

**California Rural Service Area #1, Inc.  
WMDVBE Annual Report and Plan**

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**California Public Utilities Commission**

**Rulemaking: General Order 156**  
**Subject: RULES GOVERNING THE DEVELOPMENT OF PROGRAMS  
TO INCREASE PARTICIPATION OF WOMEN, MINORITY AND  
DISABLED VETERAN BUSINESS ENTERPRISES IN PROCUREMENT  
OF CONTRACTS**

**Due Date: March 1, 2012**

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**California Rural Service Area #1, Inc. d/b/a U.S. Cellular (U-3043-C)  
Annual Report and Plan on Utilization of Women, Minority  
and Disabled Veteran-Owned Business Enterprises**

California Rural Service Area #1, Inc. d/b/a U.S. Cellular (U-3043-C) (“U.S. Cellular”) hereby submits its Annual Report and Plan to the California Public Utilities Commission (“CPUC”) in compliance with the CPUC’s General Order 156: Rules Governing the Development of Programs to Increase Participation of Women, Minority and Disabled Veteran Business Enterprises in Procurement of Contracts, as required by Public Utilities Code Sections 8281-8286, and as clarified by Assembly Bill 2758, approved September 29, 2010 and effective January 1, 2011.

U.S. Cellular provides wireless service in three highly rural service areas in northern California (RSA#1, RSA#2, and RSA#9). In addition, U.S. Cellular, through other affiliated entities, provides wireless telecommunication services in 25 other states. For purposes of its 2011 Annual Report, U.S. Cellular is including information on its company-wide WMDVBE programs and efforts, with California-specific information where available or applicable. The Company’s 2012 Annual Plan includes proposed process changes to enable more specific California reporting in future Annual Reports.

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**I. 2011 ANNUAL REPORT**

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9.1.1. WMDVBE Activities

*Description of WMDVBE program internal and external activities engaged in during 2011:*

U.S. Cellular's recognition of the importance of including diverse vendors in its procurement efforts is encapsulated in its Supplier Diversity Mission Statement:

U.S. Cellular is committed to creating opportunities for Minority, Woman, Veteran, and Disabled Veteran Owned Business Enterprises to provide products and services to U.S. Cellular as part of our supply chain. We also encourage our suppliers to use Minority, Woman, Veteran, and Disabled Veteran Owned Business Enterprises as subcontractors in their supply chains. U.S. Cellular is committed to Diversity & Inclusion through the core values and behaviors of the Dynamic Organization. Respect for our Associates, suppliers and customers create an environment motivated by ethics, empowerment and business performance. U.S. Cellular's policy prohibits discrimination on the basis of gender, race, religion, age, disability or veteran status of any supplier.

U.S. Cellular's internal WMDVBE activities include training and education of all U.S. Cellular associates; preparation of a corporate diversity strategic plan with executive leadership commitment, including setting goals in performance plans; and supplier diversity spend monitoring and reporting.

External activities include coaching and mentoring existing and potential suppliers, sales support for requests for proposals, outreach, trade shows, and representation on diversity boards and committees.

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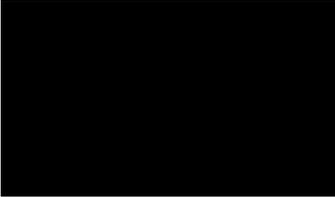
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9.1.2. WMDVBE Results

*Summary of WMDVBE purchase and/or contracts, with breakdowns by ethnicity, product and service categories compared with total utility contract dollars awarded to outside vendors in those categories.*

Attachment A provides information on U.S. Cellular’s WMDVBE program and results for 2011. Additionally, U.S. Cellular provides a breakdown of U.S. Cellular’s 2011 aggregate diverse supplier spend, below. In 2011, diverse supplier spend represented █% of total spend – a █% increase over 2010. Of this total diverse supplier spend, U.S. Cellular allocates █% to California. This allocation is based on the percentage relationship of California total annual revenues to company total revenues. In addition, though a breakdown of specific ethnicities is not yet available for 2011, U.S. Cellular is in the process of designing and implementing changes to its WMDVBE program/tracking system to allow reporting of additional detail, such as ethnicity. The breakdown of minority, women and disabled veteran spending uses the aggregate company breakdown of: Minority - 27%; Women - 65%; and Disabled Veteran - 8%. It should be noted that two of U.S. Cellular’s largest WMDVBE suppliers, █, █, accounts for nearly █% of U.S. Cellular’s minority spending nationally and is certified by the Commission’s designated Supplier Clearinghouse.

**2011 California WMDVBE Spending**

MBE	\$	%	
WBE	\$	%	
VBE	\$	%	
<b>Total Diverse Spend</b>	<b>\$</b>	<b>%</b>	

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**Diverse Supplier Spend Breakdown  
# of Vendors**

	MBE	
	WBE	
	VET	
<b>Total</b>		

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**2011 WMDVBE Commodity Breakdown**

<b>Material Category</b>	<b>% Diverse Spend</b>	<b>% Total Spend</b>
Network Equipment		
Leasehold Imprvments		
Maint. Agreements	<b>REDACTED</b>	<b>REDACTED</b>
Business and corporate management consultation services		
Software		
Shell Snap-On		
Computer Equipment		
Vehicles, Auto & Tru		
Business intelligence consulting services		
Information technology consultation services		
Other Privacy		
Shell/Holster SnapOn		
Staff recruiting services		
Network service equipment		
Bluetooth Earpiece		
Heavy construction services		
Data management and query software		
Retail Store Fixture		
CLA Chargers		
Accounting services		
Office Furniture		
Public relations programs or services		
Gel Skin		
Market research		
Vehicle Accessory		
Other Other		
Lease and rental of property or building		
Memory		
Promotional merchandise		
Servers		
Travel Chargers		
Electrical system services		
Microwave equipment		
Insurance - Devices		
Switching Equipment		
Leather Cases		
Other Batt.LI-Ion		
Local and long distance telephone communications		
Data Equipment		
Telecom equipment maintenance or support		
Other Memory		

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Furniture Storage	REDACTED	REDACTED
IP phones		
Human resources services		
Telecommunication transmission tower construction service		
Commercial and office building construction services		
Furniture and Furnishings		
Structural engineering		
Holster Plastic		
Transmission Equip.		
Electrical equipment and components and supplies		
Off. Furniture/Equip		
Blanket for Services		
Power Equipment		
Civil engineering		
Personal communications device accessories or parts		
Labor training or development		
Normal Batt.LI-Ion		
Other Clips		
Tower Accessories		
Landhold Improvement		
Chair Furniture		
Unclassified		
Holster Clips		
Relocation services		
Security guard services		
Other Headsets		
Light trucks or sport utility vehicles		
Comp Netwking Prods		
Systems Furniture		
Building maintenance and repair services		
Computer Cables		
Human resource development		
Misc. Furniture		
Building cleaning services		
Sponsorship of event or celebrity		
Advertising agency services		
Commercial or industrial facility rental		
Landscaping services		
Generators, All Type		
Switched dial up and leased dedicated line circuit telecommunications		
Temporary personnel services		
Drives		
Vehicle body repair or painting services		
Antenna, Cell Site		
Training		
Network routers		
Needs Client Review		

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Lobbying services	REDACTED	REDACTED
Residential rental		
Direct marketing fulfillment		
Computer Accessories		
Towers, All Types		
Broadcast advertising		
Base Transerver Stat		
Specialized communication system services		
Data services		
Graphic design		
ANTENNA WORK		
System and system component administration services		
Computer services		
Nonhazardous waste disposal		
Mag.Mount Antennas		
Cleaning and janitorial supplies		
Transport arranging services		
Telecommunication Services		
Test Equipment		
Radio advertising		
ENGINEERING		
Pest control		
Trans/Terminal		
Labor		
Other Antennas		
Events management		
Office machines and their supplies and accessories		
Data Voice or Multimedia Network Equipment or Platforms and Accessories		
Cable, Interior		
Video and combination video and audio presentation equipment and		
Buildings, All Types		
Telephone Access.		
Computer Supplies		
Earth science services		
Cust Prem Ethernet		
Specialized trade construction and maintenance services		
Fire prevention		
Telecommunications media services		
Legal services		
Merchandising furniture and accessories		
Heating and cooling and air conditioning HVAC construction services		
Architectural engineering		
Industrial freezers		
Locks and security hardware and accessories		
Central Office Equip		
Specialized warehousing and storage		
Document destruction services		

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Cable, Aer. Al. Shie		
Software maintenance and support	REDACTED	REDACTED
Computer printers		
Supply of natural gas		
Comp Power Supplies		
Filters		

9.1.3. WMDVBE Program Expenses

*Itemization of WMDVBE program expenses.*

The following summarizes 2011 expenses solely attributable to activities supporting U.S. Cellular’s compliance with California Public Utilities Commission General Order 156.

Line No.	Expense Category	2010 Expense
1	Wages	\$
2	Other Employee Expenses	\$
3	Program Expenses	\$
4	Reporting Expenses	\$
5	Training	\$
6	Consultants	\$
7	Other	\$
8	<b>TOTAL</b>	<b>\$</b>

**Wages:** Salary and payroll related costs of employees working on WMDVBE issues.

**Other Employee Expenses:** Office space, travel and other non-wage costs.

**Program Expenses:** Printing, postage, suppliers and other costs directly related to the program.

**Reporting Expenses:** Computer, accounting, printing and other expenses in preparing reports for the CPUC.

**Training:** Costs associated with training employees (internal) and vendors (external)

**Consultants:** Costs of hiring consultants to assist with WMDVBE Program.

**Other:** Costs that do not apply to any category.

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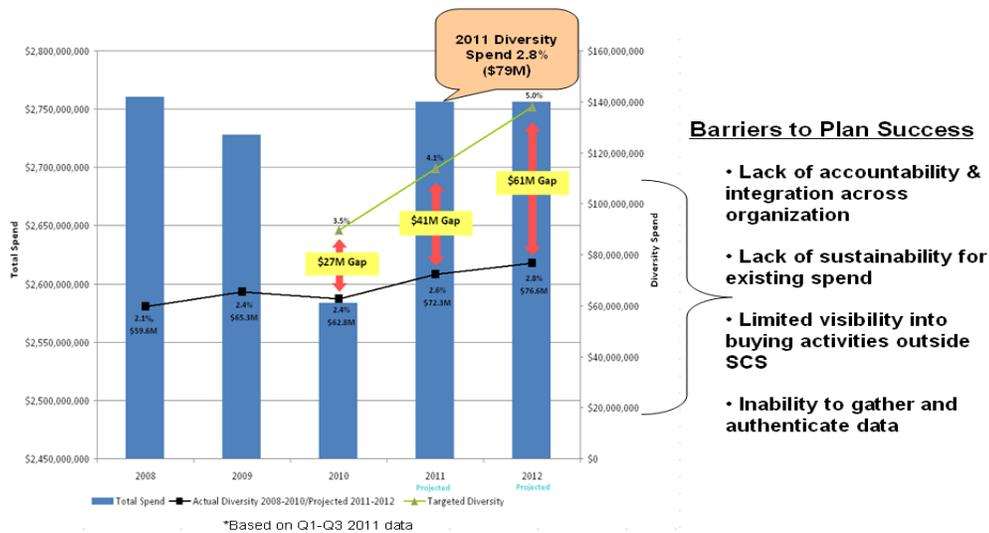
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9.1.4. Description of Progress in Meeting or Exceeding Set Goals

*Description of progress in meeting or exceeding goals and explanation of any circumstances that may have caused the utility to fall short of its goals.*

Attachment A provides information on U.S. Cellular’s WMDVBE program and results for 2011. Overall, 2011 results show a total WMDVBE spend of █ % of total spend across all of U.S. Cellular. These results were slightly less than our goal and required us to perform a root cause analysis and refine our strategy to address the gaps. Based on our analysis, the major barriers to plan success were accountability and company-wide integration. U.S. Cellular’s decentralized procurement operation and multiple buying groups created a unique challenge to driving total integration. Leadership is fully engaged and geared up to play a more active role in driving accountability in 2012.

Supplier Diversity Trend Line



**2011 program accomplishment include:**

- Cascaded supplier diversity goals to all leaders engaged in contracting
- Launched a supplier diversity employee recognition program.
- Automated spend collection/reporting process
- Launched “Second Tier” program

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- Strengthened relationships with external advocacy organizations

9.1.5. Summary of prime contractor utilization of WMDVBE subcontractors.

In an effort to develop an effective process and provide the necessary guidance to our primes, U.S. Cellular is taking a phased approach to launching the “Second Tier” program. In 2011, we on-boarded our Phase I suppliers which included U.S. Cellular’s device OEMs: Motorola, LG, Samsung, RIM and PCD. These suppliers participated in an introduction presentation that explained U.S. Cellular’s corporate policy, program requirements and reporting frequency. In addition, each supplier is required to present an annual plan detailing their process and goals and they are measured on their performance during the Quarterly Business Review Process.

<b>2nd Tier Report (Device OEMs) - 2011</b>				
<b>Vendor</b>	<b>MBE</b>	<b>WBE</b>	<b>VET</b>	<b>Total Diverse Spend</b>
Samsung				
LG				
Motorola				
RIM				
PCD				

In 2012, we will expand to Phase II which includes our equipment OEMs and Advertisement Agencies.

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9.1.6. List of WMDVBE complaints with brief description and resolution.

There were no WMDVBE complaints received in 2011.

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9.1.7. Summary of purchases and/or contracts for products and services in excluded  
categories

U.S. Cellular makes a strategic effort to consider diverse suppliers in all commodity groups and, as such, measures progress based on total third-party contractual purchases. Therefore, there are no “excluded” categories.

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9.1.8. Description of any efforts to recruit WMDVBE suppliers of products or services in procurement categories where WMDVBE utilization has been low.

In 2011, U.S. Cellular partnered with the functional teams to conduct presentations and supplier meetings to increase WMDVBE suppliers in major service categories such as Engineering (Site Acquisition and Site Maintenance), Marketing (Public Relations and Event Sponsorship) and Device/Products (Accessories, Mobile Apps and Packaging).

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**II. 2012 ANNUAL PLAN**

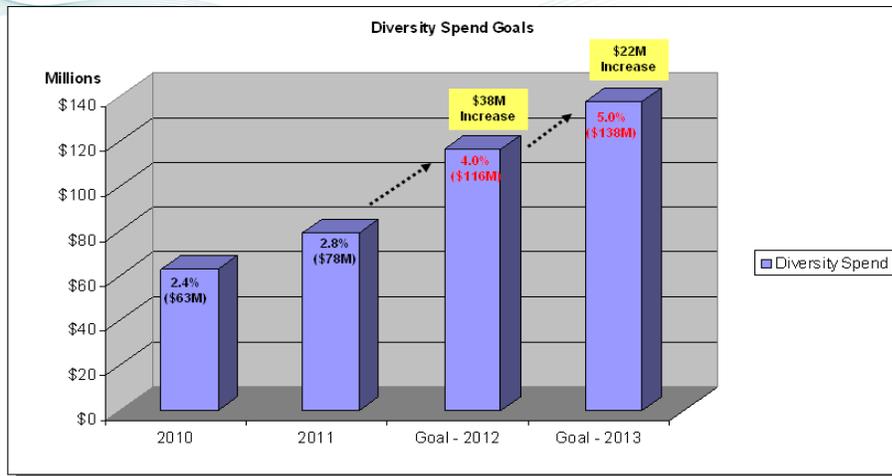
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10.1.1. Short, mid, and long term goals

U.S. Cellular's short term, or 1 year goal, is 4% of total spend; mid term, or 2 year goal, is 5% of total spend. U.S. Cellular has a relatively new program and is focused on short and mid term goals as drivers for program adoption. More long term goals will be developed as the program matures. Pursuant to Assembly 2758, approved September 29, 2010 and effective January 1, 2011, U.S. Cellular is currently refining its goals and plans further to develop appropriate long-term goals.

**Revised Spend Goals**



*We need to double down to achieve 5% goal by YE 2013.*

As the 2012 plan shows, 2012 spend goals are 4% and 2013 is 5%. U.S. Cellular will accomplish these goals by increasing spending with existing minority and women suppliers; protecting our existing spend; recruiting new diverse suppliers; working with these companies to increase their capacity to supply the goods and services U.S. Cellular requires; and ensuring that all company processes reinforce U.S. Cellular's desire to increase its spending with women, minority and disabled-veteran owned business enterprises.

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10.1.2. Description of WMDVBE external and internal program activities planned for  
2012.

Attachment A provides information on U.S. Cellular's WMDVBE 2012 program activities. Internal plans include a continuation of activities undertaken in 2011, including: training and education of U.S. Cellular associates; executive leadership commitment; setting goals in performance plans; strategic sourcing; and continuous process improvement, among others. External initiatives include outreach activities through tradeshow, board seats, sales support, coaching and mentoring existing and potential suppliers, and many others.

Key 2012 projects include launching the supplier diversity working group to address gaps in process (Attachment B provides details); developing a process to provide quarterly scorecard to CEO; developing a weighted goal for each VP; implementing scorecards to measure diversity vendor performance; coordinating targeted vendor fairs; refining the communication plan; and expanding the supplier diversity employee recognition program.

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10.1.3. Plans for recruiting WMDVBE suppliers of products or services where  
WMDVBE utilization has been low.

U.S. Cellular’s WMDVBE 2012 recruiting plans includes the following:

**Trade Fairs/Memberships-**

<b>Memberships</b>			
	<b>ISM</b>	Chicago	Local membership
	<b>WBDC</b> (Women's Business Development Council)	Chicago	Regional Membership of WBENC
	<b>NMSDC</b> (National Minority Supplier Development Council)	National	National membership - includes access to national database for sourcing suppliers, membership in local councils, industry groups and training.
<b>Conferences/Trade Shows</b>			
	<b>CBOF</b> (Chicago Business Opportunity Fair)	Chicago	Platinum Sponsor
	<b>WBDC</b> (Chicago Conference)	Chicago	
	<b>NMSDC</b> (National Conference)	Varies	
	<b>MEDweek</b> Conference (MBDA)	Chicago	Honorary Chair
	<b>WBENC</b>	Varies	
	<b>DiversityNXT</b> (TIG Industry Group Conference)	Held in conjunction with the CTIA conference)	

**Internal Vendor Fairs/Supplier Meetings-**

We will host two internal fairs targeted at hard to find areas such as Engineering and Professional Services.

**Presentations/Communication-**

The business case and value proposition is presented to each buying group and a communication plan will roll out to assist associates, with non-buying roles, with

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understanding their impact on Supplier Diversity. Everyone either makes a buy decision or impacts a decision. In addition, we will utilize the Inclusion Councils to assist with identifying potential suppliers.

**Preferred Supplier List-**

. We maintain an active list of suppliers on our internal site to encourage cross functional utilization.

**Industry Groups-**

U.S. Cellular is a member of the Technology Industry Group and utilizes this vehicle to assist with identifying suppliers.

U.S. Cellular will, additionally, analyze its procurement patterns in an effort to identify future procurement opportunities in under-represented categories.

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10.1.4. Plans for seeking and or recruiting WMDVBE suppliers of products or services  
where WMDVBE suppliers are currently unavailable.

U.S. Cellular makes a strategic effort to consider diverse suppliers in all commodity groups and, as such, employs the same targeted efforts to areas without WMDVBE suppliers as we do for low utilization areas (see 10.1.3).

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10.1.5. Plans for encouraging both prime contractors and grantees to engage WMDVBEs in subcontracts in all categories which provide subcontracting opportunities.

U.S. Cellular will continue to encourage prime contractors to engage WMDVBEs in subcontracts; this is a strategic initiative that will further develop in 2012. The “Second Tier” program will expand to include Phase II which targets our Equipment OEMs and Advertisement Agencies. Prime suppliers must develop a supplier diversity program, submit an annual diversity plan to U.S. Cellular, and provide quarterly results. Adherence to requirements and Supplier Diversity performance are evaluated during the Quarterly Business Review Process. In addition, all contracts or projects valued at \$100,000 or greater must contain Standard Supplier Diversity Contract Language and an Annual Plan and Quarterly Results Report.

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10.1.6. Plans for complying with the WMDVBE program guidelines established by the Commission as required by Public Utilities Section 8283©.

U.S. Cellular will exercise its best efforts to comply with all of the WMDVBE program guidelines established by the Commission as required by Public Utilities Section 8283, and as clarified by Assembly Bill 2758, approved September 29, 2010 and effective January 1, 2011. U.S. Cellular strives to develop mutually beneficial relationships with diverse suppliers through internal and external supplier diversity strategies and activities in conjunction with these program guidelines.

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**ATTACHMENT A (CONFIDENTIAL)**

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**ATTACHMENT B (CONFIDENTIAL)**