGER OF EITHER THREE YEARS OR IN CONFORMANCE WITH THE UTILITIES' INDIVIDUAL DOCUMENT RETENTION POLICIES, AND SHALL PROVIDE THESE DOCUMENTS AND DATA TO THE COMMISSION UPON REQUEST.**

Understood.

**9.1.10 EACH UTILITY WHICH ELECTS TO REPORT FUEL PROCUREMENT SEPARATELY MUST FILE WITH THE EXECUTIVE DIRECTOR BY MARCH 1 OF EACH YEAR, BEGINNING IN 1991, A SEPARATE DETAILED AND VERIFIABLE REPORT ON WMDVBE PARTICIPATION IN FUEL MARKETS. THESE REPORTS MUST INCLUDE, AT A MINIMUM, THE RESULTS OF PURCHASES IN EACH FUEL CATEGORY. UTILITIES SHALL REPORT RENEWABLE AND NONRENEWABLE ENERGY PROCUREMENT IN A MANNER SIMILAR TO THEIR REPORTING OF FUEL PROCUREMENT.**

*tw telecom* is not reporting fuel procurement separately.

*tw telecom* is evaluating the ability to report renewable and nonrenewable energy procurement for future plans. *tw telecom* is not reporting renewable and nonrenewable procurement separately in the 2012 plan.

## GO156, §10 2012 ANNUAL PLAN

### 10.1.1 SHORT, MID, AND LONG TERM GOALS SET AS REQUIRED BY SECTION 8, SUPRA

**tw telecom** uses historical information from prior years, anticipated company spend for the coming plan year, knowledge of major initiatives and opportunities, and input from key corporate departments, regional leadership, and local management in establishing its annual goals and objectives. While economic factors and influences outside the company's control affect our overall purchasing decisions, we anticipate continued improvement upon our goals and the resulting accomplishments year over year.

A summary of our goals are as follows:

Term Goal	MBE	WBE	DVBE
Short Term (2012)	13.5%	2%	.5%
Mid Term (2013)	14%	3%	1%
Long Term (2017)	15.5%	5%	1.5%

The stated goals are not legally enforceable requirements or quotas of any kind and failure to meet or exceed them, or any other portion of this plan, is not subject to any penalty.

### 10.1.2 A DESCRIPTION OF WMDVBE PROGRAM ACTIVITIES PLANNED FOR THE NEXT CALENDAR YEAR. THIS DESCRIPTION SHALL INCLUDE BOTH INTERNAL AND EXTERNAL ACTIVITIES

In 2012, **tw telecom** plans to expand its California Supplier Diversity Program and extend greater accountability to the California business units, leadership, and local employees who are closest to daily spend and purchasing decisions. In establishing its 2012 goals, objectives, and plan, **tw telecom's** Supplier Diversity and Procurement personnel worked jointly with the Regional Vice Presidents, General Managers and Operations Directors in our California markets to identify opportunities to expand the use of WMDVBE vendors.

In order to meet its 2012 goals, **tw telecom** has established the following Internal activities:

1. Local Goals and Objectives.  
In order for any program to be effective in 2012, we believe that goals and objectives must be established at the lowest common level within the company to ensure success. While **tw telecom** has established supplier diversity goals and objectives at a national level, we have become increasingly aware that components of those goals must be applied to each individual market for them to be meaningful. In 2012, the Supplier Diversity Team, Procurement Department, and Local Management are plan to reinforce the Supplier Diversity goals for each of the company's California markets that will contribute to our overall 2012 Plan through collaborative planning and implementation sessions. This reinforcement process will engage, challenge, and establish local accountability for employees who make purchasing decisions to identify new and diverse sources of supply.
2. Training and Education.

In addition to updated training for our key corporate departments, targeted refresher training is being developed for **tw telecom's** California management and employees. We recognize that our management team and employees must not only be knowledgeable about our WMDVBE program, they must be well versed and familiar with the necessary supplier diversity "tools" to succeed. It is **tw telecom's** objective to ensure that the awareness of our WMDVBE goals and objectives are clearly communicated and understood by every California employee and that employees who are involved in the evaluation, recommendation, or selection of vendors have the tools at their disposal. Specific topics to be covered in 2012 training include:

- **tw telecom's** 2012 Annual Plan as submitted to the CPUC.
- Each market's WMDVBE goals and objectives as they relate to **tw telecom's** California and national Supplier Diversity programs.
- Training on key sections GO156 and employee responsibility.
- WMDVBE Prime Contractor Outreach.
- CPUC Clearinghouse.
- California Subcontracting Program.
- DVBE Opportunities.
- Local Diversity Leaders.

3. **WMDVBE Prime Contractor Outreach.**

**tw telecom** intends to strengthen its Supplier Diversity Outreach on a continuing basis in 2012. Some of the efforts the company plans to undertake include:

- Actively expanding the company's California source pools beyond its existing base of diverse suppliers and the national databases we have used in the past. We include the CPUC Clearinghouse and the California Department of General Services (DGS) Supplier Diversity Website supplier databases.
- Continue participation in Supplier Diversity seminars, conferences, workshops, and maintain its membership in supplier diversity councils in 2012.
- Continue supporting outreach efforts, through contacts with minority and small business trade associations, attendance at minority, veteran-owned, service-disabled veteran-owned, minority-owned and women-owned

business procurement conferences and trade fairs nationally and in California.

- Partner with the Federal Small Business Administration or the California state counter-part to seek alternative sources for supply, or opportunities to further mature **tw telecom**'s diversity program.

4. *Subcontracting Program.*

**tw telecom** plans to continue strengthening its Tier 2 subcontracting program that encourages prime contractors to expand their utilization of WMDVBE subcontractors pursuant to GO156 §6.3. In particular, we will focus on the prime contractors with whom we have historically spent over \$500,000 for products and services and \$1,000,000 for construction services.

5. *Employee Communication.*

In 2012, **tw telecom** intends to continue to improve and enhance its intra-company Supplier Diversity web page to incorporate resources for our employees to increase opportunities to locate diverse suppliers through use of internal bid lists, links to external sites (such as the CPUC and DGS Supplier Diversity website), and other informational tools specific to Supplier Diversity efforts.

6. *Contracting.*

**tw telecom** will continue to work to identify bid opportunities and include supplier diversity provisions in its RFIs, company Certification Forms (that enable **tw telecom** to further identify opportunities and track the diverse status of its supplier base), and incorporate diversity requirements in its due diligence requirements. Due diligence requirements will be reinforced systemically within our Financial and Procurement programs which, for orders greater than \$100k, will trigger a buyer review, prior to final award of business, for inclusion of diverse suppliers in the due diligence process.

7. *Data Quality.*

**tw telecom** will continue its efforts to update and maintain diverse supplier records by mailing, phoning and emailing suppliers and requesting updates to the company's Supplier Certification Form. New suppliers will continue to be required to complete a Supplier Certification Form and provide a current certification as part of the company's AP set-up process.

8. *Supplier Certification.*

**tw telecom** plans to train on and use the CPUC Clearinghouse including the

certification process and encourage our existing diverse suppliers to submit for certification.

In order to meet our 2012 goals, **tw telecom** has established the following *External* activities:

1. Attending WMDVBE Business Opportunity Workshops, Minority Business Enterprise Seminars and Trade Fairs.
2. Contacting Diverse and Small business trade associations
3. Contacting Diverse Business Development organizations
4. Attending Minority, Women-owned, and other Diverse business/procurement conferences.

**10.1.3 PLANS FOR RECRUITING WMDVBE SUPPLIERS OF PRODUCTS OR SERVICES WHERE WMDVBE UTILIZATION HAS BEEN LOW, SUCH AS LEGAL AND FINANCIAL SERVICES, FUEL PROCUREMENT, AND AREAS THAT ARE CONSIDERED HIGHLY TECHNICAL IN NATURE.**

- **tw telecom's** Supplier Diversity Team plans to continue to work with departments within the company that purchase products or services in areas where WMDVBE utilization has been low to help design procurement "packages" that permit and encourage the participation of WMDVBE concerns.
- Directly or indirectly counsel WMDVBE suppliers and/or California employees on areas that present subcontracting opportunities.

**10.1.4 PLANS FOR SEEKING AND OR RECRUITING WMDVBE SUPPLIERS OF PRODUCTS OR SERVICES IN ANY "EXCLUDED CATEGORY" OF PRODUCTS OR SERVICES WHICH HAS BEEN REMOVED FROM THE PROCUREMENT DOLLAR BASE USED TO SET GOALS BECAUSE OF THE ESTABLISHED UNAVAILABILITY OF WMDVBE SUPPLIERS. PLANS FOR SEEKING AND OR RECRUITING WMDVBE SUPPLIERS OF PRODUCTS OR SERVICES WHERE WMDVBE SUPPLIERS ARE CURRENTLY UNAVAILABLE**

**tw telecom** presently has no plans to purchase or classify any products or services in an "excluded category" in 2012.

**10.1.5 PLANS FOR ENCOURAGING BOTH PRIME CONTRACTORS AND GRANTEEES TO ENGAGE WMDVBES IN SUBCONTRACTS IN ALL CATEGORIES WHICH PROVIDE SUBCONTRACTING OPPORTUNITIES.**

**tw telecom** is committed to providing increased opportunities for diverse businesses. In some cases, we are challenged by supply chain needs and strategies that may impede our ability to buy directly from WMDVBE suppliers. In those cases, we rely upon our prime contractors' "Tier 2" subcontracting activities to expand **tw telecom's** supplier diversity efforts. While **tw telecom** has focused its efforts on direct procurement from WMDVBE vendors we also request

that our Tier 2 providers utilize diverse suppliers in fulfillment of their contracts. This process is designed to augment existing efforts to increase meaningful business opportunities for diverse suppliers.

**tw telecom** remains committed to achieving the maximum practical utilization of WMDVBE vendors in all categories and sees Tier 2 purchases as an opportunity to expand business opportunities. It should be noted, however, that the award of subcontracts are at the sole discretion of the prime.

**10.1.6 PLANS FOR COMPLYING WITH THE WMDVBE PROGRAM GUIDELINES ESTABLISHED BY THE COMMISSION AS REQUIRED BY PUBLIC UTILITIES SECTION 8283(C). THE EXECUTIVE DIRECTOR'S OFFICE WILL BE RESPONSIBLE FOR DEVELOPING, PERIODICALLY REFINING, AND RECOMMENDING SUCH GUIDELINES FOR THE COMMISSION'S ADOPTION IN AN APPROPRIATE PROCEDURAL FORUM**

Understood.